US$953,000,000
FEL Energy VI S.à r.l.
5.750% Senior Secured Notes due 2040
Unconditionally Guaranteed by
Ciclo Combinado Tierra Mojada, S. de R.L. de C.V.
Fenergía México V, S. de R.L. de C.V.
FEN Energy V B.V.

FEL Energy VI S.à r.l. (the "Issuer"), a private limited liability company (*société à responsabilité limitée*) organized and existing under the laws of the Grand Duchy of Luxembourg ("Luxembourg"), is offering US$953,000,000 aggregate principal amount of its 5.750% Senior Secured Notes due 2040 (the "Notes"). The Issuer, a direct wholly owned subsidiary of FEL Energy V S.à r.l. (the "FEL V Sponsor"), a private limited liability company (*société à responsabilité limitée*) organized and established under the laws of Luxembourg, who is in turn a wholly owned subsidiary of certain investment funds managed by The Blackstone Group Inc., is a holding company whose primary asset as of the date hereof is an indirect ownership interest in Ciclo Combinado Tierra Mojada, S. de R.L. de C.V. ("Tierra Mojada"), a variable capital limited liability company (*sociedad de responsabilidad limitada de capital variable*) organized under the laws of the United Mexican States ("Mexico"). Tierra Mojada owns and operates a natural gas-fired combined-cycle combustion turbine power generation facility located in the Municipality of Zapotlanejo, State of Jalisco, Mexico, with a nameplate generation capacity of 874.5 MW (as defined below). Nearly all of Tierra Mojada's revenues are derived from long-term U.S. dollar-denominated power purchase agreements with offtakers, who are contractually committed to purchasing, in the aggregate, substantially all of Tierra Mojada's projected energy and capacity output. The Notes will be fully and unconditionally, jointly and severally, guaranteed (the "Note Guarantees") by all subsidiaries of the Issuer, including Tierra Mojada, FEN Energy V B.V. ("FEN V"), a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the law of the Netherlands, and Fenergía México V, S. de R.L. de C.V. ("FEM V Sponsor"), a variable capital limited liability company (*sociedad de responsabilidad limitada de capital variable*) organized under the laws of Mexico (each a "Guarantor" and, collectively the "Guarantors").

We intend to use the proceeds from the issuance of the Notes to (i) pay a portion of the transaction fees and expenses accrued in connection with the issuance of the Notes, (ii) provide the Capital Contribution (as defined below) and Shareholder Loan (as defined below) to Tierra Mojada to (A) pay a portion of the transaction fees and expenses accrued in connection with the issuance of the Notes, (B) repay and cancel the Construction Loan (as defined below), including related interest, breakage costs, premia, fees, costs and other expenses, (C) repay and cancel the VAT Facility (as defined below), including related interest, breakage costs, premia, fees, costs and other expenses, (D) unwind the Construction Hedging Agreements (as defined below) and (E) repay the Subordinated Loan (as defined below) with FEL V Sponsor, (iii) fund the Debt Service Reserve Requirement (as defined below) in the event an applicable Letter of Credit (as defined below) is not available on the Issue Date, and (iv) pay a Distribution to FEL V Sponsor. See "Use of Proceeds."

The Issuer will pay interest on the Notes semi-annually in arrears on June 1 and December 1 of each year, commencing on June 1, 2021. Principal on the Notes will be payable semi-annually on the same date as interest, commencing on June 1, 2021, as described in this offering memorandum. The final maturity of the Notes is December 1, 2040.

The Notes may be redeemed, at the Issuer's option, in an amount of up to US$200 million, at any time prior to the date of the first anniversary of the Issue Date at a redemption price equal to 105%, plus accrued and unpaid interest and any additional amounts related thereto, to, but not including, the date of redemption. In addition, the Notes may be redeemed, at the Issuer's option, in whole or in part, on any date prior to December 1, 2037, at a redemption price based on a "make-whole" premium and, on or after December 1, 2037, at the redemption prices set forth in this offering memorandum, in each case, plus accrued and unpaid interest and any additional amounts related thereto, to, but not including, the date of redemption. Moreover, upon the occurrence of specified events relating to tax law, the Issuer may be entitled to redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the then-outstanding principal amount of the Notes, plus accrued and unpaid interest to, but excluding, the date of redemption, plus any additional amounts related thereto. See "Description of the Notes—Redemption of the Notes—Optional Redemption with Make-Whole Amount," " —Redemption of the Notes—Optional Redemption without Make-Whole Amount" and " —Redemption of the Notes—Redemption for Changes in Withholding Taxes."

Upon the occurrence of certain events of loss, the Issuer will be required to redeem the Notes at a redemption price equal to 100% of the outstanding principal amount of the Notes being redeemed, plus accrued and unpaid interest to the redemption date, plus any additional amounts (but without payment of any premium). See "Description of the Notes—Redemption of the Notes—Mandatory Redemption." Upon the occurrence of a change of control triggering event, as described herein, the Issuer will be required to offer to purchase the Notes at a purchase price equal to 101% of the portion of the outstanding principal balance represented by the Notes to be repurchased, plus all accrued and unpaid interest thereon, to but excluding the purchase date, plus any additional amounts. See "Description of the Notes—Repurchase upon a Change of Control Triggering Event" and " —Redemption of the Notes—Optional Redemption without Make-Whole Amount."

The Notes and the Note Guarantees will be the senior secured obligations of the Issuer and the Guarantors, respectively, and will rank (i) *pari passu* in right of payment with all of the Issuer's and the Guarantors' present and future unsubordinated obligations (subject to any priority rights of unsubordinated obligations pursuant to applicable law) and certain other permitted debt and (ii) effectively senior in right of payment to any unsecured obligations of the Issuer and the Guarantors (to the extent of the value of the collateral securing the Notes and the Note Guarantees). The Notes will be secured, subject to certain Permitted Liens (as defined below), by a first priority Security Interest (as defined below) over (i) all the equity interests or shares, as applicable, in the Issuer and the Guarantors and (ii) substantially all of the assets of Tierra Mojada, as described in this offering memorandum. The collateral securing the Notes and the Note Guarantees may also secure additional indebtedness incurred in the future, subject to certain conditions described herein. The Note Guarantees and security interests will be subject to contractual and legal limitations under relevant local laws and may be released under certain limited circumstances. See "Description of the Notes—Security."

There is currently no market for the Notes. Application will be made for the listing and quotation of the notes on the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a Global Note (as defined below) is exchanged for a Certificated Note (as defined below), the Issuer will appoint and maintain a paying agent in Singapore, where the Certificated Notes may be presented or surrendered for payment or redemption. The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions expressed or reports contained in this offering memorandum. Approval in-principle from the SGX-ST and admission of the notes to the Official List of the SGX-ST are not to be taken as an indication of the merits of the offering, the Issuer, its subsidiaries (if any), its associated companies (if any), its joint venture companies (if any) or the Notes. The Notes will be in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. An affiliate of the Issuer and one of the Initial Purchasers may place a purchase order and be allocated a portion of the Notes offered hereby. See "Plan of Distribution."

Investing in the Notes involves risks. See "Risk Factors" beginning on page 29.

THE NOTES AND THE NOTE GUARANTEES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON AN EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A UNDER THE SECURITIES ACT. OUTSIDE THE UNITED STATES, THE OFFERING IS BEING MADE IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON TRANSFERS OF THE NOTES THAT WILL APPLY FOR THE ENTIRE TERM OF THE NOTES, SEE "PLAN OF DISTRIBUTION" AND "TRANSFER RESTRICTIONS."

THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM IS EXCLUSIVELY OUR RESPONSIBILITY AND HAS NOT BEEN REVIEWED OR AUTHORIZED BY THE MEXICAN BANKING AND SECURITIES COMMISSION (***COMISIÓN NACIONAL BANCARIA Y DE VALORES***) (THE "CNBV"). THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE MEXICAN NATIONAL SECURITIES REGISTRY (***REGISTRO NACIONAL DE VALORES)*** MAINTAINED BY THE CNBV AND, THEREFORE, THE NOTES MAY NOT BE PUBLICLY OFFERED OR SOLD IN MEXICO. HOWEVER, THE NOTES MAY BE OFFERED IN MEXICO TO INVESTORS THAT QUALIFY AS INSTITUTIONAL OR QUALIFIED INVESTORS UNDER MEXICAN LAW PURSUANT TO THE PRIVATE PLACEMENT EXEMPTION SET FORTH IN THE MEXICAN SECURITIES MARKET LAW ***(LEY DEL MERCADO DE VALORES***). IF APPLICABLE, THE TERMS AND CONDITIONS OF THIS OFFERING WILL BE NOTIFIED TO THE CNBV FOR INFORMATIONAL PURPOSES ONLY AND DELIVERY OF SUCH NOTICE TO, AND RECEIPT THEREOF BY, THE CNBV WILL NOT CONSTITUTE OR IMPLY A CERTIFICATION AS TO THE INVESTMENT QUALITY OF THE NOTES OR WITH REGARDS TO THE SOLVENCY OF THE ISSUER.

Price for Notes: 5.750% plus accrued interest, if any, from December 1, 2020

We expect that delivery of the Notes will be made to investors in book-entry form through the facilities of The Depository Trust Company ("DTC"), for the accounts of its direct and indirect participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, Société anonyme ("Clearstream"), on or about December 1, 2020.

Global Arranger and Joint Bookrunner

Morgan Stanley

Joint Bookrunners

Goldman Sachs & Co. LLC **SMBC Nikko**

Co-Manager

Blackstone Capital Markets

The date of this offering memorandum is June 15, 2021.

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Prospective purchasers should rely only on the information contained in this offering memorandum. No person has been authorized to provide prospective purchasers with different information. If anyone provides prospective purchasers with different or inconsistent information, prospective purchasers should not rely on it. You should assume that the information appearing in this offering memorandum is accurate as of the date on the front cover of this offering memorandum only. Our business, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any date after the date on the cover of this offering memorandum.

This offering memorandum has been prepared solely for use in connection with the proposed offering of the Notes described in this offering memorandum. This offering memorandum does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. You are not authorized to distribute this offering memorandum to any person other than a person retained to advise you with respect of a purchase. Each prospective purchaser, by accepting delivery of this offering memorandum, agrees to the foregoing stipulations.

This offering memorandum is based on information provided by us and other sources that we believe to be reliable. We and the initial purchasers cannot assure you that this information is accurate or complete. After having made all reasonable inquiries, we confirm that the information contained in this offering memorandum is true and correct in all material respects, that the opinions and intentions expressed in this offering memorandum are honestly held, and that there are no other facts the omission of which would make this offering memorandum as a whole misleading.

This offering memorandum summarizes certain documents and other sources of information, and we refer prospective purchasers of the Notes to those sources for a more complete understanding of the information contained therein. Copies of certain documents referred to herein will be made available to prospective purchasers, free of charge, upon request to us, or at the office of the principal paying agent and any other paying agent. You hereby acknowledge that you have been afforded an opportunity to request from us, and have received, all information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained herein, and that you have had the opportunity to review all the documents described herein.

The financial or operational information of CFE, CFEnergía, CFEC, Ektria and the Offtakers is not included or otherwise incorporated in this offering memorandum. None of the Issuer, the Guarantors or the initial purchasers have made any independent evaluation of CFE, CFEnergía, CFEC, Ektria and the Offtakers, including relating to their financial condition, results of operations, cash flows, prospects or ability to perform their contractual obligations. Prospective purchasers are strongly advised to make their own independent assessment of CFE, CFEnergía, CFEC, Ektria and the Offtakers prior to making an investment decision with respect to the Notes. Neither CFE, CFEnergía, CFEC, Ektria nor the Offtakers is providing any guarantee of payment or other credit support for the Notes.

By purchasing the Notes, prospective purchasers will be deemed to have made the acknowledgments, representations, warranties and agreements described under the heading "Transfer Restrictions" in this offering memorandum. The Notes will bear a legend referring to the transfer restrictions. An affiliate of the Issuer and one of the Initial Purchasers may place a purchase order and be allocated a portion of the Notes offered hereby. As a prospective purchaser of the Notes, you should be aware that you may be required to bear the financial risks of your investment in the Notes for an indefinite period of time, and that the restrictions on transfer will apply for the entire term of the Notes. See "Plan of Distribution" and "Transfer Restrictions."

There is currently no market for the Notes and we cannot assure you that one will develop or, if one develops, that it will continue. Approval in principle has been received for the listing and quotation of the Notes on the SGX-ST pursuant to a listing memorandum containing information substantially similar to that contained in this offering memorandum.

The SGX-ST takes no responsibility for the contents of this offering memorandum, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this offering memorandum.

In making an investment decision with respect to the Notes, you must rely on your own examination of our business and the terms of the offering, including the merits and risks involved. You should not construe anything in this offering memorandum as legal, business, accounting, regulatory or tax advice. Before investing in the Notes, you should consult with your own business, legal, accounting, regulatory and tax advisors to determine the appropriateness and consequences of an investment in the Notes in your specific circumstances and arrive at an independent evaluation of the investment based upon, among other things, your own views as to the risks associated with the Notes or us.

If your investment authority is subject to legal restrictions, you should consult your legal advisors to determine whether and to what extent the Notes constitute legal investments for you. Neither we nor any of the initial purchasers is making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations.

Neither we nor any of the initial purchasers is making an offer of the Notes in any jurisdiction where such offer is not permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the Notes or possess or distribute this offering memorandum and you must obtain any consent, approval or permission required by you for the purchase, offer or sale of the Notes under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither we nor the initial purchasers will have any responsibility therefor.

Neither the CNBV nor the U.S. Securities and Exchange Commission ("SEC"), or any state securities commission nor any other regulatory authority in the United States has approved or disapproved the Notes, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

The Notes have not been and will not be registered with the National Securities Registry (*Registro Nacional de Valores*) maintained by the CNBV and therefore, may not be offered or publicly sold in Mexico. The information contained in this offering memorandum is exclusively our responsibility and has not been reviewed by the CNBV. The Notes may only be offered to investors domiciled in Mexico that qualify as institutional and qualified, pursuant to the private placement exemption set forth in the Mexican Securities Market Law (*Ley del Mercado de Valores*), and this offering memorandum may not be publicly distributed in Mexico.

The Notes and the Note Guarantees will not be registered under the Securities Act or any state securities laws in the United States. Therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person unless the offer or sale would qualify for a registration exemption from the Securities Act and applicable state securities laws. Accordingly, the Notes are being offered and sold in the United States only to "qualified institutional buyers," as defined in Rule 144A under the Securities Act ("QIBs"), in accordance with Rule 144A, and outside the United States to non-U.S. persons in accordance with Regulation S. Prospective purchasers of the Notes in the United States that are QIBs are hereby notified that we may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Neither the initial purchasers nor their agents have independently verified the information contained in this offering memorandum and make no representation or warranty as to the accuracy or completeness of the information contained in this offering memorandum.

NOTICE TO PROSPECTIVE INVESTORS

European Economic Area

This offering memorandum has been prepared on the basis that any offer of the Notes to the public in any member state of the European Economic Area ("EEA") or the UK that is subject to Regulation (EU) 2017/1129, as amended (the "Prospectus Regulation") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes to the public. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the United Kingdom (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"), (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation.

United Kingdom

Each initial purchaser has represented and agreed that: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

NOTICE TO INVESTORS IN CERTAIN COUNTRIES

For information for investors in certain countries, see "Plan of Distribution" and "Transfer Restrictions."

SFA SECTION 309B NOTIFICATION

The Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "SFA")) and excluded investment products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

DEFINED TERMS AND CONVENTIONS

In this offering memorandum, unless otherwise specified or the context requires otherwise:

- References to the "Issuer" are to FEL Energy VI S.à r.l., excluding its subsidiaries;
- References to "Tierra Mojada" are to Ciclo Combinado Tierra Mojada, S. de R.L. de C.V.;
- References to the "Guarantors" are to Tierra Mojada, FEN Energy V B.V. and Fenergía México V, S. de R.L. de C.V.;
- References to "we," "us," "our" and "our company" are to the Issuer and its subsidiaries (including Tierra Mojada), unless the context otherwise requires or unless otherwise specified;
- References to the "Sponsors" are to FEL Energy V S.à r.l and Fenergía México V, S. de R.L. de C.V.;
- References to "Blackstone" are to The Blackstone Group Inc.;

- References to "Mexico" are to the United Mexican States;
- References to the "Government" herein are to the federal government of Mexico;
- References to "United States" or "U.S." herein are to the United States of America;
- References to "pesos," "Ps." and "MXN$" herein are to Mexican pesos, the lawful currency of Mexico; and
- References to "U.S. dollars" or "US$" herein are to the lawful currency of the United States.

DEFINED TERMS

All capitalized terms used in this offering memorandum and not defined have the meanings assigned to them in the Glossary of Certain Defined Terms set forth below, except as otherwise defined under "Description of Certain Material Agreements," "Description of the Notes," and "Description of Principal Finance Agreements."

GLOSSARY OF CERTAIN DEFINED TERMS

Btu	British thermal units.
CAGR	Compound annual growth rate.
CCGT	Combined-cycle gas turbine.
CEL	Clean energy certificate (*Certificado de Energía Limpia*).
CENACE	The National Energy Control Center (*Centro Nacional de Control de Energía*).
CENAGAS	National Center of Natural Gas Control (*Centro Nacional de Control del Gas Natural*).
Central Bank of Mexico	The Bank of Mexico (*Banco de México*).
CFE	Mexico's National Commission of Electricity (*Comisión Federal de Electricidad*).
CFEC	CFE Calificados, S.A. de C.V., a subsidiary of CFE.
CFEnergía	CFEnergía, S.A. de C.V., a subsidiary of CFE.
COFECE	Mexico's Federal Economic Antitrust Commission (*Comisión Federal de Competencia Económica*).
CONAGUA	National Waters Commission (*Comisión Nacional del Agua*).
CRE	Mexico's Energy Regulatory Commission (*Comisión Reguladora de Energía*).
FEL V Sponsor	FEL Energy V S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized and existing under the laws of

	Luxembourg, registered with the Luxembourg Trade and Companies Register (*Registre de commerce et des sociétés, Luxembourg*) under number B215329, having its registered office address at 2-4 rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg, and wholly owned by certain investment funds managed by Blackstone.
FEM	Fisterra Energy México, S. de R.L. de C.V.
FEM V Sponsor	Fenergía México V, S. de R.L. de C.V., a Mexican variable capital limited liability company (*sociedad de responsabilidad limitada de capital variable*) and majority-owned subsidiary of FEN V.
FEN V	FEN Energy V B.V., a Dutch private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) registered with the Dutch Chamber of Commerce under 61534625 and wholly owned by the Issuer.
FESL	Fisterra Energy, S.L.U.
FFH	Factored fired hour.
Fisterra	Fisterra Energy Holdings LP, a Cayman limited partnership company, the parent company of the Sponsors and wholly owned subsidiary of certain investment funds managed by Blackstone.
Fitch	Fitch Ratings Ltd. and its successors and assigns.
GW	Gigawatt, or a billion Watts.
HHV	Higher heating value.
IFRS	International Financial Reporting Standards, as issued by the International Accounting Standards Board.
INAH	National Institute of Anthropology and History (*Instituto Nacional de Antropología e Historia*).
Independent Energy Market Expert or PA Consulting	PA Consulting Group, Inc.
Independent Engineer or Leidos	Leidos Engineering, LLC.
INEGI	Mexico's National Institute of Statistics and Geography (*Instituto Nacional de Estadística y Geografía*).
IPP	Independent power producer.
Issuer	FEL Energy VI S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized and existing under the laws of Luxembourg, registered with the Luxembourg Trade and Companies Register (*Registre de commerce et des sociétés, Luxembourg*) under number B244483, having its registered office address at 2-4 rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg and wholly owned by certain investment funds managed by Blackstone.

kJ	Kilojoules.
kWh	Kilowatt Hour.
LHV	Lower heating value.
LIE	Mexican Electricity Industry Law (*Ley de la Industria Eléctrica*)
LNG	Liquefied natural gas.
LPG	Liquefied petroleum gas.
Marsh	Marsh USA Inc.
Mexican Electricity Market or MEM	Mexico's wholesale electricity market (*Mercado Eléctrico Mayorista*).
MMbtu	One million British thermal units.
MW	Megawatt, or a million Watts.
MWh	Megawatt hour, or a million Watts per hour.
Moody's	Moody's Investors Service, Inc. and its successors and assigns.
PEMEX	Petróleos Mexicanos.
PPA	Power purchase agreement (*Contrato de Cobertura Eléctrica*).
SAT	Mexican Tax Administration Service (*Servicio de Administración Tributaria*).
S&P	Standard & Poor's Ratings Group, a division of the McGraw-Hill Companies, Inc. and its successors and assigns.
SEMADET	Ministry of Environment and Territorial Development of the State of Jalisco (*Secretaría de Medio Ambiente y Desarrollo Territorial*).
SEMARNAT	Mexico's Ministry of the Environment and Natural Resources (*Secretaría de Medio Ambiente y Recursos Naturales*).
SEN	Mexico's National Electricity System (*Sistema Eléctrico Nacional*).
SENER	Mexico's Ministry of Energy (*Secretaría de Energía*).
SIN	Mexico's National Interconnected System (*Sistema Interconectado Nacional*).
TIIE	Interbank Equilibrium Interest Rate (*Tasa de Interés Interbancaria de Equilibrio*).
VAT	Value Added Tax.

AVAILABLE INFORMATION

We are not subject to the reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). To permit compliance with Rule 144A under the Securities Act in connection with resales of Notes, we will furnish to any holder which so requests and any prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) under the Securities Act, unless we are either subject to the exemption from reporting under Rule 12g3-2(b) under the Exchange Act or furnish information to the SEC pursuant to Section 13 or 15(d) of the Exchange Act. Any such request may be made to us in writing at Tierra Mojada's offices located at Edificio Terret, Torre Norte, Piso 12, Miguel de Cervantes Saavedra 301, Colonia Granada, 11520 Ciudad de México, México. Approval in principle has been received for the listing and quotation of the Notes on the SGX-ST, in accordance with its rules and regulations. We will be required to comply with any undertakings given by us from time to time to the SGX-ST in connection with the Notes, and to furnish all such information as the rules of the SGX-ST may require in connection with the listing of the Notes.

The operational and financial information of CFE, CFEnergía, CFEC, Ektria and the Offtakers is not included or otherwise incorporated in this offering memorandum. None of the Issuer, the Guarantors or the initial purchasers have made any independent evaluation of CFE, CFEnergía, CFEC, Ektria and the Offtakers, including relating to their financial condition, results of operations, cash flows, prospects or ability to perform their contractual obligations. Prospective purchasers are strongly advised to make their own independent assessment of CFE, CFEnergía, CFEC, Ektria and the Offtakers prior to making an investment decision with respect to the Notes. Neither CFE, CFEnergía, CFEC, Ektria nor the Offtakers is providing any guarantee of payment or other credit support for the Notes.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes "forward-looking statements" within the meaning of the securities laws of certain applicable jurisdictions. The words "believe", "anticipate", "expect", "intend", "estimate", "plan", "assume", "will", "may", "should" and other similar expressions, which are predictions of or indicate future events and future trends, identify forward-looking statements. In addition, this offering memorandum includes forward-looking statements relating to our potential exposure to various types of market risks, such as interest rate risk and foreign exchange rate risk. You should not rely on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are in some cases beyond our control and may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements (and from past results, performance or achievements). Certain factors that may cause such differences include but are not limited to:

- actions and the timing of actions by legislative, legal, regulatory, governmental and environmental bodies in Mexico and other countries;
- legislative and regulatory changes (including any changes in taxation laws and regulations);
- actions and the timing of actions by regulatory, governmental and environmental bodies in Mexico and other countries, including actions relating to Mexican energy regulatory reforms and requirements and changes in the regulation of the energy sector in Mexico;
- our limited operating history;
- premature termination of certain operational permits or the Market Participant Agreement;
- the accuracy of assumptions and estimates used in the preparation of the Independent Energy Market Expert's Report and the Independent Engineer's Report;
- a change in our relationship with CFEC, our largest customer, or our inability to enforce the guarantees by its parent, CFE, under the CFEC PPA and the Natural Gas Supply Agreement;

- the timing and success of maintenance, construction and other capital projects, including risks inherent in the ability to obtain, and the timing of granting of, permits, licenses and other authorizations;

- reliance on transportation assets and energy infrastructure and services that Tierra Mojada does not own or control;

- risks posed by attacks on, and cybersecurity threats to, the information and systems used to operate our businesses, the energy grid, natural gas storage and pipeline infrastructure and the confidentiality of our proprietary information and the personal information of our customers and the O&M Contractor's and the Management Service Providers' employees;

- risks posed by working with volatile and hazardous materials;

- the availability of electric power and natural gas, including disruptions caused by explosions and equipment failures;

- wars, terrorist attacks, health epidemics (including a novel strain of coronavirus, SARS-CoV-2, which causes the disease known as "COVID-19"), organized crime, weather conditions, natural disasters and catastrophic accidents;

- our ability or the O&M Contractor's and the Management Service Providers' ability to hire, train and retain qualified employees and executives;

- services, credit support and financing provided to us by affiliates and third parties;

- increased competition due to expected expansion of energy sector in Mexico;

- developments in energy markets, including the timing and extent of changes and volatility in commodity prices;

- deviations from regulatory precedent or practice that result in a reallocation of benefits or burdens among regulated energy services providers and their stakeholders, including customers and shareholders and other providers, and delays in regulatory agency authorizations to recover costs through rates collected from customers;

- loss of significant suppliers or customers;

- any delays in payments by, or contractual disputes with significant customers;

- local, national and international economic, business, political, developments, and social conditions and developments;

- government expropriation of assets, changes in contractual conditions and title and other property disputes;

- inflation, interest rates and exchange rates;

- capital markets and financial conditions, including the availability of credit and the liquidity of our investments;

- potential changes in regulation;

- significant economic or political developments in other countries; and

- risks and uncertainties discussed under "Risk Factors" and elsewhere in this offering memorandum.

The forward-looking statements herein are based on a number of assumptions and estimates and are subject to known and unknown risks, uncertainties and other factors that may or may not occur in the future. As such, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, including our financial condition and liquidity and the development of the industry in which we operate, may differ materially from those expressed or implied by our forward-looking statements.

We urge you to read the sections of this offering memorandum entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business Overview" and "Regulatory, Permits and Environmental Matters" for a more complete discussion of the factors that could affect our future performance and the markets in which we operate and intend to operate. The forward-looking statements herein speak only as of the date on which the statements were made. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or developments or otherwise.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Statements

This offering memorandum includes the following financial statements:

- Tierra Mojada's audited financial statements as of December 31, 2019 and 2018 and for the years ended December 31, 2019 and 2018, together with the notes thereto (the "Audited Annual Financial Statements"). The Audited Annual Financial Statements were audited by Deloitte, S.L.;

- Tierra Mojada's unaudited interim financial statements as of September 30, 2020 and for the nine-month periods ended September 30, 2020 and 2019, together with the notes thereto (the "Unaudited Interim Financial Statements"); and

- the Issuer's audited interim financial statements as of June 5, 2020 and for the period from May 25, 2020 (date of incorporation) to June 5, 2020 (the "Issuer's Audited Interim Financial Statements" and, together with the Audited Annual Financial Statements and the Unaudited Interim Financial Statements, the "Financial Statements"). The Issuer's Audited Interim Financial Statements were audited by Deloitte Audit S.à r.l. (together with Deloitte, S.L., the "Independent Auditors").

Tierra Mojada's Audited Annual Financial Statements were prepared in accordance with IFRS. Tierra Mojada's Unaudited Interim Financial Statements were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. The Issuer's Audited Interim Financial Statements were prepared in accordance with IFRS as adopted by the European Union.

Rounding

Certain amounts and percentages included in this offering memorandum have been subject to rounding adjustments and, accordingly, certain totals presented in this offering memorandum may not correspond to the arithmetic sum of the amounts or percentages that precede them.

Independent Energy Market Expert's Report

PA Consulting has prepared an independent energy market expert's report, dated as of November 2020 (the "Independent Energy Market Expert's Report"). PA Consulting has consented to the inclusion of a copy of the Independent Energy Market Expert's Report as Annex A to this offering memorandum. PA Consulting is an independent international consulting firm that provides technical consulting services covering, among other industries, the energy and utilities sector. The Independent Energy Market Expert's Report summarizes PA Consulting's analysis, including the impact of the COVID-19 pandemic, provides an overview of the Mexican Electricity Market, describes the underlying base case market assumptions and modeling methodology as of November 2020, which consider the

introduction of the Mexican carbon cap-and-trade program and discusses the projections of the Mexican Electricity Market, wholesale price projections, commodity price projections and supply and demand projections for the Mexican Electricity Market from 2020 through 2039.

Information in this offering memorandum that is derived or reproduced from the Independent Energy Market Expert's Report is based on assumptions, qualifications and procedures that are not fully described herein. In addition, the Independent Energy Market Expert's Report contains projected information and data (financial and otherwise), and other forward-looking information, that may or may not prove to be accurate. Actual results may be materially different. See "Forward-Looking Statements" and "Risk Factors—Risks Relating to Our Business and Industry—Future power and natural gas prices and supply and demand in the Mexican Electricity Market may differ from the projected prices and supply and demand contained in the Independent Energy Market Expert's Report prepared by PA Consulting and other estimates contained in this offering memorandum."

Neither we nor the initial purchasers made any representation or warranty, express or implied, as to the accuracy or completeness of any information in this offering memorandum that is derived or reproduced from the Independent Energy Market Expert's Report. Neither we nor the initial purchasers have verified the information contained in the Independent Energy Market Expert's Report. Unless otherwise set out herein, reference should be made to the full text of the Independent Energy Market Expert's Report, which is attached to this offering memorandum as Annex A. The Independent Energy Market Expert's Report is current only as of the date thereof. The delivery of the Independent Energy Market Expert's Report as an annex does not imply that there has been no change in our affairs or the Mexican Electricity Market since the date of the Independent Energy Market Expert's Report or that the information contained in the Independent Energy Market Expert's Report is current as of any time after the date thereof, and none of us, the Issuer, the initial purchasers or any other person will update the contents of the Independent Energy Market Expert's Report after the date thereof. See "Risk Factors—Risks Relating to Our Business and Industry—Future power and natural gas prices and supply and demand in the Mexican Electricity Market may differ from the projected prices and supply and demand contained in the Independent Energy Market Expert's Report prepared by PA Consulting and other estimates contained in this offering memorandum" and "Annex A – Independent Energy Market Expert's Report."

Independent Engineer's Report

Leidos has prepared an independent engineer's report dated November 10, 2020 (the "Independent Engineer's Report"). Leidos has consented to the inclusion of a copy of the Independent Engineer's Report as Annex B to this offering memorandum. Leidos is an international consulting firm that provides technical and environmental consulting services to the energy industry. The Independent Engineer's Report assesses, among other things, principal aspects of the Power Plant's design, engineering, expected performance, operations, environmental compliance, and operating and maintenance costs, as well as certain technical aspects, including technical provisions in certain of the Material Project Documents and permits. It also includes a projection of future operating results and debt service coverage ratios on the Notes (the "Projected Operating Results").

For purposes of preparing its report, Leidos relied on information, including estimates and projections, provided by us, which included information based upon assumptions about various matters that are not within our control. You should be aware that actual results will likely differ, perhaps materially, from those estimated or projected in the Independent Engineer's Report. No one can assure you that the assumptions used are correct or that the estimates and projections will match actual results of operations. Therefore, we do not make, nor intend to make, nor should you infer, any representation with respect to the likelihood of any future outcome. If actual results are materially less favorable than those shown, or if the assumptions used in formulating the estimates and projections prove to be incorrect, our ability to meet our obligations under the Notes could be materially and adversely affected. You should read "Risk Factors" for more information.

The prospective Projected Operating Results included in "Annex B – Independent Engineer's Report" to this offering memorandum was not prepared with a view towards compliance with any published guidelines of the SEC, nor the guidelines established by the American Institute of Certified Public Accountants or the Mexican Institute of Public Accountants (*Instituto Mexicano de Contadores Públicos, A.C.*), for preparation and presentation of prospective financial information. Neither Independent Auditor has examined, compiled or performed any procedures with respect to the prospective Projected Operating Results contained therein and, accordingly, the Independent

Auditors do not express an opinion or any other form of assurance on such information or its achievability. The Independent Auditors do not assume any responsibility for, and deny any association with, the prospective financial information. The Independent Auditors' reports included in this offering memorandum refer exclusively to our historical financial information. The Independent Auditors' reports do not cover any other information in this offering memorandum and should not be read to do so. See "Risk Factors—Risks Relating to Our Business and Industry—Our future financial results may differ from the Projected Operating Results contained in the Independent Engineer's Report prepared by Leidos and other estimates contained in this offering memorandum" and "Annex B – Independent Engineer's Report."

Market Estimates

Certain industry, demographic, market and competitive data, including market forecasts, used throughout this offering memorandum were obtained from internal surveys, market research, publicly available information and industry publications.

We have made these statements on the basis of information from third-party sources that we believe are reliable, including among others: the Central Bank of Mexico; the International Monetary Fund; the SENER; the CRE; the World Bank; and INEGI.

Industry and government publications generally state that the information presented therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. Although we have no reason to believe that any of this information or these reports are inaccurate in any material respect, such information has not been independently verified and, therefore, we cannot guarantee its accuracy or completeness. Some data are also based on Tierra Mojada's estimates, which are derived from Tierra Mojada's review of internal surveys and analyses, as well as from independent sources. We have not independently verified the information and make no representation or warranty as to its accuracy or completeness. In addition, these sources may use different definitions of the relevant markets than those we present. Data regarding Tierra Mojada's industry is intended to provide general guidance but is inherently imprecise. Though we believe these estimates were reasonably derived, you should not place undue reliance on estimates, as they are inherently uncertain. Nothing in this offering memorandum should be interpreted as a market forecast.

Currency Information

Tierra Mojada's functional and reporting currency is the U.S. dollar. For purposes of presenting the Audited Annual Financial Statements and Unaudited Interim Financial Statements, as required under IFRS, any assets and liabilities in Mexican peso recording currency are translated into U.S. dollars using the exchange rate as of the end of each reporting period, as reported by the Central Bank of Mexico in the Official Gazette. Unless otherwise indicated, all U.S. dollar amounts corresponding to the Audited Annual Financial Statements and Unaudited Interim Financial Statements have been derived from the accounting records of Tierra Mojada, and all other U.S. dollar amounts presented in this offering memorandum have been converted at Ps. 22.46 to US$1.00, unless otherwise indicated, which was the exchange rate published for September 30, 2020 by the Central Bank of Mexico in the Official Gazette. Income and expense items are translated at the exchange rates at the dates of the related transactions. Exchange differences arising, if any, are recognized on the statement of comprehensive income in exchange gain (losses). The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of investors and should not be construed as implying that the peso amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate. See "Exchange Rate Information" for more detailed information regarding exchange rates for pesos. As of September 30, 2020, the exchange rate as reported by the Central Bank of Mexico in the Official Gazette was Ps. 22.46 to US$1.00.

Description of Contracts and Permits

This offering memorandum contains summary descriptions of material provisions of various commercial agreements, permits and other contracts, including the Indenture governing the Notes offered hereby and the Note Guarantees, the Collateral Agency and Intercreditor Agreement, the Security Documents and the agreements described under "Description of Certain Material Agreements," and "Description of Principal Finance Agreements." Such descriptions do not purport to be complete or exhaustive, and, as with any contract or legal instrument, the terms

thereof may be subject to interpretation. Copies of the Indenture (including the Note Guarantees), the form of Notes, the Collateral Agency and Intercreditor Agreement, the Security Documents and the agreements described under "Description of Certain Material Agreements," and "Description of Principal Finance Agreements," as well as copies of our organizational documents, will be made available for inspection upon request to us at our address listed on the inside back cover page of this offering memorandum. As such, reference is hereby made to the actual agreements and documents for complete information contained in those agreements and documents. All summaries to such agreements and documents are qualified in their entirety by this reference.

SUMMARY

This summary highlights certain information about us described elsewhere in this offering memorandum. This summary is not complete and does not contain all the information you should consider before investing in the Notes. The summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information included elsewhere in this offering memorandum. You should carefully read the entire offering memorandum to understand our business, the nature and terms of the Notes and other considerations that are important to your decision to invest in the Notes, including without limitation, the risks discussed under the section titled "Risk Factors."

Information about the Issuer and Tierra Mojada

The Issuer is a holding company whose sole purpose is to consummate this offering and serve as the indirect holding company of Tierra Mojada, which is guaranteeing the Notes. Prior to this offering, the Issuer has not engaged in any activities and has no material assets or liabilities. The shares of the Issuer are wholly owned by FEL V Sponsor, which is an affiliate of certain investment funds managed by Blackstone.

As of the date of the offering memorandum, the Issuer indirectly owns approximately 99% of the outstanding equity interests of Tierra Mojada. The Issuer's indirect interest in Tierra Mojada represents all of its assets. The Issuer does not hold equity interests or shares of any company other than FEN V, which in turn holds a 99.5% interest in FEM V Sponsor, Tierra Mojada's majority equity holder. FEN V and FEM V Sponsor do not hold equity interests or shares of any company other than in FEM V Sponsor and Tierra Mojada, respectively. For more information, see "—Our Corporate Structure."

Tierra Mojada was formed on November 3, 2014 for the purpose of developing, building and operating a CCGT and generating electricity for sale to the Mexican Electricity Market. FEL V Sponsor holds 0.5% of Tierra Mojada's equity interests and FEM V Sponsor holds 99.5% of Tierra Mojada's equity interests through the Mexican Trust Agreement (as defined below). For more information, see "Principal Equity Holders."

The Power Plant

Supported by the strong, experienced leadership of Fisterra and Blackstone, Tierra Mojada developed, owns and operates a new, state-of-the-art 874.5 MW CCGT power plant located in Zapotlanejo, Jalisco, Mexico (the "Power Plant"). The Power Plant achieved its commercial operation ("Commercial Operation") on October 28, 2020 (the "Commercial Operation Date" or "COD"). The Power Plant was constructed by Técnicas Reunidas, S.A. (the "Foreign Contractor"), a global engineering, procurement and construction company, and Treunidas México Ingeniería y Construcción, S. de R.L. de C.V. (the "Local Contractor" and, together with the Foreign Contractor, the "EPC Contractors" and each an "EPC Contractor"). The Power Plant has a full load heat rate of 6,163 Btu/kWh (based on HHV) and features the newest natural gas-fired combined-cycle combustion turbine technology available in the industry.

Substantially all of the Power Plant's output is contracted through four different power purchase agreements. Approximately 70% of our output, or 600 MW (the "CFEC Contracted Capacity") is committed to state-owned CFEC under the 20-year PPA, which was entered into on December 5, 2016 and amended on June 2, 2020 and November 9, 2020 (as may be further amended, supplemented or otherwise modified from time to time, the "CFEC PPA"). The obligation to pay the monthly capacity fee under the CFEC PPA is a take-or-pay provision whereby Tierra Mojada receives payment for the CFEC Contracted Capacity regardless of whether CFEC requires such capacity. CFEC's payment obligations under the CFEC PPA are backed by the CFEC PPA Guarantee, a parent guarantee from CFE, the Mexican state-owned electric utility which, as of the date hereof, is rated BBB/Baa1/BBB- by S&P, Moody's and Fitch, respectively. See "—Summary of Certain Material Agreements—Power Purchase Agreements—CFEC PPA" and "Description of Certain Material Agreements—Power Purchase Agreements—CFEC PPA."

The remaining approximately 30% of our output, or 250 MW (the "Remaining Contracted Capacity" and together with the CFEC Contracted Capacity, the "Contracted Capacity") is committed under the three power purchase agreements, each in connection with one of the corresponding Offtaker PSAs (as defined below), entered into between Tierra Mojada and our affiliate Ektria Suministro, S. de R.L. de C.V. ("Ektria") (each an "Ektria PPA" and, together

with the CFEC PPA, the "Power Purchase Agreements" or the "PPAs"). Each Ektria PPA expires on December 31 following the fourth anniversary of the Ektria Start Dates (as defined below). The Remaining Contracted Capacity is in turn supplied by Ektria under three individual power supply agreements (each a "PSA") between Ektria and each of (a) T A 2000 S.A. de C.V. ("Tyasa") for 150 MW (approximately 18% of the total Contracted Capacity) (the "Tyasa PSA"), (b) Grupo Acerero S.A. de C.V., backed by Grupo Fondería S.A. de C.V., Galyp Aceros, S.A. de C.V., GA Transportes, S.A. de C.V., Fitce, S.A. de C.V. and Talent Trust Services, S.A. de C.V. ("Grupo Acerero") for 70 MW (approximately 8% of the Contracted Capacity) (the "Grupo Acerero PSA") and (c) Cementos Moctezuma, S.A. de C.V., backed by Corporación Moctezuma S.A.B. de C.V. ("Cementos Moctezuma" and, together with Tyasa and Grupo Acerero, the "Offtakers") for 30 MW (approximately 4% of the Contracted Capacity) (the "Cementos Moctezuma PSA" and together with the Tyasa PSA and the Grupo Acerero PSA, the "Offtaker PSAs"). Each Offtaker PSA expires on December 31 following the fourth anniversary of the Ektria Start Dates. Under the Offtaker PSAs, Ektria, acting as a "qualified supplier" (who can enter the Mexican Electricity Market as a participating qualified supplier and purchase products in the Mexican Electricity Market or directly from GenCos (as defined below)), has agreed to supply the energy and capacity consumed by the facilities of the Offtakers that are considered "qualified users" (customers with more than 1 MW of peak demand) under current regulations. Our fixed and variable costs are structured as a full pass-through in each of the CFEC PPA, the Ektria PPAs and the Offtaker PSAs, whereby CFEC, Ektria and the Offtakers bear these costs.

The location of the Power Plant is shown on the map below:

Our History

In early 2013, certain investment funds managed by Blackstone announced a partnership with an experienced management team, led by former executives from Iberdrola with a wide experience in developing and constructing electrical assets including CCGTs, solar plants, wind farms, transmission lines, and developing and managing electricity and gas supply companies. This partnership resulted in the creation of Fisterra, a company owned by funds managed by Blackstone on behalf of its private equity investors aimed at identifying, developing and investing in large scale independent power projects worldwide, like ours, that generate potential attractive returns.

Tierra Mojada is a direct subsidiary of FEM V Sponsor, which is a wholly owned subsidiary of certain investment funds managed by Blackstone. Founded in 1985, Blackstone is among the world's largest asset managers, responsible for managing approximately US$584.4 billion of assets as of September 30, 2020. Certain investment funds managed by Blackstone and Fisterra have an extensive and successful track record of investing in exceptional companies across

a broad range of geographies and throughout the full energy value-chain, generating top-quartile returns, having built more than 8,000 MW of power projects in more than 15 countries, and developed, constructed or operated over 30 GW of conventional and renewable energy projects around the world over the last two decades.

In 2014, Tierra Mojada began its development of the Power Plant by selecting a region with strong growth dynamics and tightening electricity supply in which to build the project. Additionally, Tierra Mojada initiated the administrative work needed to obtain all the necessary permits and licenses to begin the construction of the Power Plant.

In December 2016, Tierra Mojada and CFEC entered into the CFEC PPA, whereby Tierra Mojada agreed to sell and CFEC agreed to purchase the CFEC Contracted Capacity. During this time, the Mexican Electricity Market was liberalized through a package of constitutional amendments and the implementation of new regulations; this led to the ability of the private sector to actively participate in the generation, commercialization and supply of energy. Tierra Mojada was one of the first privately owned generators to sign a PPA with a qualified supplier after the liberalization of the market.

Tierra Mojada signed an interconnection agreement with CFE Transmisión (the "Interconnection Agreement") in February 2017, securing its interconnection to the national transmission grid. In March 2017, Tierra Mojada secured 100% of its natural gas needs by entering into a firm natural gas supply agreement with CFEnergía for a term of approximately 20 years (the "Natural Gas Supply Agreement"), whereby CFEnergía agreed to deliver natural gas on site at a price indexed to the Waha Hub located in West Texas (the "Waha Hub"). This provides Tierra Mojada with a competitive low-cost source of fuel compared to other generators in Mexico because of the Waha Hub's proximity to low-cost oil and associated gas production from the Permian Basin. Tierra Mojada's access to fuel is further strengthened by (i) CFEnergía's obligation to transport and deliver natural gas directly to the Power Plant site and (ii) in exchange for a fixed capacity reservation fee, the fact that Tierra Mojada only has to pay for the amount of gas it requires on a daily basis per its Natural Gas Supply Agreement.

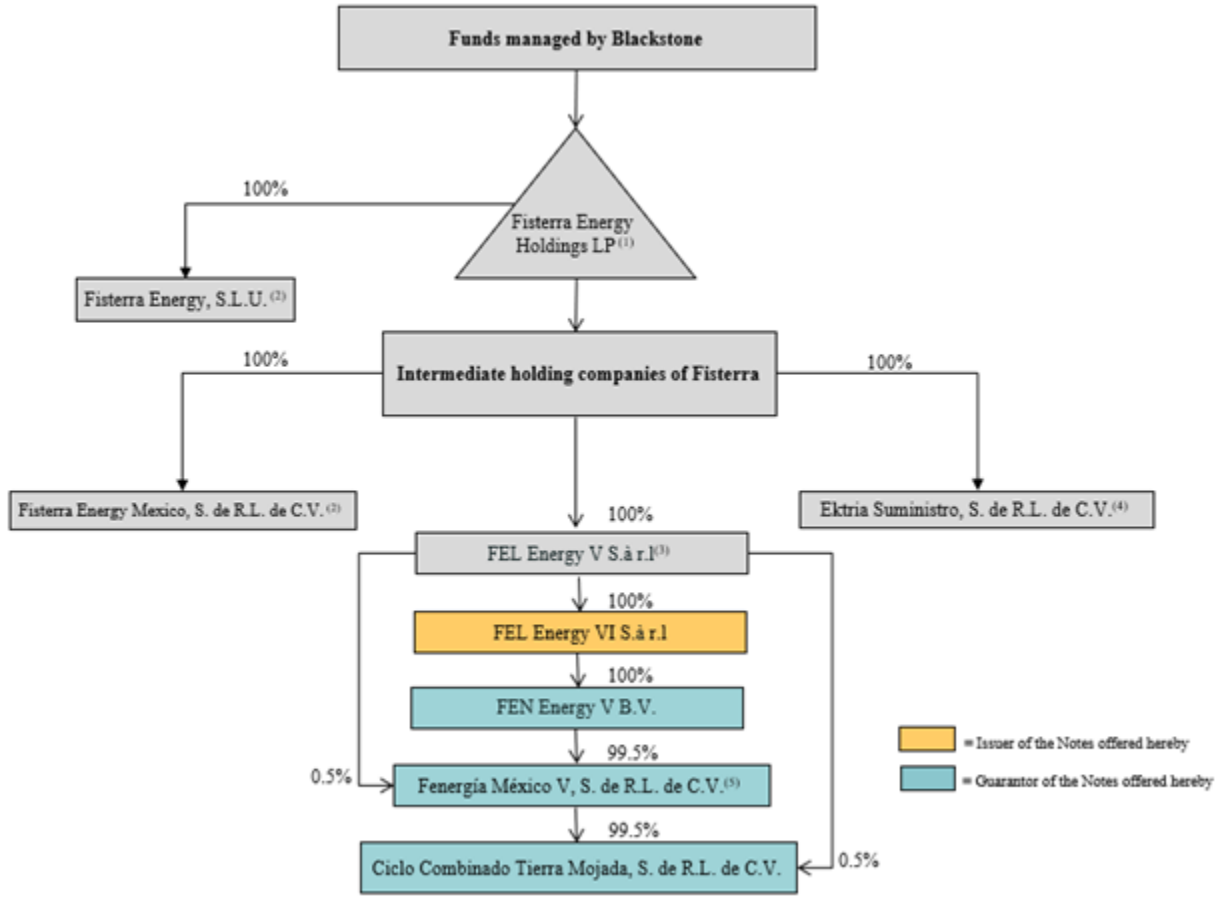
In June 2017, Tierra Mojada entered into its Construction Loan (as defined below) and notified the EPC Contractors to proceed with construction. During the construction phase, Tierra Mojada continued its commercialization activities and further de-risked the Power Plant's cash flows by successfully securing contracts with its affiliate Ektria for the Remaining Contracted Capacity of the Power Plant (approximately 250 MW) backed by three different PSAs signed with well-known, local counterparties: Tyasa, Grupo Acerero and Cementos Moctezuma. With this milestone, Tierra Mojada consolidated its Contracted Capacity and now has a fully contracted power plant.

On May 25, 2020, FEL V Sponsor incorporated the Issuer and, on June 5, 2020, FEL V Sponsor contributed to the Issuer the equity interests of FEN V owned by FEL V Sponsor, thereby becoming the indirect owner of Tierra Mojada.

The Power Plant achieved its Commercial Operation on October 28, 2020.

Our Corporate Structure

The following diagram illustrates our corporate structure:



(1) Fisterra Energy Holdings LP is wholly owned by investment funds managed by The Blackstone Group Inc.

(2) Fisterra Energy Mexico, S. de R.L. de C.V. and Fisterra Energy, S.L.U. are the Management Service Providers under the Management Services Agreement.

(3) FEL Energy V S.à r.l. is wholly owned by certain intermediate holding companies owned by Fisterra Energy Holdings LP.

(4) Ektria Suministro, S. de R.L. de C.V. is wholly owned by certain intermediate holding companies owned by Fisterra Energy Holdings LP and is party to the Ektria PPAs and the Offtaker PSAs.

(5) Fenergía México V, S. de R.L. de C.V. is wholly owned by certain intermediate holding companies owned by Fisterra Energy Holdings LP and holds 99.5% of Tierra Mojada's equity interests through the Mexican Trust Agreement.

Our Competitive Strengths

We believe the following competitive strengths distinguish us from our competitors and are critical to the continued successful execution of our strategy.

Significant U.S. Dollar-Denominated Contracts for approximately 100% of Power Plant Capacity

Nearly all of our contracted revenues are derived from our U.S. dollar-denominated PPAs with high-quality offtakers contractually committed to purchasing, in the aggregate, substantially all of our projected energy and capacity output. Approximately 70% of our output, the CFEC Contracted Capacity, is committed to state-owned CFEC for 20 years under the CFEC PPA guaranteed by CFE (which, as of the date hereof, is rated BBB/Baa1/BBB- by S&P, Moody's and Fitch, respectively) and the remaining nearly 30% of our output, the Remaining Contracted Capacity, is committed under the Ektria PPAs. The Remaining Contracted Capacity is in turn supplied by Ektria under the Offtaker PSAs with Tyasa, Grupo Acerero and Cementos Moctezuma. Our fixed and variable costs are structured as a full pass-through in each of the CFEC PPA, the Ektria PPAs and the Offtaker PSAs, whereby CFEC, Ektria and the Offtakers bear these costs.

Brand-new, Highly Efficient Gas-Fired Generation Facility

The Power Plant utilizes two brand-new GE 7HA.02 gas turbines, one of GE's largest and most efficient modern gas turbines. The H-Class turbine is an evolution of GE's F-Class turbine, the most widely used gas turbine in the world according to GE, with more than 1,100 installed units and 50 million fired hours in service as of October 2019. The 7HA.02 utilizes a four-stage turbine section, which is a direct improvement on the three-stage turbine section used in F-Class turbines, with improved features that result in lower heat rates and higher efficiency, driven by air-cooling systems and aerodynamic internal designs.

Advantageous Low-Cost Gas Access to the Waha Hub and Supply Contract

According to PA Consulting, the Power Plant's firm gas arrangement pursuant to the Natural Gas Supply Agreement (which is indexed to Waha Hub natural gas) provides for a favorable price advantage and protection against potential natural gas market risks, including natural gas unavailability (currently a significant risk for many generators in Mexico that do not have firm transportation agreements). The marginal price-setting fuel in the Mexican market is usually Houston Ship Channel or Liquefied Natural Gas, each of which trade at a premium to the Waha Hub natural gas. Tierra Mojada's gas supply is readily available to the Power Plant through primary gas lines and a 6-kilometer lateral pipeline.

The Power Plant's firm Natural Gas Supply Agreement provides for 100% of the Power Plant's natural gas needs, providing protection against potential natural gas market risks including supply unavailability, which is a significant issue for some Mexican generators. The payment obligations of Tierra Mojada's counterparty in the Natural Gas Supply Agreement are backed by a parent guarantee from the CFE, the Mexican state-owned electric utility.

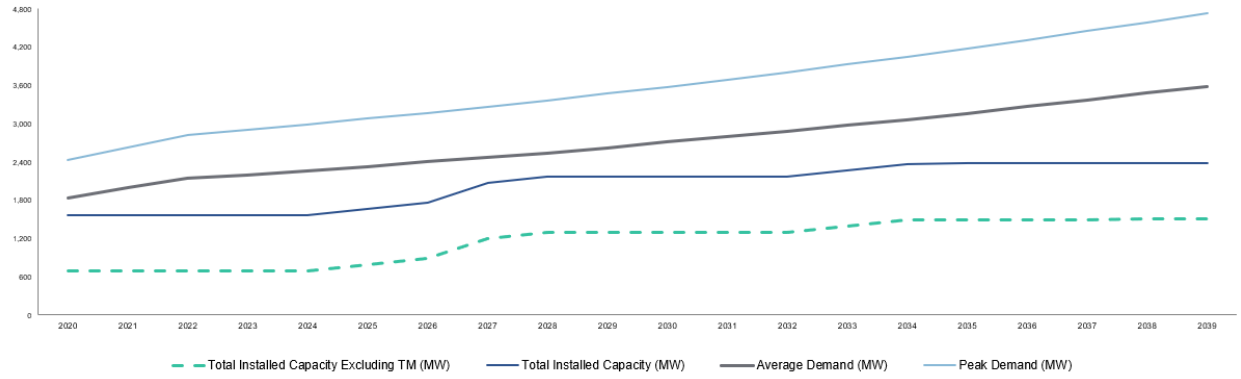
CFEnergía has access to the following separate gas supply routes: (i) the primary pipeline, which started commercial operation on October 1, 2020, that runs from the Waha Hub to the Villa de Reyes-Aguascalientes-Guadalajara pipeline, and (ii) the SISTRANGAS gas transportation system owned by CENAGAS. Pursuant to the Natural Gas Supply Agreement, CFEnergía is required to deliver our natural gas at the contracted price regardless of which supply route they choose.

Strategic Location in a Region with Growing Demand and Limited New Projects

Over the next several years, Mexico is expected to experience a tightening power supply/demand balance due primarily to high load growth and the retirement of older, high-cost and inefficient power generation, which is expected to outpace construction of new generation facilities. According to PA Consulting, the Mexican market is projected to require additional supply (beyond announced upcoming facilities) by 2023 to maintain its target reserve margin of 15.3%.

The Power Plant is strategically located near the city of Guadalajara, an area that the Independent Energy Market Expert expects to remain an energy-importing region for the foreseeable future (i.e., Guadalajara has more power demand than can be served by installed capacity in the region). According to SENER, peak demand in the region is projected to grow at 3.4% *per annum* through 2033, slightly higher than the overall Mexican market projection of approximately 3.1% of peak demand growth. For 2019, peak demand in Mexico's western control region, where the Guadalajara area is located, is expected to grow by 4.2% as compared to the previous year despite Mexico's GDP growth being essentially flat. According to PA Consulting, natural gas supply is currently a challenge for some generators without firm transportation, which has resulted in higher than anticipated forced outage rates in the first three years of the Balancing Capacity Market. Despite having nearly 2 GW of regional hydropower, the Guadalajara area is still projected to import on average 22-54% of its power in order to meet growing demand.

Forecasted Supply and Demand in Guadalajara Area

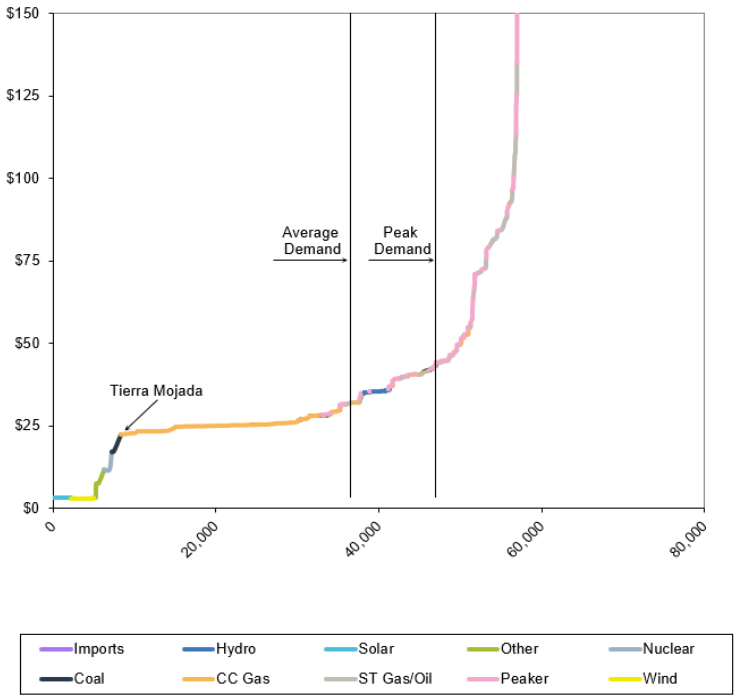


Source: PA Consulting

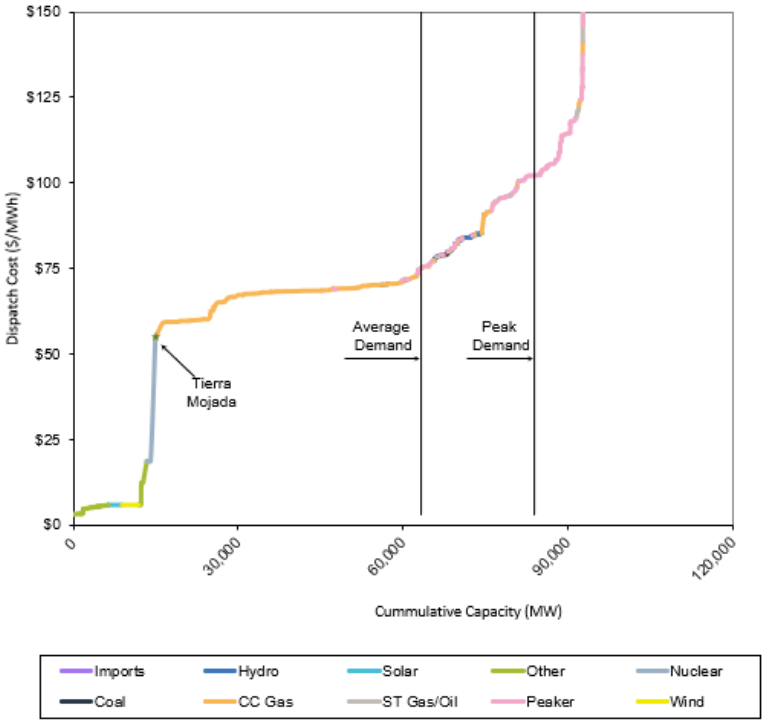
Competitive Position on the Mexican Dispatch Curve

According to PA Consulting, in Mexico, natural gas is projected to be the marginal, price-setting fuel in approximately 66.7% of hours in 2021, with oil and coal comprising most of the remainder, and in over 93.2% of hours in 2026, with natural gas displacing coal and oil as natural gas pipeline infrastructure improves. As the newest and one of the most efficient CCGTs in Mexico, our Power Plant currently has a significant heat rate advantage over nearly all other combined-cycle generators in Mexico. According to PA Consulting, given the Power Plant's location within the Guadalajara zone, which has high demand relative to installed capacity and no other efficient gas capacity, it is projected to operate in hours when the Power Plant is available, and its location at the bottom of the Mexico supply stack positions the facility well for the future. Even assuming significant new projects in the near-to-medium term, our Power Plant's heat rate advantage remains significant by at least around 2,370 Btu/kWh below the marginal generator through 2039. Due to the combination of our Power Plant's low heat rate and advantageous access to cheap gas compared to other gas generators via its favorable Natural Gas Supply Agreement, our Power Plant is expected to remain a low marginal-cost CCGT for the life of the Notes and is currently expected to be dispatched in all available hours given its location at the bottom of the dispatch stack.

2021 Mexican Dispatch Curve



2039 Mexican Dispatch Curve



Source: PA Consulting

World-Class Sponsorship led by Blackstone

Tierra Mojada's Sponsors are wholly owned by investment funds managed by Blackstone. Blackstone has a leading private equity franchise with an extensive track record of over two decades of investing in energy companies and management teams, generating top-quartile returns for investments in energy while incurring no bankruptcies on any North American power investment. As of September 2020, Blackstone's team has committed over US$17.0 billion of equity across a broad range of geographies and throughout the full energy value-chain: power, midstream, services and equipment, upstream and downstream, including US$3.7 billion in the power sector and approximately US$4.8 billion in natural gas markets. Blackstone, through its energy-focused private equity funds, has approximately 28 energy sector investments.

Best-in-Class Counterparties and Equipment

Leading EPC Contractor

The Power Plant was constructed by a world-class EPC Contractor that has completed over 1,000 energy and infrastructure projects in sectors such as power, upstream oil and gas, downstream oil, downstream petrochemical and water, in over 60 different countries. Técnicas Reunidas, S.A., headquartered in Spain, has over 45 years of experience in the power sector, having constructed over 45,000 MW of power generation facilities in over 25 countries, approximately 24,000 MW of which have been CCGTs.

25-year Contractual Service Agreement with GE for State-of-the-Art Turbine Technology

Our 25-year service agreement (the "Contractual Service Agreement") with General Electric Global Services GmbH (the "CSA Provider"), which is guaranteed by General Electric Company, Inc. ("GE"), the original equipment manufacturer for our turbines, ensures the Power Plant's access to GE's expertise on parts, repairs and services over the long-term. The Contractual Service Agreement incorporates a full package of services, including but not limited to, essential maintenance elements such as a hotline, rapid response technical support, preventative maintenance, unscheduled maintenance, major outages, managed spares (e.g. rotors) and basic remote diagnostic packages.

CFEnergía as fuel supplier

The Power Plant benefits from a firm Natural Gas Supply Agreement with CFEnergía for natural gas indexed to the Waha Hub for up to 100% of fuel needs; additionally, CFEnergía's payment obligations are guaranteed by CFE. CFEnergía is the CFE's subsidiary engaged in the commercialization, import, export, transport, storage, purchase and sale of natural gas, among other fuels.

NAES as O&M Contractor

NAES Mexico, S. de R.L. de C.V. ("NAES" or the "O&M Contractor") is the Mexican subsidiary of NAES Corporation, one of the world's largest power management and generation services companies. Under our operation and maintenance agreement with NAES (the "O&M Agreement"), NAES brings their experienced project management team and in-depth support infrastructure, helping to maintain safety and environmental compliance and seeking high levels of technical performance while achieving an efficient cost structure.

Leading Management Team with Proven Track Record of Development and Operating Activities

The team in charge of the management of the Power Plant comprises technical and financial experts with vast knowledge of the Mexican Electricity Market. The Fisterra team has developed, constructed or operated over 30 GW of conventional and renewable energy projects around the world over the last two decades. The majority of the team comes from Iberdrola and was instrumental in the company's growth in Mexico from 2000 to 2006, having been awarded and having constructed over 5 GW of CCGTs within CFE's IPP program.

In addition to the Power Plant, the Fisterra and Blackstone energy private equity teams have successfully achieved commercial operations on two projects in the Mexican Electricity Market: the "Frontera" 526 MW CCGT and the "Ventika" 252 MW wind farm, the latter of which was sold in 2016. The team has also developed four solar photovoltaic projects totaling 650 MW and has a current development pipeline of over 2.3 GW.

Our Business Strategy

Our commercial strategy is to generate long-term value by focusing on securing and maintaining long-term contracts with well-known counterparties and by providing reliable, sustainable and cost-efficient energy to our customers, and ultimately obtaining solid and stable financial results. In line with our strategy, we intend to:

Continue to focus on stable revenues and margins with well-known counterparties through re-contracting as our existing contracts expire

Substantially all of our firm capacity is contracted through 2025. The Ektria PPAs, covering approximately 30% of our firm capacity (250 MW), each expire on December 31 following the fourth anniversary of the Ektria Start Dates. The remaining capacity (600 MW) contracted under the CFEC PPA will remain contracted through 2040. In order to reduce our exposure to spot price volatility in the Mexican Electricity Market after the Ektria PPAs expire, we are focused on either extending or entering into new medium-to-long-term PPAs that would become effective upon the expiration of the Ektria PPAs. We will continue to engage with well-known, financially secure counterparties by entering into offtake agreements targeting tenors of at least three to five years, or longer in the case of investment grade counterparties, depending on the market dynamics at the time when our contracts expire.

Maintain and operate our Power Plant to achieve a high level of reliability and long-term availability

We are focused on operating our Power Plant efficiently and safely, providing world-class service to our customers in order to achieve the highest levels of availability by adhering to health, safety, accident prevention, security and environmental policies intended to protect our employees, clients and local communities. We will continue to engage world class operating service providers such as NAES throughout the life of our asset to ensure that our operations adhere to global benchmarks for safety, environmental compliance and operating standards. Our O&M Agreement with NAES expires on December 31, 2030 and automatically renews for additional one-year terms, unless terminated by either party.

We have entered into a 25-year Contractual Service Agreement with the CSA Provider to ensure that our equipment is maintained in accordance with the highest market standards and to secure the Power Plant's long-term maximum efficiency and reliability. The Contractual Service Agreement with a subsidiary of GE is a full scope contract. The Contractual Service Agreement provides for performance bonuses or credit for liquidated damages for the CSA Provider in order to incentivize improved performance over the life of the agreement. In order to enhance the Power Plant's availability, we depend on a computerized management system to control our maintenance strategy and schedule and are focused on following a rigorous maintenance schedule in order to ensure stable and reliable operations. When our equipment requires the installation of new or replacement parts, we only allow such installation to occur in accordance with the manufacturer's recommendations and industry best practices.

Integrate corporate social responsibility with our business

Local communities are vital stakeholders in our business, and we seek to help these communities. Our goal is not to simply comply with applicable social and environmental regulations, but also to work to minimize, or compensate for, negative social and environmental impacts and enhance positive social and environmental outcomes for our community stakeholders. During the construction phase of the Power Plant, we took direct action to deliver on our corporate social responsibilities and will continue to actively participate with local communities and implement socially responsible actions through the implementation of our social action plan (the "Social Action Plan") during the operation and decommission phases of the Power Plant. In doing so, we comply with all local requirements established by the social environmental authorizations of the project (i.e., Environmental Impact Authorization and Social Impact Resolution), as well as with international standards including the International Finance Corporation's

Performance Standards, the World Bank Environmental and Social Standards and the Mexican UN Guiding Principles on Business and Human Rights (the "UNGPs").

Specifically, as part of our Social Action Plan implementation activities, we have contributed to the development of more than 15 km of basic public infrastructure in the Power Plant's region including drainage, paved roads and sidewalks. We, along with the relevant authorities, have also contributed to improve conditions in schools within the areas of influence of the Power Plant by donating school supplies, funding facility improvements and by providing routine transportation. We have agreed to participate in the funding of public and private sponsorships and have sponsored many athletic, cultural and religious activities within the Municipality of Zapotlanejo. Additionally, we have donated surplus materials to local communities, including a new x-ray device that was donated to a local Red Cross organization. As part of our Social Action Plan, and together with the Management Service Providers (as defined below), we set an ambitious goal to hire local workers and achieved that by hiring approximately 25% of employees from the region where the Power Plant is located. Additionally, we created short-term educational internship opportunities for several students from Mexican universities at the Power Plant, which led to long-term job opportunities with the O&M Contractor for some of them. With the help of a full-time dedicated specialist hired by the O&M Contractor, we plan to continue to support local communities through the adequate implementation of our Social Action Plan in similar ways throughout the life of our Power Plant.

Consistent with the UNGPs, we carry out constant human rights due diligence in order to identify, prevent, mitigate and account for our adverse human rights impacts. It includes four key steps: assessing actual and potential human rights impacts; integrating and acting on the findings; tracking responses; and communicating about how impacts are addressed.

Summary of Certain Material Agreements

Tierra Mojada has entered into a number of agreements that are material to the ownership, development, construction and operation of the Power Plant. For a more complete description of these material agreements and related documents, see "Description of Certain Material Agreements."

Engineering, Procurement and Construction Agreement

EPC Agreement

On May 3, 2017, Tierra Mojada entered into a lump-sum turnkey engineering, procurement and construction agreement with the EPC Contractors (as amended or modified from time to time prior to the Issue Date, the "EPC Agreement"), for the engineering, construction, start-up, commissioning, and testing of the Power Plant.

EPC Guaranty

On May 3, 2017, the Foreign Contractor entered into a corporate parent guaranty to guarantee the Local Contractor's payment obligations under the EPC Agreement (the "EPC Guaranty"). See "Description of Certain Material Agreements—Engineering, Procurement and Construction Agreement—EPC Guaranty."

Power Purchase Agreements

CFEC PPA

On December 5, 2016, Tierra Mojada entered into the CFEC PPA under which CFEC agreed to purchase the CFEC Contracted Capacity for a period of 20 years. The obligation to pay the monthly capacity fee under the CFEC PPA is a take-or-pay provision whereby Tierra Mojada receives payment for the CFEC Contracted Capacity regardless of whether CFEC requires such capacity. Tierra Mojada guarantees certain levels of availability, which may be adjusted due to maintenance and other reasons, as long as the average availability within a three-year rolling period remains consistent with the levels set in the CFEC PPA, which average approximately 95% over the 20-year term. Tierra Mojada achieved its Commercial Operation on October 28, 2020, which was acknowledged by CFEC by means of the CFEC PPA Side Letter (as defined below). The 20-year term of the CFEC PPA will begin on the Start Date on

January 1, 2021, as agreed in the CFEC PPA Second Amendment (as defined below). See "Summary—Recent Developments—CFEC PPA Amendments" and "Description of Certain Material Agreements—Power Purchase Agreements—CFEC PPA."

CFEC PPA Guarantee

On May 17, 2017, CFE entered into an agreement to guarantee CFEC's payment obligations under the CFEC PPA (the "CFEC PPA Guarantee"). CFE's liability under the CFEC PPA Guarantee is uncapped. See "Description of Certain Material Agreements—Power Purchase Agreements—CFEC PPA—CFEC PPA Guarantee."

Ektria PPAs and the Offtaker PSAs

On November 4, 6 and 8, 2019, Tierra Mojada and Ektria, our affiliate that is indirectly owned by certain investment funds managed by Blackstone, entered into the Ektria PPAs, each expiring on December 31 following the fourth anniversary of the Ektria Start Dates, provided that any Ektria PPA may be terminated (i) after December 31, 2022, if an Offtaker terminates the corresponding Offtaker PSA and (ii) after December 31, 2023, if Ektria terminates the corresponding Offtaker PSA. Under the Ektria PPAs, Tierra Mojada sells the Remaining Contracted Capacity to Ektria. The Ektria PPAs support Ektria's obligations to supply a portion of the Remaining Contracted Capacity to each of the Offtakers. On November 4, 6 and 8, 2019, respectively, Ektria entered into the Tyasa PSA, the Grupo Acerero PSA and the Cementos Moctezuma PSA. The Financial Activation Date (as defined below) will occur on January 1, 2021, as agreed in the Ektria PPAs Amendments (as defined below) and the Offtaker PSAs Amendments (as defined below). Each Offtaker PSA expires on December 31 following the fourth anniversary of the Ektria Start Dates. Under the Offtaker PSAs, Ektria has agreed to act as qualified supplier of energy and capacity consumed by certain facilities of such Offtakers that are considered qualified users under current regulations.

Natural Gas Supply Agreement

Natural Gas Supply Agreement

On March 30, 2017, Tierra Mojada entered into the Natural Gas Supply Agreement with CFEnergía for the sale and purchase of natural gas in connection with the Power Plant. The delivery period under this contract ends on January 1, 2041, approximately 20 years after COD. The maximum daily amount to be delivered by CFEnergía is 135,000 MMbtu. CFEnergía has the sole responsibility for transporting the gas to the delivery point at the Power Plant site (the "Delivery Point"). See "Description of Certain Material Agreements—Natural Gas Supply Agreement."

Natural Gas Supply Agreement CFE Guarantee

On June 7, 2017, CFE entered into an agreement to guarantee CFEnergía's payment obligations under the Natural Gas Supply Agreement up to a cap of US$150 million (the "Natural Gas Supply Agreement CFE Guarantee"). See "Description of Certain Material Agreements—Natural Gas Supply Agreement—Natural Gas Supply Agreement CFE Guarantee."

The Contractual Service Agreement

On May 8, 2017 (the "CSA Effective Date"), Tierra Mojada entered into the Contractual Service Agreement with the CSA Provider, under which the CSA Provider shall provide all services and parts for certain equipment, including base maintenance, unit repair work, additional required maintenance and elective maintenance, and will work to optimize the performance and maintenance of the corresponding Power Plant equipment. GE guarantees all obligations of the CSA Provider under the Contractual Service Agreement. See "Description of Certain Material Agreements—The Contractual Service Agreement."

Interconnection Agreement

On February 27, 2017, Tierra Mojada entered into an Interconnection Agreement with CFE Transmisión in order to connect the Power Plant to the national transmission grid. The terms of the Interconnection Agreement are standard terms approved by the CRE. All work required to be performed under the Interconnection Agreement by Tierra Mojada was performed and the interconnection of the Power Plant to the grid was achieved in July 2019. See "Description of Certain Material Agreements—Interconnection Agreement."

O&M Agreement

On June 12, 2017, Tierra Mojada entered into the O&M Agreement with NAES. Under the O&M Agreement, NAES will be paid a yearly operational fee with potential for performance bonuses as compensation for providing operation, maintenance and related services of the Power Plant. See "Description of Certain Material Agreements—O&M Agreement."

Management Services Agreement

On June 19, 2017, Tierra Mojada entered into a management services agreement (the "Management Services Agreement") with FEM (in this capacity, the "Onshore Service Provider") and FESL (in this capacity, the "Offshore Service Provider" and, together with the Onshore Service Provider, the "Management Service Providers") for management, administrative and other support services in connection with the development, construction, operation and maintenance of the Power Plant and the day-to-day business of Tierra Mojada. See "Description of Certain Material Agreements—Management Services Agreement."

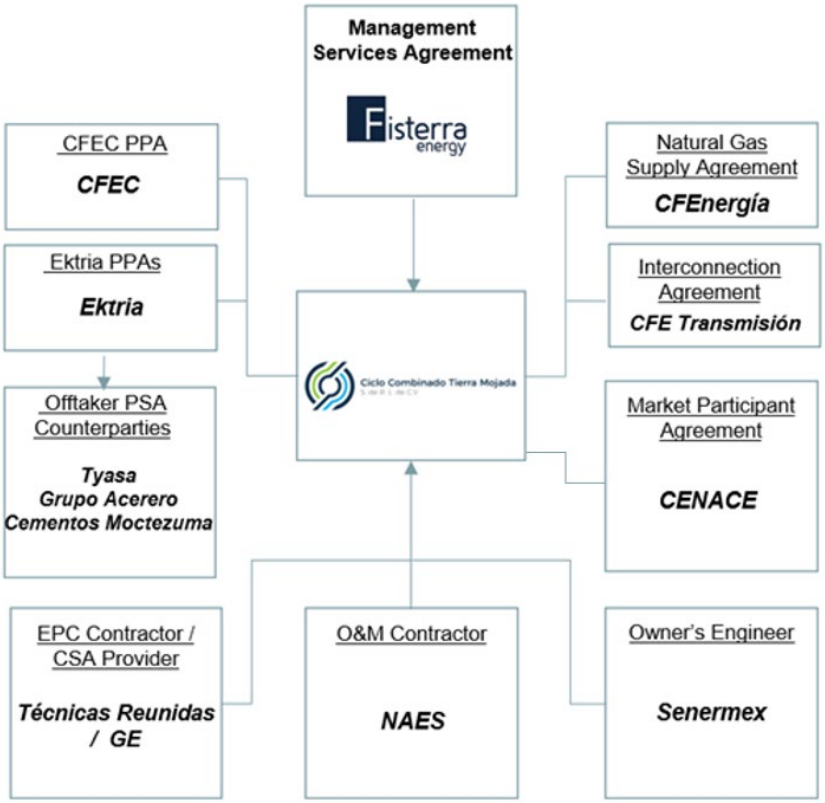
Market Participant Agreement

On December 11, 2018, Tierra Mojada, as a generator, entered into a market participant agreement with CENACE (the "Market Participant Agreement") to enable it to operate in the Mexican Electricity Market. The form of Market Participant Agreement is publicly available and all market participants must enter such agreement in its standard terms approved by CENACE. See "Description of Certain Material Agreements—Market Participant Agreement."

Owner's Engineer Agreement

On August 9, 2017, Tierra Mojada and Senermex Ingeniería y Sistemas, S.A. de C.V., a subsidiary of an international engineering and construction firm named SENER, ("Senermex") entered into an agreement pursuant to which Senermex was appointed as owner's engineer (the "Owner's Engineer") for the supervision of the EPC Contractors under the EPC Agreement (the "Owner's Engineer Agreement"). See "Description of Certain Material Agreements—Owner's Engineer Agreement."

Please see the following graphic highlighting key counterparties and certain material agreements:



Power Plant Assets: Key Characteristics

The Power Plant consists of two GE 7HA.02 combustion turbines with associated electric generators, a single steam turbine with associated electric generator, two triple-pressure reheat heat recovery steam generators, an air cooled condenser, emission control equipment, fuel delivery regulation and control system, three generator step-up transformers; auxiliary transformers; electric switchyard; a control system; and other typical and necessary auxiliary equipment.

Experts

Independent Energy Market Expert's Report

PA Consulting has prepared the Independent Energy Market Expert's Report dated as of November 2020, and has consented to the inclusion of a copy of the Independent Energy Market Expert's Report as Annex A to this offering memorandum. PA Consulting is an independent international consulting firm that provides technical consulting services covering, among other industries, the energy and utilities sectors. The Independent Energy Market Expert's Report summarizes PA Consulting's analysis, including the impact of the COVID-19 pandemic, provides an overview of the Mexican Electricity Market, describes the underlying base case market assumptions and modeling methodology as of November 2020, which consider the introduction of the Mexican carbon cap-and-trade program and discusses projections of the Mexican Electricity Market, wholesale price projections, commodity price projections and supply and demand projections for the Mexican Electricity Market from 2020 through 2039. See "Risk Factors—Risks Relating to Our Business and Industry—Future power and natural gas prices and supply and demand in the Mexican Electricity Market may differ from the projected prices and supply and demand contained in the Independent Energy Market Expert's Report prepared by PA Consulting and other estimates contained in this offering memorandum" and "Annex A – Independent Energy Market Expert's Report."

Independent Engineer's Report

Leidos has prepared the Independent Engineer's Report. Leidos has consented to the inclusion of a copy of the Independent Engineer's Report as Annex B to this offering memorandum. Leidos is an international consulting firm that provides technical and environmental consulting services to the energy industry. The Independent Engineer's Report includes Projected Operating Results, and assesses, among other things, principal aspects of the Power Plant's design, engineering, expected performance, operations, environmental compliance, and operating and maintenance costs, as well as certain technical aspects, including technical provisions in certain of the Material Project Documents and permits. Certain capitalized terms used in this summary but not defined in the offering memorandum are defined within the Independent Engineer's Report.

For purposes of preparing its report, Leidos relied on information, including estimates and projections, provided by us, which included information based upon assumptions about various matters that are not within our control. You should be aware that actual results will likely differ, perhaps materially, from those estimated or projected in the Independent Energy Market Expert's Report and Independent Engineer's Report. No one can assure you that the assumptions used are correct or that the estimates and projections will match actual results of operations. Therefore, we do not make, nor intend to make, nor should you infer, any representation with respect to the likelihood of any future outcome. If actual results are materially less favorable than those shown, or if the assumptions used in formulating the estimates and projections prove to be incorrect, our ability to meet our obligations under the Notes could be materially and adversely affected. See "Risk Factors—Risks Relating to Our Business and Industry—Our future financial results may differ from the Projected Operating Results contained in the Independent Engineer's Report prepared by Leidos and other estimates contained in this offering memorandum" and "Annex B – Independent Engineer's Report."

Subject to the information and qualifications contained and assumptions made in the Independent Engineer's Report, Leidos has expressed the following conclusions:

- The site of the Power Plant is of adequate size to support the operating and maintenance, pursuant to the O&M Agreement, of the Power Plant and provides sufficient access to utilities.

- The Performance Tests and Reliability Test are typical of other similar projects with which Leidos is familiar, were conducted in material compliance with the Performance and Reliability Test Procedures, and accurately reflected the performance of the Power Plant at the time of the tests. The Performance Guarantee for Net Plant Power Output was successfully demonstrated; however, the demonstrated Net Plant Heat Rate was 0.4 percent, worse than the Performance Guarantee and therefore failed to demonstrate the Performance Guarantee for Net Plant Heat Rate. The Minimum Performance Levels were successfully demonstrated. The Reliability Test was performed in general accordance with the Reliability Test Procedure and successfully met the requirements of the EPC Agreement.

- The Facility Technology represents an evolution of previously proven equipment models and designs and is consistent with the current state of the art in combustion turbine and combined cycle technology. Related to mitigating risk with introducing the Facility Technology, GE has conducted significant testing of the key design concepts, particularly the 7F.05, 9HA.01 and 7HA.01 within the combustion turbine test facility and operational experience within GE's aviation combustion turbine fleet as well as its single steam turbine, triple-pressure reheat recovery steam generators, and generator fleet. The Contractual Service Agreement mitigates risk associated with the 7HA.02. The triple-pressure reheat recovery steam generators utilized at the Power Plant are a sound and proven design to convert combustion turbine exhaust energy to steam energy. Leidos sees no incremental technical risk with utilizing the Facility Technology compared to the latest competing technologies. Further, Tierra Mojada has adequately provided the interconnections for the major utility/off-site requirements, including fuel, electric transmission, water and wastewater. If operated and maintained as currently proposed by Tierra Mojada and the O&M Contractor, the Power Plant should be capable of meeting the requirements in the environmental permits.

- Provided that: (1) the Power Plant is operated and maintained consistent with generally accepted engineering practices, including the provisions for recommended major maintenance; (2) all equipment is operated in

accordance with manufacturer recommendations; (3) all required renewals and replacements are made on a timely basis; and (4) fuel and water used by the Power Plant are within the required range with respect to quantity and quality, the Power Plant should have a useful life of at least 30 years although maintenance costs and forced outage rates may increase during the later years of the Power Plant's life. This review only addresses the potential for the Power Plant to realize the extended life while achieving expected performance, but does not consider economic variables.

- The Power Plant should be capable of achieving the new and clean net plant capacity, net plant heat rate, long-term average capacity and heat rate degradation, and availability projected by Tierra Mojada as presented in Table 8 of the Independent Engineer's Report.

- The O&M Contractor has proposed a staffing plan, organizational structure, and operating programs and procedures for the Power Plant that are consistent with generally accepted practices in the industry and should be sufficient for the operation and maintenance of the Power Plant.

- In aggregate, the various operating and maintenance plans and agreements proposed for the Power Plant provide for the parts and services necessary to operate and maintain the Power Plant.

- The methodology used by Tierra Mojada in preparing the Non Fuel Production Related O&M Costs estimate for the Power Plant is reasonable and the estimate of the Non Fuel Production Related O&M Costs of operating and maintaining the Power Plant, after taking into account regional differences, including provision for major maintenance/renewals and replacements, is comparable to the costs of similar combined-cycle facilities with which we are familiar, therefore, the estimate should be sufficient to provide for the operation and maintenance of the Power Plant.

- Tierra Mojada has identified and obtained the key permits and approvals that are required for the operation of the Power Plant. While there are certain permits and approvals that are required to be obtained and renewed at various intervals, Leidos is not aware of any technical circumstances that would prevent the issuance of these permits and approvals when timely and complete renewal applications are filed.

- Compliance with Emissions Guarantees and the emission requirements of NOM-085-SEMARNAT-2011 were successfully demonstrated. Noise testing demonstrated noise levels in excess of the Noise Guarantees, which was attributed to the operation of the gas compressors during testing. The gas compressors are not expected to be required to operate and therefore the noise exceedances caused by the gas compressors are not expected to have a material impact on operations. Tierra Mojada plans to address the issue during the next six months.

Executive Offices

The Issuer's registered offices are located at 2-4 Rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg. Tierra Mojada's executive offices are located at Edificio Terret, Torre Norte, Piso 12, Miguel de Cervantes Saavedra 301, Colonia Granada, 11520 Ciudad de México, México.

Recent Developments

Impact of COVID-19

The magnitude and duration of the COVID-19 (as defined below) pandemic and its impact on our financial condition and results of operations are uncertain as its ramifications and adverse impacts continue to evolve globally. We continue evaluating the possible impacts of the COVID-19 pandemic on our businesses and the Power Plant. To mitigate the impacts of the COVID-19 pandemic, regulatory agencies and government bodies in Mexico have adopted a number of regulatory changes and measures, which may affect the power sector and our business operations. For more information about these regulatory changes and measures, see "Risk Factors—Risk Relating to Our Business and Industry—A global pandemic and/or the outbreak of COVID-19 could cause interruptions, negatively impact

global and regional economic growth, and have an adverse effect on our financial condition and results of operations" and "—We cannot predict the potential effects on our business of the legal framework for regulating the energy sector in Mexico."

CFEC PPA Amendments

On June 2, 2020, Tierra Mojada and CFEC entered into an amendment to the CFEC PPA (the "CFEC PPA First Amendment") and agreed to (i) amend the 20-year term of the CFEC PPA to begin on the first day of the month following COD and (ii) extend the scheduled COD to July 1, 2020 (the "Scheduled COD").

On October 28, 2020, Tierra Mojada and CFEC entered into a side letter (the "CFEC PPA Side Letter") acknowledging that COD occurred on October 28, 2020 and declaring November 1, 2020 as the start date under the CFEC PPA (the "Start Date"). On November 9, 2020, Tierra Mojada and CFEC entered into a second amendment to the CFEC PPA (the "CFEC PPA Second Amendment" and, together with the CFEC PPA First Amendment, the "CFEC PPA Amendments"). Pursuant to the CFEC PPA Second Amendment, Tierra Mojada and CFEC (x) amended the Start Date to occur on January 1, 2021 and (y) made conforming amendments to the corresponding schedule of charges in light of such amendment to the Start Date.

Ektria PPAs Amendments and Offtaker PSAs Amendments

On October 27, 2020, (i) Tierra Mojada and Ektria entered into side letters (the "Ektria Side Letters") and (ii) Ektria and each of the Offtakers entered into side letters (the "Offtaker Side Letters"), pursuant to which the parties thereto (x) acknowledged that all conditions pursuant to the Ektria PPAs and Offtaker PSAs to declare the start date of each Ektria PPA and Offtaker PSA had been satisfied, except for the execution of the connection agreements (the "Connection Agreements"), by means of which the Offtakers will update their connection rights to the SEN transmission line, enabling them to receive energy from Qualified Suppliers such as Ektria, and (y) declared November 1, 2020 to be the financial activation date of the Ektria PPAs and the Offtaker PSAs (the "Financial Activation Date") upon which Ektria will begin (a) to pay Tierra Mojada the fixed charges under the Ektria PPAs and to charge the Offtakers the fixed charges under the Offtaker PSAs and (b) to sell electricity into the MEM. The Offtakers will participate in the gains realized from the relevant sales in the MEM at merchant prices, net of the guaranteed generation cost. Following the Offtakers' execution of the Connection Agreements, (i) the start date under the Ektria PPAs (the "Ektria PPAs Start Date") will occur following Tierra Mojada's notification to Ektria and (ii) the start date under the Offtaker PSAs (the "Offtaker PSAs Start Date" and, together with the Ektria PPAs Start Date, the "Ektria Start Dates") will occur following Ektria's notification to the corresponding Offtaker. We expect the Ektria Start Dates to occur in early 2021.

On November 9, 2020, (i) Tierra Mojada and Ektria entered into amendments to each of the Ektria PPAs (the "Ektria PPAs Amendments") and (ii) Ektria and each corresponding Offtaker entered into amendments to each of the Offtaker PSAs (the "Offtaker PSAs Amendments"). Pursuant to the Ektria PPAs Amendments and the Offtaker PSAs Amendments, the parties thereto (x) amended the Financial Activation Date of each Ektria PPA and Offtaker PSA to occur on January 1, 2021 and (y) made conforming amendments to each corresponding schedule of charges in light of such amendment to the Financial Activation Date.

THE OFFERING

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Notes, as well as for the definitions of certain defined terms used herein and not defined, see "Description of the Notes" in this offering memorandum.

Project	The project consists of a natural gas-fired combined-cycle combustion turbine power generation facility located in the Municipality of Zapotlanejo, State of Jalisco, Mexico, with a nameplate generation capacity of 874.5 MW.
Issuer	FEL Energy VI S.à r.l.
Guarantors	Ciclo Combinado Tierra Mojada, S. de R.L. de C.V., FEN Energy V B.V. and Fenergía México V, S. de R.L. de C.V.
Sponsors	FEL Energy V S.à r.l and Fenergía México V, S. de R.L. de C.V.
Notes Offered	US$953 million in aggregate principal amount of 5.750% Senior Secured Notes due 2040 to be issued under the Indenture.
Maturity Date	December 1, 2040.
Interest	The Notes will bear interest at 5.750% *per annum* from December 1, 2020 or from the immediately preceding interest payment date to which interest has been paid, payable semi-annually in arrears on the 1st day of each June and the 1st day of each December, commencing on June 1, 2021 (each a "Scheduled Payment Date") to the holders of record of the Notes at the close of business on May 15 or November 15, respectively, immediately preceding the corresponding interest payment date (each, a "Regular Record Date"). Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months.
Amortization	Installments of principal will be payable semi-annually on each Scheduled Payment Date of each year beginning on June 1, 2021, pro rata (subject to the procedures of the depositary for the Notes) to the registered holder thereof on the immediately preceding Regular Record Date in accordance with the following schedule:

Payment Date	Percentage of Original Principal Amount Payable	Amount Payable in US$ in millions
June 1, 2021	0.5%	$5,129,982.90
December 1, 2021	1.0%	$9,574,788.50
June 1, 2022	1.2%	$11,535,623.30
December 1, 2022	0.8%	$7,908,553.70
June 1, 2023	0.2%	$2,078,876.20
December 1, 2023	0.2%	$1,600,597.70
June 1, 2024	1.6%	$15,650,283.90
December 1, 2024	0.2%	$1,902,430.60
June 1, 2025	2.2%	$20,958,402.60
December 1, 2025	0.2%	$1,769,634.70
June 1, 2026	2.6%	$24,557,806.50
December 1, 2026	0.2%	$1,652,880.00
June 1, 2027	2.7%	$25,597,855.50
December 1, 2027	0.2%	$2,110,379.90
June 1, 2028	2.2%	$21,115,581.90

December 1, 2028	0.5%	$4,825,437.40
June 1, 2029	2.7%	$25,428,848.60
December 1, 2029	0.6%	$6,086,587.00
June 1, 2030	2.8%	$26,397,332.80
December 1, 2030	0.8%	$7,516,430.50
June 1, 2031	3.0%	$28,705,886.80
December 1, 2031	1.0%	$9,394,227.90
June 1, 2032	2.9%	$27,765,423.50
December 1, 2032	1.1%	$10,544,443.90
June 1, 2033	3.4%	$31,945,550.40
December 1, 2033	1.3%	$11,932,604.40
June 1, 2034	3.5%	$33,587,846.10
December 1, 2034	1.4%	$13,330,926.30
June 1, 2035	3.7%	$35,331,111.00
December 1, 2035	1.6%	$15,072,261.90
June 1, 2036	3.7%	$35,569,146.30
December 1, 2036	1.9%	$17,903,667.60
June 1, 2037	4.3%	$41,369,292.70
December 1, 2037	2.1%	$19,611,216.80
June 1, 2038	4.9%	$46,234,489.70
December 1, 2038	2.4%	$22,900,875.00
June 1, 2039	4.6%	$43,427,138.30
December 1, 2039	2.6%	$25,205,862.10
June 1, 2040	2.9%	$27,562,695.70
December 1, 2040	24.4%	$232,207,019.40
	100.0%	**US$953,000,000**

Note Guarantees..... The Guarantors will fully and unconditionally guarantee all of the Issuer's obligations under the Notes upon notice of the amount due.

The Note Guarantees will be subject to contractual and legal limitations under relevant local law and may be released under certain limited circumstances. See "Risk Factors—Risks Relating to the Notes, the Note Guarantees, the Collateral and Our Corporate and Financing Structure—Fraudulent conveyance laws may void the Notes or the Note Guarantees or subordinate the Notes or the Note Guarantees."

Ranking ..... The Notes will constitute the Issuer's direct and unconditional senior secured obligations, secured by a first priority Lien on the Collateral (as described under "Description of the Notes—Security").

The Notes will:

(i) together with all other Senior Debt, rank (i) *pari passu* in right of payment with all other existing and future unsubordinated obligations of the Issuer (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law); including the Letter of Credit Facility under the Operating Credit Agreement; (ii) effectively senior in right of payment to any unsecured obligations of the Issuer to the extent of the value of the Collateral (subject to any priority rights of such unsecured obligations pursuant to applicable law); and

(ii) be secured by a first-priority Security Interest (subject to Permitted Liens, the Collateral Agency and Intercreditor Agreement and the other Security

Documents), which Security Interest will be shared on a *pari passu* basis with the Senior Creditors.

The Note Guarantees will constitute the Guarantors' direct and unconditional senior secured obligations and will:

(i) together with all other Senior Debt, rank (i) *pari passu* in right of payment with all other existing and future unsubordinated obligations of such Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law) and (ii) effectively senior in right of payment to any unsecured obligations of such Guarantor to the extent of the value of the Collateral (subject to any priority rights of such unsecured obligations pursuant to applicable law); and

(ii) be secured by a first-priority Security Interest on the Collateral (subject to Permitted Liens, the Collateral Agency and Intercreditor Agreement and the other Security Documents), which Security Interest will be shared on a *pari passu* basis with the Senior Creditors.

Collateral ..... The obligations of the Issuer and the Guarantors with respect to the Notes and the performance of all other obligations of the Issuer and the Guarantors under or relating to the Indenture and the other Senior Debt Instruments (as defined herein) will be secured by a first priority Security Interest in certain existing and future assets of the Guarantors, including the following (collectively, the "Collateral"):

(i) all tangible and intangible assets of the Issuer and the Guarantors (other than certain permitted bank accounts, certain property and equipment and secondary beneficiary rights of the Issuer and the Guarantors under the Amended and Restated Mexican Trust Agreement, each as described under the caption "Description of the Notes—Security—Security Interests");

(ii) the Project Accounts (other than the Distributions Account, the Additional Senior Debt Accounts, the FRAC Account and the VAT Account) and the CENACE Accounts, any cash, cash equivalents or other amounts deposited or maintained from time to time in such accounts;

(iii) the rights of Tierra Mojada under the Material Project Documents (other than the Interconnection Agreement) and any Additional PPAs;

(iv) all equity interests or shares, as applicable, and including any shareholder loans to, in the Issuer and the Guarantors;

(v) Subordinated Indebtedness and Intercompany Indebtedness;

(vi) certain proceeds received from insurance policies after an Event of Loss or Asset Sale (net of costs and expenses); and

(vii) all proceeds of each of the foregoing.

Notwithstanding the foregoing, the Collateral does not include the Excluded Assets (as defined below). See "Description of Principal Finance Agreements—Collateral Structure" and the "Description of the Notes—Security—Security Interests."

	The Noteholders' rights and interest in the Collateral are subject to certain risks. See "Risk Factors—Risks Relating to the Notes, the Note Guarantees, the Collateral and Our Corporate and Financing Structure."
Non-Recourse Obligation	The obligations to make payments of principal, premium, if any, and interest on the Notes will be obligations solely of the Issuer and the Guarantors. None of Blackstone, the Sponsors or any shareholders' parent companies or any affiliates of any of the foregoing or their respective incorporators, stockholders, members, managers, representatives, partners, directors, officers or employees or any other Person or entity (each, a "Non-Recourse Person"), will guarantee the payment of the Notes or will have any liability for any of the Issuer's or Guarantors' obligations under the Notes, the Indenture, the Senior Debt Instruments or for any claim based on, in respect of, or by reason of, such obligations or their creation. By accepting a Note, each holder of Notes waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Notwithstanding the foregoing, nothing shall impair or in any way limit any liabilities or obligations of a Non-Recourse Person under or pursuant to any share pledge agreement pledging Collateral or any Material Project Document, in each case to which such Non-Recourse Person is a party.
Collateral Agency and Intercreditor Agreement ...	The security over the Collateral is subject to the provisions of the Collateral Agency and Intercreditor Agreement and other local law security documents. On or around the Issue Date, the Issuer, the Guarantors, Citibank, N.A., as intercreditor agent (the "Intercreditor Agent"), Citibank, N.A., as offshore collateral agent (the "Offshore Collateral Agent") and, with respect to the Collateral located in Mexico only, CIBanco, S.A. Institución de Banca Múltiple (the "Onshore Collateral Agent" and, together with the Offshore Collateral Agent, the "Collateral Agents") will enter into the Collateral Agency and Intercreditor Agreement with each Senior Creditor Group Representative, for its own benefit and the benefit of each such representative's respective Senior Creditor Group. The Collateral Agency and Intercreditor Agreement provides for, among other things: (a) the framework for, together with the Amended and Restated Mexican Trust Agreement, as well as remedies relating to the grant of, Collateral by the Issuer and the Guarantors to the Collateral Agents for the benefit of the Secured Parties (including the Noteholders), (b) the appointment of the Intercreditor Agent and each Collateral Agent by the Senior Creditors and (c) intercreditor arrangements between the Secured Parties with respect to security, payments, recoveries and certain decisions.
Mandatory Redemption upon Events of Loss and Expropriation Events.....	In the event that: (i) all or a substantial portion of the Project is subject to an Event of Loss, including an Expropriation Event, (ii) the Issuer receives net available proceeds in excess of US$15 million (or the equivalent in any other currency) from insurance, indemnification, condemnation or otherwise as a result of such Event of Loss, and (iii) the Issuer makes a good-faith determination that such net available proceeds from insurance, indemnification, condemnation or otherwise, together with any other amounts that are available to the Issuer, are insufficient for it to deliver a feasible repair certificate without any exceptions or qualifications that are reasonably likely to have a material adverse effect or the Independent Engineer does not agree in any material respect with the Issuer's conclusions in any feasible repair certificate delivered in connection with such

	Event of Loss. See "Description of the Notes—Redemption of the Notes—Mandatory Redemption—Events of Loss and Expropriation Events."
Mandatory Redemption upon Foreclosure on the Collateral	If the maturity of the Notes has been accelerated and if any Collateral Agent (acting at the direction of the Intercreditor Agent) forecloses or sells substantially all of the Collateral at any time pursuant to the terms of the Financing Documents, all proceeds realized in connection therewith must be applied to redeem the Notes and all other Senior Debt in accordance with the Collateral Agency and Intercreditor Agreement and the other Security Documents. See "Description of the Notes—Redemption of the Notes—Mandatory Redemption—Redemption Upon Foreclosure on the Collateral."
Cash Sweep:	The Issuer will prepay the Notes in an amount equal to the lesser of: (i) 100% of Available Cash (if any) and (ii) the total outstanding principal of the Notes as of such Scheduled Payment Date less the applicable Target Debt Balance. See "Description of the Notes—Redemption of the Notes—Redemption of the Notes—Mandatory Redemption—Cash Sweep."
Optional Redemption	The Notes will not be redeemable by the Issuer or by the holders of the Notes prior to December 1, 2037 except as set forth below. At any time prior to the first anniversary of the Issue Date, the Issuer may, at its option and on one or more occasions, on at least 10 days' but not more than 60 days' notice, redeem up to US$200 million in aggregate amount of the Notes at a redemption price equal to 105% of the aggregate principal amount of the Notes to be redeemed, plus accrued and unpaid interest thereon up to, but not including, the date of redemption. See "Description of the Notes—Redemption of the Notes—Optional Redemption without Make-Whole Amount." At any time prior to December 1, 2037, the Issuer may redeem the Notes, in whole or in part, by paying the greater of 100% of the principal amount of the Notes to be redeemed or a "make-whole" amount, in either case, plus accrued and unpaid interest and additional amounts, if any, to, but not including, the date of redemption. See "Description of the Notes—Redemption of the Notes—Optional Redemption with Make-Whole Amount." At any time on and after December 1, 2037, the Issuer may, on any one or more occasions, redeem the Notes, at its option, in whole or in part, at the redemption prices set forth in "Description of the Notes—Redemption of the Notes—Optional Redemption without Make-Whole Amount," plus accrued and unpaid interest and additional amounts, if any, on such Notes to, but not including, the date of redemption. See "Description of the Notes—Redemption of the Notes—Optional Redemption without Make-Whole Amount."
Optional Redemption upon Tax Event.....	The Issuer (excluding any Substitute Issuer appointed pursuant to the terms of the Indenture, and any other successor or permitted assignee) may redeem the Notes, at its option, in whole, but not in part, at any time, at a redemption price equal to 100% of the then-outstanding principal amount of the Notes, plus accrued and unpaid interest thereon, to, but excluding, the date of redemption and any additional amounts payable with respect thereto, if, as a result of specified events relating to tax law, there is an increase in the additional amounts the Issuer

	is obligated to pay under the Notes. See "Description of the Notes—Redemption of the Notes—Redemption for Changes in Withholding Taxes."
Repurchase upon a Change of Control Triggering Event..	If a Change of Control Triggering Event occurs the Issuer will be required to offer to purchase all of the Notes then outstanding, and pay to the holders of Notes that have been tendered in (but not withdrawn from) such offer, a purchase price equal to 101% of the portion of the outstanding principal balance represented by such Notes plus all accrued and unpaid interest (if any) thereon to, but excluding, the purchase date plus additional amounts, if any, payable in respect of such Notes. "Change of Control Triggering Event" means the occurrence of both a Change of Control and a Ratings Downgrade.
Priority of Payments upon Foreclosure on the Collateral	If the maturity of the Notes has been accelerated and if the Collateral Agents foreclose on or sell substantially all of the Collateral at any time pursuant to the terms of the Security Documents, all proceeds, subject to the Collateral Agency and Intercreditor Agreement, realized in connection therewith must be applied to pay the holders of the Notes for the Notes and other required amounts in accordance with the priority set forth in the Indenture irrespective of whether such proceeds are sufficient to pay all amounts then due under the Notes but excluding, for the avoidance of doubt, application of any such proceeds to the payment of any premium.
Substitution of the Issuer.....	The Issuer may, without the consent of the holders of the Notes and subject to certain conditions, elect to be replaced and substituted by any of the Guarantors as principal obligor in respect of the Notes (such event, a "Substitution of the Issuer"). See "Description of the Notes—Substitution of the Issuer." Such substitution may trigger a taxable event and could have other adverse tax consequences to holders of the Notes. See "Risk Factors—Risks Relating to the Notes, the Note Guarantees, the Collateral and Our Corporate and Financing Structure —Substitution of the Issuer may have adverse tax consequences to Noteholders."
Additional Amounts.....	If the Issuer or any Guarantor is required to deduct or withhold any amount in respect of Taxes for the account of Mexico, the Netherlands, Luxembourg or any other jurisdiction from or through which such payments are made, including, in each case, any political subdivision or any authority thereof or therein (each, a "Relevant Taxing Jurisdiction"), the Issuer or the Guarantors will pay to a holder of a Note and the Note Guarantees such additional amounts as may be necessary so that the net amount received by such holder will not be less than the amount such holder would have received if such Taxes had not been withheld or deducted subject to certain exceptions described under "Description of the Notes—Additional Amounts."
Use of Proceeds	The Issuer or Guarantors intend to use the proceeds from the issuance of the Notes to (i) pay a portion of the transaction fees and expenses accrued in connection with the issuance of the Notes, (ii) provide the Capital Contribution and Shareholder Loan to Tierra Mojada to (A) pay a portion of the transaction fees and expenses accrued in connection with the issuance of the Notes, (B) repay and cancel the Construction Loan, including related interest, breakage costs,

premia, fees, costs and other expenses, (C) repay and cancel the VAT Facility, including related interest, breakage costs, premia, fees, costs and other expenses, (D) unwind the Construction Hedging Agreements and (E) repay the Subordinated Loan (as defined below) with FEL V Sponsor, (iii) fund, in connection therewith, the Debt Service Reserve Account up to the Debt Service Reserve Requirement in the event an applicable Letter of Credit under the Letter of Credit Facility is not available on the Issue Date, and (iv) pay a Distribution to FEL V Sponsor.

Project Accounts..... Pursuant to the Amended and Restated Mexican Trust Agreement, Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero, as Mexican security trustee (the "Mexican Security Trustee"), has established or will establish, among others, the following special, segregated onshore accounts in its name pursuant to the written instructions of the Onshore Collateral Agent:

- the Debt Service Reserve Account;
- the Dollar Operating Account;
- the Dollar Revenue Account;
- the Distributions Account;
- the Dollar Casualty and Compensation Proceeds Account;
- the Dutch HoldCo Dollar Debt Service Accrual Account;
- the Dutch HoldCo Peso Debt Service Accrual Account;
- the FRAC Account;
- the FRAC Reserve Account;
- the Issuer Dollar Debt Service Accrual Account;
- the Issuer Peso Debt Service Accrual Account;
- the Lock-up Account;
- the Mexican HoldCo Dollar Debt Service Accrual Account;
- the Mexican HoldCo Peso Debt Service Accrual Account;
- the OpCo Dollar Debt Service Accrual Account;
- the OpCo Peso Debt Service Accrual Account;
- the Peso Casualty and Compensation Proceeds Account;
- the Peso Operating Account;
- the Peso Revenue Account;

- the Additional Senior Debt Accounts; and
- the Additional Required Debt Service Reserve Accounts.

For a description of the structure and order of priority of such accounts see "Description of the Notes—Security—Accounts," and "—Cash Waterfall."

Certain Negative Covenants ..... The Issuer and Guarantors will agree under the Indenture to certain negative covenants, which will significantly limit their ability to, among other things:

- incur any debt;
- make any distributions by the Issuer;
- grant, create, incur, assume or suffer to exist any liens;
- make investments;
- sell, assign, convey, transfer, lease or otherwise dispose of any material properties, businesses or assets;
- enter into any agreement or arrangement with any affiliate;
- change the nature of their business or project;
- consolidate or merge into any other person;
- enter into any Additional Material Project Document or any Replacement Material Project Document.

All of these restrictions and limitations are subject to a number of significant qualifications and exceptions. See "Description of the Notes—Certain Covenants."

Certain Affirmative Covenants ..... The Indenture will contain certain affirmative covenants, including requirements to, among other things:

- Tierra Mojada's obligation to use the net proceeds of the Notes only for the purposes mentioned herein;
- the Issuer's and Guarantors' obligations to preserve and maintain corporate existence and power and authority to own their assets and carry on their business;
- Tierra Mojada's obligation to maintain proper books of record and account;
- Tierra Mojada's obligation to own and operate the Project in compliance with all applicable laws (including any environmental laws);

- Tierra Mojada's obligation to obtain and maintain insurance coverage in amounts and covering risks consistent with Prudent Industry Practices and applicable laws;

- the Issuer's and Guarantors' obligations to perform all terms of, maintain in full force and effect, and exercise all rights and remedies under, the Material Project Document;

- the Issuer's and Guarantors' obligations to cooperate to enable the Collateral Agents to exercise and enforce its respective rights and remedies under the Security Documents;

- Tierra Mojada's obligation to cause its properties used in conduct of its business to be maintained and kept in good condition, repair and working order so that the Power Plant may be maintained and developed in conformity with the Material Project Documents;

- Tierra Mojada's obligation to obtain and maintain good and valid title to the properties as are necessary for the maintenance and operation of the Project; and

- Tierra Mojada's obligation to deliver an annual budget.

All of these covenants are subject to a number of significant qualifications, thresholds and exceptions. See "Description of the Notes—Certain Covenants."

Events of Default ..... For a discussion of certain events of default that will permit acceleration of the principal of the Notes plus accrued interest, and any other amounts due with respect to the Notes, see "Description of the Notes—Events of Default and Remedies."

Governing Law ..... The Notes, the Note Guarantees, the Indenture, the Operating Credit Agreement and certain Security Documents will be governed by, and construed in accordance with, the laws of the State of New York. Certain Security Documents will be governed by Mexican law, Luxembourg law or Dutch law, as applicable. For the avoidance of doubt, the application of articles 470-1 to 470-19 (inclusive) of the Luxembourg law of August 10, 1915 on commercial companies (the "Luxembourg Companies Law"), as amended, relating among other matters to noteholders' meetings and noteholders' representation, is expressly excluded.

Transfer Restrictions ..... The Issuer has not and will not register the Notes under the Securities Act, the Mexican Securities Market Law or the securities laws of any other jurisdiction. Certain restrictions on transfer will apply for the entire term of the Notes, and the Notes may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. An affiliate of the Issuer and one of the Initial Purchasers may place a purchase order and be allocated a portion of the Notes offered hereby. See "Plan of Distribution" and "Transfer Restrictions."

The Notes have not been and will not be registered with the Registro Nacional de Valores maintained by the CNBV and may not be offered publicly in Mexico. The Notes may only be offered and sold in Mexico pursuant to the private placement exemption set forth in the Mexican Securities Market Law.

Form and Denominations	The Notes will be issued in registered form only, without interest coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. The Notes will be initially registered in the name of DTC or its nominee and deposited with the Indenture Trustee as custodian for DTC.
Listing	Approval in principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. We cannot assure you that the Notes will receive final approval or that any such listing will be granted or maintained. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 (or its equivalent in foreign currencies) for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so provide.
Indenture Trustee, Registrar, Transfer Agent, Paying Agent and Intercreditor Agent	Citibank, N.A.
Onshore Collateral Agent	CIBanco, S.A., Institución de Banca Múltiple.
Offshore Collateral Agent....	Citibank, N.A.
Singapore Listing Agent.....	Allen & Gledhill LLP.
Clearing System.....	DTC, Euroclear and Clearstream.
Risk Factors.....	Investing in the Notes involves substantial risks and uncertainties. See "Risk Factors" and other information included in this offering memorandum for a discussion of factors you should carefully consider before deciding to purchase any Notes.

SUMMARY HISTORICAL FINANCIAL DATA

The following tables present summary financial data for Tierra Mojada for each of the periods presented. The statements of financial position data as of September 30, 2020, and the statements of profit and loss and other comprehensive income and loss data and the statements of cash flows data for the nine-month period ended September 30, 2020 and 2019 are derived from the Unaudited Interim Financial Statements included elsewhere in this offering memorandum. The statements of financial position data as of December 31, 2019 and 2018, and the statements of profit and loss and other comprehensive income and loss data and the statements of cash flows data for the years ended December 31, 2019 and 2018 are derived from the Audited Annual Financial Statements included elsewhere in this offering memorandum.

The following tables should be read together with the Audited Annual Financial Statements and the Unaudited Interim Financial Statements, included elsewhere in this offering memorandum, as well as with the "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations." The results of operations for the historical periods included in the following tables are not necessarily indicative of the results to be expected for future periods. In addition, see "Risk Factors" for a discussion of risk factors that could impact Tierra Mojada's future financial condition and results of operations.

Tierra Mojada commenced its Commercial Operation subsequent to the date of the Audited Annual Financial Statements and the Unaudited Interim Financial Statements.

STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME AND LOSS

	Nine-month period ended September 30,		Year ended December 31,	
	2020	2019	2019	2018
	(Unaudited)	(Unaudited)		
		(US$)		
Revenues	73,164,389	-	-	-
Cost of Sales	(49,522,097)	-	-	-
Other operating expenses	(14,760,449)	(3,999,764)	(5,578,946)	(3,105,417)
Results of operation	**8,881,843**	**(3,999,764)**	**(5,578,946)**	**(3,105,417)**
Financial income	1,593,855	452,563	1,456,103	1,281,239
Financial expense	(14,850,893)	(5,337,574)	(7,168,775)	(7,312,041)
Exchange differences	(4,260,155)	89,958	144,032	1,061,330
Financial loss	**(17,517,193)**	**(4,795,053)**	**(5,568,640)**	**(4,969,472)**
Profit / (Losses) before taxes	(8,635,350)	(8,794,817)	**(11,147,586)**	**(8,074,889)**
Income tax	-	-	(6,932,810)	(1,871,769)
Net Profit / (Losses)	**(8,635,350)**	**(8,794,817)**	**(18,080,396)**	**(9,946,658)**
Result of the profit and loss account other comprehensive results:	**(8,635,350)**	**(8,794,817)**	**(18,080,396)**	**(9,946,658)**
Valuation of financial derivative instrument	(39,255,804)	(20,767,806)	(15,334,526)	4,296,140
Comprehensive loss	**(47,891,154)**	**(29,562,623)**	**(33,414,922)**	**(5,650,518)**

STATEMENTS OF FINANCIAL POSITION

	Nine-month period ended September 30,	Year ended December 31,	
	2020	2019	2018
	(Unaudited)		
Assets	(US$)		
Current assets:	**103,658,357**	**28,930,305**	**40,217,809**
Cash and cash equivalent	91,508,475	10,851,404	1,194,543
Recoverable taxes	1,078,096	17,306,115	35,666,204
Other receivables	8,675,223	772,786	951
Derivate financial instruments	-	-	3,356,111
Other current assets	2,396,563	-	-
Long- term assets:	**630,787,456**	**601,859,677**	**472,585,423**
Intangible assets	268,518	269,625	-
Property, plant and equipment	575,508,872	559,461,536	442,853,973
Due from related parties	23,599,007	18,173,485	11,355,086
Deferred income taxes	31,402,106	23,944,362	15,595,132
Derivative financial instruments	-	-	2,781,232
Other financial assets	8,953	10,669	-
Total assets	**734,445,813**	**630,789,982**	**512,803,232**

	Nine-month period ended September 30,	Year ended December 31,	
	2020	2019	2018
	(Unaudited)		
Equity and liabilities			
Current liability:	**27,876,908**	**31,720,261**	**75,000,139**
Loans with credit institutions	10,914,378	11,025,732	29,066,130
Accounts payable	7,378,886	14,150,908	45,555,045
Due to related parties	8,071,633	6,435,383	267,972
Taxes payable	1,512,011	108,238	110,992
Non-current liabilities:	**724,204,636**	**584,148,824**	**438,512,012**
Loans with credit institutions	492,007,050	489,299,031	424,614,465
Loans with related parties	158,731,524	52,224,509	-
Derivate financial instruments	56,079,720	21,906,465	-
Deferred tax liabilities	17,386,342	20,718,819	13,897,547
Equity Net:	**(17,635,731)**	**14,920,897**	**(708,919)**
Net Equity	**(17,635,731)**	**14,920,897**	**(708,919)**
Capital stock	64,286,307	64,286,307	11,506,307
Accumulated deficit	(34,030,884)	(15,950,488)	(6,564,708)
Result of year	(8,635,350)	(18,080,396)	(9,946,658)
Other comprehensive results	(39,255,804)	(15,334,526)	4,296,140
Total equity net and liabilities	**734,445,813**	**630,789,982**	**512,803,232**

STATEMENTS OF CASH FLOWS

	Nine-month period ended September 30,		Year ended December 31,	
	2020	2019	2019	2018
	(Unaudited)	(Unaudited)		
			(US$)	
Cash flow from operating activities:	**3,156,253**	**(62,000,296)**	**(15,369,042)**	**(24,149,703)**
Loss before income taxes	(8,635,350)	(8,794,817)	(11,147,586)	(8,074,889)
Adjustments:				
Depreciation and amortization	6,555,961	33,354	54,936	7,174
Interest expenses	1,017,889	1,063,450	4,328,354	13,873,103
Interest income	-	-	(1,456,103)	(289,215)
Unrealized exchange rate fluctuation	2,557,261	512,663	560,878	(1,801,444)
Changes in current capital ((increase) decrease in):				
Recoverable taxes, mainly value added tax	16,228,019	(9,287,430)	18,360,089	(27,623,064)
Advanced payments	-	-	(771,835)	48,428
Receivables	(7,902,437)	(1,570)	-	-
Accounts payable	(6,772,022)	(44,934,533)	(31,404,137)	(140,697)
Due to related parties	1,636,250	(267,972)	6,167,411	(211,878)
Other current assets	(2,394,847)	-	(10,669)	56,632
Taxes payable	1,403,773	(21,719)	(2,754)	-
Differences conversion for income tax	(538,244)	(301,722)	(47,625)	6,147
Cash flow from investing activities:	**(23,469,321)**	**(78,391,989)**	**(95,675,604)**	**(233,423,701)**
Payment for investments	(23,469,321)	(78,391,989)	(95,675,604)	(233,423,701)
Cash flow from financing activities:	**100,970,139**	**147,501,575**	**120,701,506**	**257,945,871**
Capital contributions	-	52,780,000	52,780,000	-
Bank loans received	-	76,525,618	63,732,964	301,641,009
Bank loans paid	(111,354)	-	(18,040,398)	(24,327,963)
Accounts receivable from related parties	(5,425,522)	(5,109,947)	(6,818,399)	(6,292,349)
Loans with related parties	106,507,015	23,305,904	52,224,509	-
Interest net paid	-	-	(23,177,170)	(13,074,826)
Net increase / reduction of cash or equivalents:	**80,675,071**	**7,109,290**	**9,656,861**	**372,467**
Cash and cash equivalents at the beginning of the year	10,851,404	1,194,543	1,194,543	822,076
Cash and cash equivalents at the end of the year	91,508,475	8,303,833	10,851,404	1,194,543

RISK FACTORS

An investment in the Notes involves significant risks. In addition to the other information contained in this offering memorandum, you should carefully consider the following risk factors before making an investment in the Notes. Any of the following risks below could adversely affect our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes, which, in turn, could have an adverse effect on our ability to make payments under the Notes. The risks described below are not the only ones facing the Issuer, Tierra Mojada or other companies in Mexico. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. If any of the risks described below materializes or occurs, the value of the Notes could decline, and you may lose some or all of your investment.

Risks Relating to Our Business and Industry

We operate in a highly regulated environment and our profitability depends on our ability to comply with a number of laws and regulations on a timely and efficient basis.

We operate under the laws and regulations of various federal, state and local governmental entities in Mexico and are required to obtain and maintain various permits, licenses and governmental approvals for our activities. These regulations and permits may limit our operating flexibility, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

We cannot predict the future course of changes in laws and regulations that currently cover our activities or the effect that our regulatory environment will have on our business. In addition, due to the complex overlapping federal, state and local regulatory regimes in which we operate, we may from time to time discover that we are lacking, or non-compliant with, one or more permits. If there is a regulatory change or delay in obtaining any required regulatory approval or permit to conduct operations or if we fail to obtain or maintain any required approval or permit, we may not be able to operate our Power Plant, or we may be forced to incur additional costs, which in turn could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

We are subject to numerous environmental, health and safety regulations that may become more stringent in the future and may result in increased liabilities and increased capital expenditures.

Our business is subject to comprehensive federal, state and local environmental, health and safety legislation, as well as to the supervision by Mexican governmental agencies that are responsible for the implementation, application and compliance with such laws, regulations, official standards, related policies and other applicable legal provisions. These laws, regulations, official standards and other applicable legal provisions mandate, among other requirements, that we, our suppliers, service providers and/or contractors, as applicable, obtain and maintain valid and in effect certain environmental, health and safety and social authorizations, permits and licenses for the construction (which in our case has already concluded) and the operation of our Power Plant. These laws, regulations and official standards may also require us to obtain, maintain and renew or update, as applicable, authorizations, licenses, permits or concessions, as the case may be, on the following matters: environmental; environmental risk; accident prevention; forestry land-use changes; air emissions; federal title concessions for using waters under federal jurisdictions and discharging wastewater into regulated bodies of water as well as construction permits affecting or required to use federal zones related to bodies of water under federal jurisdiction; crossing permits or consents, as applicable, in order to affect public or private infrastructure; local land use permits; and waste generation and handling, including hazardous, special management and urban solid waste. See "Regulatory, Permits and Environmental Matters." The failure to obtain and maintain the validity and effectiveness of these authorizations, licenses, permits and concessions could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Even once obtained, the above-mentioned permits, concessions and licenses require compliance with applicable law, as well as, with the terms and conditions imposed therein in order to maintain them in full force and effect and secure the normal operation of our business. Failure to comply with applicable laws, regulations, official standards and related policies as well as the terms and conditions contained in such permits, licenses and authorizations may

result in governmental agencies taking enforcement actions against us. These enforcement actions could include, among other consequences, the imposition of economic fines or remediation obligations, the seizure of machinery and equipment, the revocation or suspension of licenses and the temporary or permanent closure of part or all of our Power Plant, and in the worst case scenario, possibly the imprisonment of employees in the event environmental violations are classed as criminal offenses. Compliance with enhanced environmental regulations could require us to divert resources to make capital expenditures in order to achieve such compliance. In addition, complying with environmental, social, health and safety laws, regulations, official standards and related policies, including obtaining related licenses, permits, concessions and authorizations, could cause delays in the schedule of improvements to our Power Plant. Private parties may also have the right to pursue legal actions to enforce compliance and to seek damages for personal injury, property damage, environmental damage caused to third parties or for violations of environmental laws, as well as compensation or remedial action of any environmental damage, as may be the case, which is independent of any civil, criminal or administrative liability. The failure to comply with these authorizations, permits, concessions, regulations and license terms and conditions could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

The Mexican Federal Environmental Liability Law (*Ley Federal de Responsabilidad Ambiental*), which became effective in July 2013, provides for significant penalties for damages to the environment caused by illegal actions and could subject us to significant liability in the event that there is a final judicial ruling finding us liable for remediation or compensation. However, if an action were brought against us, we cannot predict the outcome of any such action or the extent to which we could be held liable under such law. See "Regulatory, Permits and Environmental Matters." The cost of remediation or compensation for any environmental damage could be significant and could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Mexico is also a party to many international agreements regarding environmental protection. We anticipate that the regulation of our business operations under Mexican federal, state and local environmental laws and regulations may increase and become more stringent over time, including as a result of international agreements. Such international agreements could, if ratified by the Mexican Senate (*Senado de la República*), become a part of Mexican law. As a consequence of being party to such international treaties and agreements, Mexico must ensure that its environmental laws and regulations are duly enforced. Although we are currently in compliance with such regulations, it is difficult to predict the scope and effect of new environmental laws and regulations, and such changes could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

The LIE in Mexico required us to obtain a social impact resolution from SENER and we are thereby subject to the terms and conditions included in such resolution. Our Social Action Plan and the mitigation, compensation and enhancement measures proposed in our social impact assessment study submitted to SENER must at all times be in compliance with national and international standards and part of our human rights due diligence under UNGPs. Although we are currently in compliance therewith, failure to comply with these obligations in the future could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

We cannot predict the impact that legal, regulatory and social responses to climate change may have on our business.

A number of legal and regulatory measures as well as social initiatives have been and may continue to be introduced both internationally and in Mexico, at the federal or state level, in an effort to reduce greenhouse gases and other carbon emissions.

Mexico has ratified the United Nations' Framework Convention on Climate Change, as well as the Paris Agreement, committing to reducing its greenhouse emissions. As a result, several regulatory and institutional measures have been enacted by the Mexican federal government, including the General Law of Climate Change and Regulations on matters of the National Registry of Emissions, under which, all stationary sources of emission generating 25,000 tons or more of CO2 annually are required to measure and verify direct and indirect greenhouse emissions.

In addition, in 2020, the Mexican federal government began a trial period of the Mexican Emissions Trading Scheme (the "Mexican Emissions Trading Scheme"), which will work as a cap-and-trade system. After the three-year trial period, the Mexican federal government is expected to establish greenhouse emissions limits per industry, including the fossil-fueled power industry. All sources of greenhouse gas emissions from the regulated sectors will have to meet such limits or trade allowances in the Mexican Emissions Trading Scheme.

We cannot anticipate at this time how the Mexican Emissions Trading Scheme or the cap on greenhouse emissions or any other future act by the Mexican government, at a federal or state level, will affect our operations. However, this scheme, as well as future legislation and regulations related to climate change, may compel us to reduce the emissions of our Power Plant or acquire carbon credits from the market, which could force us to incur additional costs and could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

We cannot predict the potential effects on our business of the legal framework for regulating the energy sector in Mexico.

Mexico revised its legal framework for the regulation of the hydrocarbon and electric power sectors based on a package of constitutional amendments approved by the Mexican Congress (*Congreso de la Unión*) in December 2013, legislation enacted in 2014, and new regulations and regulations implemented thereunder. The revised legal framework, opened up the power sector to competition and is set forth in the LIE, the Regulations of the Law for the Electricity Industry (*Reglamento de la Ley de la Industria Eléctrica*), the Electricity Market Rules (*Bases del Mercado Eléctrico*) and other regulations issued thereunder. See "Regulatory, Permits and Environmental Matters." Since the publication of the constitutional amendments relating to the Mexican energy sector in December 2013, a number of Mexican authorities and government-related entities have published in the Official Gazette more than 100 laws, regulations, resolutions, rules, official technical standards, notices and other provisions relating to hydrocarbons, and more than 50 laws, regulations, resolutions, rules, official technical standards, notices and other provisions relating to electric power, the vast majority of which are intended to regulate the activities of participants in the recently created Mexican wholesale energy market.

Among other things, as a result of the amendment of the legal framework for the Mexican energy sector, CFE ceased to be an agency of the Mexican government and became a government-owned holding company owning separate independent, operating companies with technical, operational and administrative autonomy. The revised legal framework generally, and the provisions governing the budgets of these Mexican government-owned companies specifically, have not yet been subject to judicial or administrative interpretation and it is uncertain how they would be interpreted in the event disputes arise under the revised framework See "Regulatory, Permits and Environmental Matters."

CENACE, in response to the effects of the COVID-19 pandemic, and SENER, as part of a government policy change, announced in April and May 2020, respectively, several measures that mainly impact the renewable power sector. These measures and policies include, among others, postponing interconnection tests for wind and solar projects, giving the Mexican government more control over which power plants are dispatched to ensure the system's reliability and safety, regulating new ancillary services for renewable power plants, and imposing various additional technical requirements to developing and operating renewable power projects. The effects of these measures and policies have been subject to multiple *amparo* lawsuits (a form of constitutional challenge in Mexico) filed by affected parties and various civil associations. These *amparo* lawsuits have resulted in provisional and definitive injunctions which suspend the effects of these new rules and policies for the duration of the legal proceedings. Moreover, as a result of constitutional challenges brought by the Mexican Antitrust Commission and certain state governments, the Mexican Supreme Court has also granted suspensions against these rules and policies. Although none of the aforementioned actions directly affect our operations, we cannot assure you that the Mexican government will not implement similar measures or other changes impacting privately owned combined-cycle generation projects, such as our Power Plant. Any such changes could make it more difficult to market and sell the power produced by our Power Plant and could affect the operations and revenues of our Power Plant. Our business and financial condition could be adversely affected by any future regulatory measures adopted by the regulatory agencies that regulate our business and our Power Plant.

Our Power Plant has a limited operating history.

The Power Plant is the sole asset and source of revenues of Tierra Mojada. We do not intend to develop or acquire any other projects. While the Sponsors and Blackstone have significant experience in power generation projects worldwide, including in Mexico and throughout Latin America, we have a very limited history of operations upon which an investor could evaluate our company. The Power Plant began operations on the provisional acceptance date which occurred on June 17, 2020 and began its Commercial Operation on October 28, 2020, which makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful. The limited historical financial information available with respect to the Power Plant may make it difficult to assess our financial position and operating results for the dates and periods presented, and the lack of operating history makes it difficult to effectively assess our future prospects. You should consider our business and prospects in light of the risks and difficulties we may encounter in the market.

The Power Generation Permit may be prematurely terminated under various circumstances, as a consequence of our non-compliance with its terms.

Our power generation permit granted by the CRE (the "Power Generation Permit") is essential for the operation of our Power Plant, and we would be unable to continue our operations without it. The Power Generation Permit may be revoked in certain circumstances, including (i) if we do not comply with our obligations under Mexican laws, standards or conditions under the permit (ii) if we experience partial or total interruption in the operation of the Power Plant without justified cause or authorization from the CRE, or (iii) if we fail to comply with any instructions given by CENACE.

The early termination of any of our operational permits, the suspension of the operations of our Power Plant, or the imposition of changes to the manner in which we operate the Power Plant as a result of changes to our permits requested by the CRE, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

We will not be able to operate in the Mexican Electricity Market if our Market Participant Agreement is terminated early.

The continued existence of the Market Participant Agreement is necessary for us to operate in the Mexican Electricity Market. Our principal obligation under such agreement is to maintain certain guarantees (including a standby letter of credit that will be issued under the Letter of Credit Facility) in favor of CENACE. See the description thereof under "Description of Certain Material Agreements." Failure by us to have the required letter of credit in place or to comply with any other obligations thereunder may result in the termination of the Market Participant Agreement, which would have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Future power and natural gas prices and supply and demand in the Mexican Electricity Market may differ from the projected prices and supply and demand contained in the Independent Energy Market Expert's Report prepared by PA Consulting and other estimates contained in this offering memorandum.

The projections of future power and natural gas prices and supply and demand in the Mexican Electricity Market contained in the Independent Energy Market Expert's Report prepared by PA Consulting are not predictions. A model simply illustrates hypothetical results that are mathematically derived from specified assumptions. Accordingly, the projected prices and supply and demand in the Mexican Electricity Market for any future period may differ from any future prices and supply and demand assumed in the Independent Energy Market Expert's Report.

The inclusion of the projected power and natural gas prices and supply and demand in the Independent Energy Market Expert's Report or summary information derived therefrom in this offering memorandum should not be regarded as a representation by us or any other person that the projected prices and supply and demand in the Independent Energy Market Expert's Report will be achieved. The projected prices and supply and demand in the Independent Energy Market Expert's Report or summary information derived therefrom should not be relied upon for any purpose following the consummation of the offering contemplated by this offering memorandum.

We urge you to review the Independent Energy Market Expert's Report in its entirety before deciding to invest in the Notes. The projected prices and supply and demand projections of the Mexican Electricity Market have been prepared by PA Consulting on the basis of information and assumptions current as of the date of the report and are more fully described in the Independent Energy Market Expert's Report. We do not intend to provide the holders of the Notes with any updated projected prices and supply and demand information of the Mexican Electricity Market or any analysis of any differences between the projected prices and supply and demand included in the Independent Energy Market Expert's Report and actual future prices and supply and demand in the Mexican Electricity Market.

For purposes of preparing the projected prices and supply and demand projections in the Mexican Electricity Market, certain assumptions were made with respect to, among other matters, distribution rates, transmission rates, carbon prices and other matters that are not within our control and the outcome of which cannot be predicted by us, PA Consulting or any other person with certainty or accuracy. These assumptions and the other assumptions used in preparing the projected prices and supply and demand included in the Independent Energy Market Expert's Report are inherently subject to significant uncertainties and actual results will differ, perhaps materially, from actual future prices and supply and demand projections in the Mexican Electricity Market. In addition, certain assumptions with respect to our future decisions with regards to our business are subject to change. None of us, PA Consulting or any other person can give any assurance that these assumptions are correct or that the projected prices and supply and demand in the Independent Energy Market Expert's Report will reflect actual future prices and supply and demand in the Mexican Electricity Market and our results of operations.

Accordingly, the projected prices and supply and demand projections and the other forward-looking information contained in the Independent Energy Market Expert's Report are not necessarily indicative of current values or future performance. Therefore, no representation is made or intended, nor should any be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective investors are cautioned not to place undue reliance on the projected prices and supply and demand or any summary information derived from the projected prices and supply and demand projections in the Independent Energy Market Expert's Report. Actual results may be materially less favorable than those shown, and the assumptions used in formulating the projected prices and supply and demand in the Mexican Electricity Market or the Independent Energy Market Expert's Report may prove to be incorrect.

Our future financial results may differ from the Projected Operating Results contained in the Independent Engineer's Report prepared by Leidos and other estimates contained in this offering memorandum.

The Notes have been structured in part on the basis of assumptions relating to our Power Plant's capital and operating costs and revenue generation capacity over the term of the Notes set forth in the Projected Operating Results included in the Independent Engineer's Report. The Projected Operating Results are not projections or predictions. A model simply illustrates hypothetical results that are mathematically derived from specified assumptions. Accordingly, our actual performance and cash flows for any future period will differ significantly from the Projected Operating Results.

The inclusion of the Projected Operating Results or summary information derived therefrom in this offering memorandum should not be regarded as a representation by us or any other person that the results included in the Projected Operating Results will be achieved. The Projected Operating Results or summary information derived therefrom should not be relied upon for any purpose following the consummation of the offering contemplated by this offering memorandum.

The Projected Operating Results have been prepared by Leidos on the basis of current information and assumptions as described in the Independent Engineer's Report. You should review the Independent Engineer's Report in its entirety. Certain estimations, projections and information with respect to certain costs and, in particular, the assumptions used in the Projected Operating Results have been provided to Leidos by us. We do not intend to provide the holders of the Notes with any revised Projected Operating Results or any analysis of any differences between the Projected Operating Results and actual operating results.

For purposes of preparing the Projected Operating Results, certain assumptions were made with respect to, among other matters, future operation and maintenance of our Power Plant, capital expenditures, operation and maintenance

expenditures, performance of our customers, regulatory compliance, taxation, the amount of our outstanding indebtedness from time to time, interest rates, inflation rates, monetary exchange rates and several other material contingencies and other matters that are not within our control and the outcome of which cannot be predicted by us, Leidos or any other person with certainty or accuracy. These assumptions and the other assumptions used in preparing the Projected Operating Results and the Independent Engineer's Report are inherently subject to significant uncertainties and actual results will differ, perhaps materially, from those in the Projected Operating Results. In addition, certain assumptions with respect to our future business decisions are subject to change. None of us, Leidos or any other person can give any assurance that these assumptions are correct or that the Projected Operating Results will reflect actual results of operations.

Accordingly, the Projected Operating Results and the other forward-looking information contained in the Independent Engineer's Report are not necessarily indicative of current values or future performance. Therefore, no representation is made or intended, nor should any be inferred, with respect to the likely existence of any particular future set of facts or circumstances, and prospective investors are cautioned not to place undue reliance on the Projected Operating Results or any summary information derived from the Projected Operating Results or the Independent Engineer's Report. Actual results may be materially less favorable than those shown, and the assumptions used in formulating the Projected Operating Results or the Independent Engineer's Report may prove to be incorrect.

Our business depends on our continued relationship with CFEC, our largest customer with which we have entered into a long-term agreement.

We transfer a substantial majority of our energy and capacity under the CFEC PPA, which is denominated in U.S. dollars and has a term of 20 years. CFEC is our largest customer offtaking 600 MW, approximately 70% of our total capacity, for the duration of our obligation under the Notes.

If we or CFEC were to fail to perform or become unable to meet the contractual obligations on a timely basis, or if the CFEC PPA is prematurely terminated, it could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects or our ability to repay the Notes. Upon early termination by us of the CFEC PPA due to a default by CFEC, (i) CFEC would be liable for the remaining portion of the CFEC PPA only in respect of the capacity charges, in an amount equal to the difference between the contractual capacity charges and the merchant price for energy and capacity and (ii) CFE would also be liable for such amounts as guarantor of CFEC's payment obligations under the CFEC PPA. Accordingly, upon such termination, CFEC or CFE, as guarantor, are contractually obligated to place a contractually agreed amount into a trust and post a US$35 million letter of credit. There are no precedents as to the enforcement of CFE guarantees and although CFE has honored its financial obligations in the past, we cannot assure you that CFE or CFEC will comply with their respective financial obligations in the future. Additionally, although pursuant to our Power Generation Permit we may provide power to other interested customers subject to availability of the remaining capacity, we cannot assure you that upon the termination of the CFEC PPA we will be able to secure PPAs with other customers on a long-term basis, on favorable terms or at all, or sell our energy and capacity in the Mexican Electricity Market on favorable terms, which could have an adverse effect on our business, financial condition, results of operations and our ability to repay the Notes. See also "—Risks Relating to the Notes, the Note Guarantees, the Collateral and Our Corporate and Financing Structure—The financial and operational information of CFE, CFEnergía, CFEC, Ektria and the Offtakers is not included or otherwise incorporated in this offering memorandum."

We may not be able to enforce the guarantees by CFE under the CFEC PPA and the Natural Gas Supply Agreement.

CFEC's payment obligations under the CFEC PPA and CFEnergía's payment obligations under the Natural Gas Supply Agreement are guaranteed by CFE. While the CFEC PPA Guarantee is uncapped, the Natural Gas Supply Agreement CFE Guarantee is subject to a cap of US$150 million. See "Description of Certain Material Agreements."

Based upon the structure implemented under the energy sector reform of 2013, CFE has essentially become a holding company since the generation, transmission and distribution assets it used to own prior to the reforms were transferred to separate subsidiary entities, provided that most of such assets are subject to immunity from seizure.

Even if we were able to obtain a favorable award in an arbitration proceeding against CFE under the guarantees, enforcement of such an award in Mexican courts may face many obstacles, including an allegation of immunity by CFE, which in practice may inhibit enforcement. There are no precedents as to the enforcement of such guarantees. In the past, CFE has honored its financial obligations, but we cannot assure you that it will do so in the future.

A global pandemic and/or the outbreak of COVID-19 could cause interruptions, negatively impact global and regional economic growth, and have an adverse effect on our financial condition and results of operations.

On January 30, 2020, the World Health Organization declared the outbreak of COVID-19, a Public Health Emergency of International Concern. The COVID-19 global pandemic, or other future similar pandemics, could cause interruptions in operations if there is an outbreak in Mexico or the region where we operate. In addition, governments have taken, and may take further, preventative measures that along with market uncertainty could cause economic uncertainty, resulting in a decrease in global and regional economic growth. The economic slowdown and/or negative business sentiment resulting from the outbreak of COVID-19, or other future similar pandemics, as well as governmental or regulatory action taken to slow such pandemics, could negatively impact our future ability to market the approximately 30% of our generation that is not contracted after the expiration (expected in 2025) or termination of the Ektria PPAs and the Offtaker PSAs. We are uncertain as to when the COVID-19 outbreak will be contained, and we cannot predict the scale and duration of the impact on the global and regional economy. If the outbreak of COVID-19 is not effectively controlled before the expiration or termination of the Ektria PPAs and the Offtaker PSAs, our business operation and financial condition may be adversely affected to the extent we are not able to sell the approximately 30% of our generation that may be uncontracted upon expiration or termination of the Ektria PPAs and the Offtaker PSAs at the forecasted spot prices or at all.

We have adopted preventive measures (including additional access controls to our Power Plant, social distancing and stricter hygiene measures implemented in all working areas) aimed at increasing the safety and reducing exposure to contagion in our Power Plant to the COVID-19 pandemic, which includes a protocol of mitigation actions and measures to be followed by us, our contractors and our suppliers. These or any additional preventive measures adopted by our management team might not be sufficient to address the negative impacts of the COVID-19 pandemic or the effects of governmental or regulatory preventative measures. As such, there is no assurance that the COVID-19 pandemic or a future pandemic and related governmental and regulatory responses will not have an adverse effect on our business, financial condition and results of operations.

The Power Plant may require us to incur unforeseen maintenance and upgrade expenses, and any interruption in the operation of our Power Plant may cause us to incur certain additional costs under certain circumstances.

The machines and equipment that we use to produce our energy and capacity are complex, have many parts and, in some cases, are run on a continuous basis. We must perform routine maintenance on our equipment and may have to periodically replace a variety of parts such as motors, pumps, pipes and electrical parts. In addition to performing routine maintenance and replacements, we may have to incur additional expenses from time to time due to unforeseen maintenance and replacements. This risk is exacerbated by the fact that, as the Power Plant was recently constructed, it is possible that there may exist defects in design, manufacture or assembly of the Power Plant or its components. Moreover, our Power Plant may require periodic unforeseen shutdowns to perform major maintenance and upgrades. Scheduled and unscheduled maintenance of the Power Plant will be performed by the O&M Contractor and the CSA Provider in accordance with the O&M Agreement and the Contractual Service Agreement, respectively, see the description thereof under "Description of Certain Material Agreements." Additionally, we may rely on the EPC Contractor to make repairs to the Power Plant from time to time pursuant to warranties under the EPC Agreement. If we or any of such counterparties default under such agreements and the Power Plant's availability is reduced below the levels permitted under the PPAs other than for force majeure events (which include certain failures in the equipment of the Power Plant not attributable to us), we may suffer additional unforeseen costs and losses which, in turn, may affect our ability to repay the Notes.

If the O&M Agreement, the Contractual Service Agreement or the EPC Agreement are terminated prematurely because of a default or otherwise, it may be difficult to find a replacement service provider under similar terms, particularly in case of the Contractual Service Agreement, as the CSA Provider is an affiliate of the manufacturer (General Electric) of the gas and steam turbines and related systems of our Power Plant.

Additionally, if unscheduled maintenance is required, including as a result of defects in the design, manufacture or assembly of the Power Plant or its components, we may need to make additional unanticipated capital investments to repair our assets and restore their availability and reliability, in which case, the expenses in connection with those repairs would be paid as incurred. As a result, while we maintain business interruption insurance that would help us restore our cash position in any such instances, unscheduled major maintenance works nevertheless may impact our results of operations in the periods in which such expenditures are made, which, in turn, may affect our ability to repay the Notes.

When we enter into fixed-price long-term contracts to provide services or commodities, we are exposed to inflation, interest rate, foreign exchange and counterparty credit risks.

We have secured long-term contracts with customers for services and commodities to optimize the use of our Power Plant and reduce volatility in earnings. However, if these contracts are at fixed prices, the profitability of the contract may be adversely affected by inflationary pressures (in the case of contracts that are not adjusted for inflation). Although rising operational costs and commodity prices, fuel costs, costs of labor, materials and equipment, rising interest rates that affect financing costs, and changes in the U.S. dollar to peso exchange rate are structured into our current agreements as pass-through costs to be paid by our contract counterparties, we cannot guarantee that our future contracts will be structured in similar terms, and there is a risk that certain of the counterparties may not fulfill these obligations and may potentially default on their obligations under these agreements. Moreover, we may enter into short- and long-term hedge agreements with CFEnergía, a subsidiary of CFE. At this time, CFEnergía is not rated investment grade by any Rating Agency, and we may not require that CFEnergía's obligations be guaranteed by another entity. We would be materially and adversely affected if the counterparties under these contracts, including CFEnergía, do not perform (such as a result of force majeure events) their contractual obligations under these agreements. Although we often require credit support from counterparties, in some cases, we do not require such support, and in any event such support often does not cover all of the potential losses that we may incur and exposes us to counterparty credit risk.

Our ability to generate electricity at our Power Plant depends on the availability of natural gas, and fluctuations in the supply of natural gas could materially adversely affect our results of operations in a number of ways.

The delivery of natural gas to fuel our Power Plant is dependent upon a number of factors, including on the availability of the natural gas transportation infrastructure to serve our Power Plant. Any disruption in the fuel delivery or failure of our gas supplier to perform may lead to delays, disruptions or curtailments in the production of power at our generation facility. This risk of disruption is compounded by supplier concentration.

Pursuant to the Natural Gas Supply Agreement, we source our natural gas from CFEnergía. CFEnergía is one of the main natural gas suppliers in Mexico. Under certain circumstances, if CFEnergía cannot supply natural gas in accordance with the Natural Gas Supply Agreement, our Power Plant would be temporarily unable to generate electricity and such a failure could temporarily prevent us from fulfilling our contractual obligations (except for interruptions due to force majeure), which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. Continued supply of natural gas to our Power Plant is dependent upon a number of factors, over which we have no control. If the Natural Gas Supply Agreement is terminated early, it may be very difficult to replace CFEnergía due to its control over the transportation capacity of the two available pipelines through open season procedures. The Natural Gas Supply Agreement contemplates an assignment of necessary transportation capacity under certain circumstances, but we cannot assure you that it may be successful. See "Description of Certain Material Agreements—Natural Gas Supply Agreement."

Furthermore, if our supplier experiences shipping delays in the course of their business, we may experience delays in the receipt of our natural gas, which may delay or otherwise hinder our facility's routine operations. Moreover, the vast majority of natural gas consumed by power plants in Mexico, including our Power Plant, is imported from the United States. If interruptions exist in the import of natural gas from the United States, our Power Plant may not be able to operate and generate cash flows which could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Our business relies on power transmission facilities that we do not own or control and that are subject to transmission constraints. If these facilities fail to provide us with adequate transmission capacity, we may be restricted in our ability to deliver wholesale electric power and we may either incur additional costs or forego revenues.

Pursuant to the Interconnection Agreement, the power we generate is delivered to the national transmission grid by means of an interconnection point located at a substation adjacent to the Power Plant. Under the PPAs, we are obligated to deliver energy by means of that same interconnection point that is connected to the national transmission grid. We do not assume responsibility for any transmission failures of the national transmission grid. Such a failure in transmission would constitute a force majeure event for us under the PPAs. However, as a result of such failure, we may be unable to obtain certain revenues from the Mexican Electricity Market we would have otherwise received.

The operation of our Power Plant involves various operating risks, including availability risks, technology risks and other risks beyond our control.

There are a variety of hazards and operating risks inherent in our business—such as leaks, interruptions to power supplies, technical failures, human error, flooding, explosions, fire and mechanical problems, as well as deliberate sabotage—that could result in substantial financial losses. In addition, these risks could result in serious injury and loss of human life, significant damage to property, ancillary facilities and natural resources, environmental pollution and impairment of operations, any of which also could result in substantial financial losses. Incidents that cause an interruption of service could negatively affect our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes, while the affected asset is temporarily out of service. The operation of our business involves, among others, the following risks:

- the possibility of performing below expected levels of output or efficiency;
- facility shutdowns due to wear and tear, defects, design errors or the breakdown or failure of equipment or processes, or shortages of replacement equipment, consumables such as oil and grease or spare parts;
- unanticipated costs of operations, maintenance, repair and replacement of components, machinery or facilities;
- software defects;
- failure to operate at design specifications;
- operator error or operational accidents;
- breaches of security, including cyber-attacks and other external attacks;
- severe weather conditions or natural or other unanticipated disasters or similar events; and
- government exercise of eminent domain power or similar events.

The occurrence of any of these risks could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and affect our ability to repay the Notes.

Inadequate operating systems and procedures may increase operating costs and the potential incidence of operator error; equipment failure could have a detrimental effect on our operations.

Our ability to meet availability requirements and generate the required amount of energy and capacity to be sold to our customers will be the primary determinants of our financial results. There is a risk of equipment failure due to wear and tear, more frequent or larger than forecasted downtimes for equipment maintenance and repair, latent defect, design error, operator error or force majeure events, among other things, any of which could adversely affect our

financial results. Additionally, our equipment, even if maintained in accordance with good practices, is subject to operational failure, including events that are beyond our control, and may require unplanned expenditures to operate efficiently. Unplanned outages of our Power Plant, including extensions of scheduled outages due to mechanical failures or other problems occur from time to time and are an inherent risk of our business. Unplanned outages typically increase operation and maintenance expenses and may reduce our revenues or require us to incur additional costs, sometimes in excess of the price received under the PPAs, as a result of having to obtain replacement power from third parties in the open market to satisfy power supply obligations. Despite our attempts to create redundancy and reduce systemic risks of equipment failure, we cannot guarantee that any or all of our power generation equipment at our Power Plant will not malfunction or otherwise be unavailable to generate electricity for an extended period of time. Any such extended malfunction or unavailability would have an adverse effect on our results of operations.

We may be subject to interruptions or failures in, or attacks on, our information technology systems.

We rely on sophisticated information technology systems and infrastructure to support our business, including process control technology, environmental responsibility and safety, and monitoring. Any of these systems may be susceptible to outages due to fire, explosions, floods, power loss, telecommunications failures, cyber-attacks and similar events. Information technology system failures, network disruptions and breaches of data security could disrupt our operations. Such failures could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes, and we cannot assure you that our business continuity plans, which we expect to continue, will be completely effective during an information technology failure or interruption.

An attack on our information systems, the destruction of critical operating systems and data, or the unauthorized access to confidential customer information could result in energy delivery service failures, financial loss, violations of privacy laws, customer dissatisfaction and litigation, any of which, in turn, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Our insurance contracts may be inadequate, and, if a significant accident or event occurs for which we are not adequately insured, our operations and financial results could be adversely affected.

We have insurance for our operations, including operational all-risk property damage insurance, terrorism insurance, automobile liability insurance, general liability insurance and pollution legal liability insurance, in amounts and with deductibles that we consider appropriate and are consistent with those imposed on companies that are similarly situated. However, we cannot assure you that the insurance currently in place or other insurance that may be appropriate will be available in the future at commercially reasonable rates or at all. In addition, in any particular instance, our insurance coverage could prove to be insufficient or an accident or casualty could occur that either is not covered or becomes the subject of a dispute. If certain casualties occur, if there is a total or partial loss of our Power Plant, or if there is extended business interruption, we cannot assure you that the proceeds from our applicable insurance policies will be sufficient to cover such loss or related lost revenues, increased expenses or the cost of repair or replacement. Further, we cannot assure you that at such time our insurers or their reinsurers will be solvent. Such loss, including loss of revenue, increased expenses or additional costs could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Coverage under equipment warranties may be limited.

Warranties under the EPC Agreement are subject to certain conditions that, if not satisfied, would limit the coverage of the warranties and guarantees. In addition, the Indenture does not limit our ability to modify, terminate or otherwise impair the EPC Guaranty or the EPC Agreement, including the warranties thereunder. The loss of such warranties under the EPC Agreement could require us to incur additional costs to repair the equipment or improve its efficiency, which could have an adverse effect on our business, financial condition, results of operations and our ability to repay the Notes.

We regularly work with volatile and hazardous materials that subject us to risks that may materially impact our operations.

Our business involves using, storing, transporting and disposing of highly flammable and explosive materials, which are subject to extensive regulation. Even if we comply with requisite environmental, sanitary, security, transportation, risk management and safety requirements and standards, our operations are subject to significant hazards associated with using, storing, transporting and disposing of such materials, including:

- explosions;
- fires;
- severe weather and natural disasters;
- mechanical failure, including pipeline or storage tank leaks and ruptures;
- discharges or releases of hazardous substances or gases; and
- other environmental risks.

If any of these hazards were to cause an accident, damage or destruction in relation to our business or the environment, it could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. See "—We are subject to numerous environmental, health and safety regulations that may become more stringent in the future and may result in increased liabilities and increased capital expenditures."

Natural disasters, health epidemics, accidents, major equipment failures, acts of terrorism or criminality could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Our Power Plant may be damaged by natural disasters, health epidemics (such as COVID-19, including the changes in regulation that may result in Mexico as a result), accidents, major equipment failures, acts of terrorism, sabotage or criminal acts. In addition, a health epidemic or other outbreak, including the current COVID-19 outbreak, may materially and adversely affect our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. See "—A global pandemic and/or the outbreak of COVID-19 could cause interruptions, negatively impact global and regional economic growth, and have an adverse effect on our financial condition and results of operations."

Natural disasters, health epidemics, accidents, major equipment failures, acts of terrorism or criminality could result in severe business disruptions, significant decreases in revenues and earnings and significant additional costs to us. Any such incident could have a material adverse effect on our ability to repay the Notes. Any such incident also could cause catastrophic fires, leaks, explosions, spills or other significant damage to natural resources or property belonging to third parties, or cause personal injuries, health impacts or fatalities, or present a nuisance to impacted communities. Any of these consequences could lead to significant claims against us. Insurance coverage may significantly increase in cost or become unavailable for certain of these risks, and any insurance proceeds received may be insufficient to cover our losses or liabilities, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Our risk management procedures may not prevent losses.

Our risk management procedures may not always be followed or may not always work as planned. As a result of these and other factors, we cannot assure you that our risk management procedures will prevent losses that could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

We may elect, subject to certain conditions, to expand or make material capital improvements to the Project or adjacent to the Project site, which would expose us to risks virtually identical to those associated with construction of a new generating project.

We may elect, subject to the satisfaction of certain conditions (including obtaining a Ratings Affirmation), to engage in an expansion of, or material capital improvement to, the Project at or adjacent to the Project site, including the design, development, financing, construction, start-up, commissioning and operation of improvements of the Project intended to generate and supply electrical energy for any existing or future offtakers. We may also make unlimited investments in an expansion project, which could detract from cash flow available to repay the Notes, and materially adversely affect our financial condition and our ability to repay the Notes. Any expansion project would expose us to a number of material risks associated with project development and construction activities, as well as the risk of damage to or impairment of the Project as constituted prior to such expansion, which the Noteholders will have no ability to review or approve. If we elect to pursue any such project expansion, as with any major construction effort, the construction of such an expansion involves many risks that could result in cost overruns, delays or a failure to complete the expansion at all. See "—Risks Relating to the Notes, the Note Guarantees, the Collateral and Our Corporate and Financing Structure—We may incur additional indebtedness that could adversely affect holders of the Notes."

We depend on a number of entities to operate and maintain the Power Plant.

We are highly dependent on other entities to, among other things, provide goods and services necessary for the Power Plant to remain available, to provide natural gas to the Power Plant and to operate and maintain the Power Plant. For example, we will depend on the O&M Contractor, the Management Service Providers, the CSA Provider and our other counterparties to perform certain operations and maintenance services and provide certain parts and equipment necessary for the Power Plant. In addition, the counterparties to these agreements may have the right to terminate or withhold payment or performance under such agreements upon the occurrence of certain events specified therein (including a change of control), some of which may be beyond our control. If any entity upon whom we depend for the operation of the Power Plant breaches its obligations to us or if any counterparty to such agreements terminates such agreement without payment or performance, we may not be able to find quality contractors to replace them and our ability to operate the Power Plant could be impaired. Any failure to maintain such agreements or any failure by a counterparty to perform its obligations diligently and in accordance with the terms of such agreements, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. In addition, if a counterparty to such agreements were declared bankrupt or insolvent, this would impair such counterparty's ability to fulfill its obligations to us. See "Description of Certain Material Agreements."

We depend on employees of the O&M Contractor and the Management Service Providers and their knowledge of the energy sector and our business.

Tierra Mojada has no employees. We rely on NAES, as the O&M Contractor under the O&M Agreement, and on FEM and FESL, as the Management Service Providers under the Management Services Agreement. The employees of the O&M Contractor and the Management Service Providers are highly trained industry professionals with significant experience in the energy sector and particularly in the power generation business. Furthermore, the operation of our business is dependent upon the O&M Contractor and the Management Service Providers being able to attract and retain qualified personnel, including specialized engineers and employees, who have the necessary and required experience and expertise to manage and operate our business. We believe that our future success will depend on their continued ability to attract and retain highly skilled operational personnel with relevant experience; competition for these persons in the industry is intense. Any failure to obtain these key technical, administrative and management services on acceptable terms, or the loss of the services of the O&M Contractor's or the Management Service Providers' employees, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Our operation of the Power Plant depends on good labor relations between the O&M Contractor, the Management Service Providers and their respective employees and between the O&M Contractor, the Management Service Providers and the relevant labor unions.

We rely on certain of our affiliates to provide various management, administrative and support services and to provide the employees necessary to manage and supervise the Power Plant, and we expect to continue to do so in the future. Under the O&M Agreement, we rely on the O&M Contractor to provide employees for the operation and maintenance of our facility. As of September 30, 2020, the O&M Contractor had 35 active employees working at the Power Plant providing such services for the Power Plant. Under the Management Services Agreement, we rely on the Management Service Providers for management, administrative and other support services. As of September 30, 2020, the Management Service Providers had 26 active employees of which 19 were corporate employees based in Madrid and seven providing such services in Mexico. The O&M Contractor has entered into a collective bargaining agreement with the Nikola Tesla labor union to which we are not a party. This collective bargaining agreement is negotiated by them, and the compensation terms are adjusted on an annual basis.

Labor disruptions, strikes or significant negotiated wage increases, whether due to union activities, employee turnover or otherwise, could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Our business is heavily dependent on CFE, CFEnergía and CFEC.

We source all of our natural gas from CFEnergía, a subsidiary of CFE. If CFEnergía becomes unable to satisfy its contractual obligations to us because of a decline in its financial condition or for any other reason, our Power Plant would be unable to generate electricity until we secured another comparable agreement. CFEnergía's failure to provide our fuel supply could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. A substantial portion of our revenues is generated by a long-term U.S. dollar PPA with a term of 20 years whereby Tierra Mojada agreed to sell and CFEC agreed to purchase 600 MW (approximately 70%) of the total capacity of our Power Plant. See "Description of Certain Material Agreements—CFEC PPA." Accordingly, if CFEC were to fail to perform or become unable to meet its contractual obligations on a timely basis, or if this agreement is prematurely terminated, it could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects or our ability to repay the Notes. As mentioned above, CFEC's payment obligations under the CFEC PPA, and CFEnergía's payment obligations under the Natural Gas Supply Agreement are guaranteed by CFE. While the CFEC PPA Guarantee is uncapped, the Natural Gas Supply Agreement CFE Guarantee is subject to a cap of US$150 million. See "Description of Certain Material Agreements." There are no precedents as to the enforcement of such guarantees and although CFE has honored its financial obligations in the past, we cannot assure you that it will do so in the future.

New or alternative energy sources could reduce the market for natural gas, which could increase our costs.

Currently, we use natural gas as our main source of energy for our operations. However, in the future other energy sources might become available at competitive costs. If we are unable to transition into using such energy sources, our fuel supply could become relatively costlier and, consequently, result in a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

In addition, to the extent other alternative sources of energy become available, the consumption of the energy our assets produce could diminish, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Our business may be exposed to market risks, including fluctuations in commodity prices for fuel and electricity, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Our contracts are currently structured to pass through our fixed and variable costs to counterparties and we cannot guarantee that our future contracts will be structured in similar terms. Moreover, in some instances, such as if the counterparties under these contracts do not perform, we may need to buy fuel or electricity in order to satisfy

contractual obligations with our customers or suppliers. Our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes could be materially adversely affected if the prevailing market prices for fuel or electricity that we buy change in a direction or manner not anticipated and for which we had not provided adequately through purchase or sale commitments or other hedging transactions. Volatility in market prices for fuel and electricity may result from many factors that are beyond our control, and we may choose not to engage in hedging transactions to minimize such risks. Moreover, in some instances, we may hedge anticipated exposure to currency risks, including conversion of fuel and other operating costs from Pesos to U.S. dollars or vice-versa. If such currency hedges, which may be based on projected payments or revenues in particular currencies, deviate from actual payments or revenues in such currencies, or if we fail to appropriately hedge against any currency fluctuations, we may be exposed to prevailing currency exchange prices, which could materially adversely affect our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

We may undertake our hedging activities through agreements with various counterparties, who may require us to provide guarantees, offset or netting arrangements, letters of credit, a second lien on assets and/or cash collateral to protect the counterparties against the risk of our default or insolvency. Significant movements in market prices can result in our being required to provide cash collateral and letters of credit in very large amounts. The effectiveness of our strategy may be dependent on the amount of collateral available to enter into or maintain these contracts, and liquidity requirements may be greater than we anticipate or will be able to meet. Without a sufficient amount of working capital to post as collateral in support of performance guarantees or as a cash margin, we may not be able to manage price volatility effectively or to implement our strategy. An increase in the amount of letters of credit or cash collateral required to be provided to our counterparties may negatively affect our liquidity and financial condition.

In accordance with internal policies and procedures designed to monitor hedging activities and positions, we may enter into hedging agreements, including contracts to purchase or sell commodities at future dates and at fixed prices, in order to manage our commodity price risks. These activities, although intended to mitigate price volatility, expose us to risks related to commodity price movements. When we sell power forward, we may be required to post significant amounts of cash collateral or other credit support to our counterparties, and we give up the opportunity to sell power at higher prices if spot prices are higher in the future. Further, if the values of the financial contracts change in a manner that we do not anticipate, or if a counterparty or customer fails to perform under a contract, it could harm our financial condition, results of operations and cash flows. To the extent we do not hedge against commodity price volatility, our financial condition, results of operations and cash flows may be diminished based upon adverse movement in commodity prices.

Changes in the relative value of the peso to the U.S. dollar may adversely affect us.

Our total contracted revenues are either denominated in, or linked to the value of, the U.S. dollar. Approximately 1% of our costs are denominated in, or linked to the value of, the peso and have been structured on a pass-through basis corresponding to costs associated with the CFEC PPA and the Ektria PPAs. Due to the mix of our revenues and costs in pesos and U.S. dollars and the pass-through nature of certain of our costs, currency fluctuations generally may not have a material impact on our operating profit. As a result, we do not currently hedge any potential currency exchange risk. However, if we are unable to extend or replace the Ektria PPAs on similar terms or the counterparties thereto were to default, and as such were to sell the Remaining Contracted Capacity in the Mexican Electricity Market where prices are denominated in Pesos, we could be exposed to currency exchange risks and, as a result, any material fluctuation in the U.S. dollar/ peso exchange rate could have a material adverse impact on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. Moreover, with respect to our U.S. dollar denominated debt, any material fluctuation in the U.S. dollar/ peso exchange rate could also result in a foreign exchange loss or a gain that could materially impact our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures about Market Risk—Currency Exchange Risk." For information regarding recent trends in the peso-U.S. dollar exchange rate, see "Exchange Rate Information."

We currently rely on and in the future may rely on certain affiliates or alternate third parties for financing, and we cannot assure you that we will be able to obtain such financing from our affiliates or from alternate third parties in the future.

As of September 30, 2020, Tierra Mojada had borrowings from affiliates in the amount of approximately US$158,731,524. See "Certain Relationships and Related Party Transactions." Tierra Mojada may be unable to secure similar alternative sources of funding in the future, which could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

While we believe that the rates and terms of the borrowings Tierra Mojada has received from our affiliates are comparable to those Tierra Mojada would have obtained from unrelated third parties in arm's-length transactions, we cannot assure you that Tierra Mojada will be able to obtain such borrowings from unrelated third parties at rates and on terms that are as favorable to Tierra Mojada as those received from its affiliates. Tierra Mojada may not be able to obtain similar financing from our affiliates or any alternate third party at reasonable rates and terms or at all. Any failure to obtain sufficient debt financing on acceptable rates and terms could adversely affect Tierra Mojada's ability to satisfy contractual obligations and could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Blackstone may seek to sell its ownership in Tierra Mojada, the Guarantors or the Sponsors.

We and the Sponsors are controlled by Blackstone. As a private equity firm, Blackstone is in the business of making investments in companies, and ultimately selling those investments. As a result, Blackstone may seek to sell its ownership interests in Tierra Mojada, any of the Guarantors or the Sponsors at any time, which may trigger a Change of Control under the Notes, or a Change of Control Offer. See "Description of the Notes—Repurchase upon a Change of Control Triggering Event." If a sale by Blackstone or the Sponsors is consummated, any new controlling shareholder could pursue a strategy that differs from the business strategy described in this offering memorandum or implement corporate governance practices that differ from those described in this offering memorandum.

We may not be able to obtain or renew the Letter of Credit Facility that we need in order to operate our business.

If we were unable to renew the Letter of Credit Facility or obtain a replacement facility on a timely basis, it could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. Since the Letter of Credit Facility matures prior to the maturity of the Notes, we cannot assure you that upon the maturity of the Letter of Credit Facility we will be able to renew such facility or obtain a replacement facility on favorable terms or at all. Such a failure to maintain a letter of credit facility could trigger an event of default under the CFEC PPA, the Market Participant Agreement, the Contractual Service Agreement and the Natural Gas Supply Agreement and prevent us from operating in the Mexican Electricity Market and, therefore, may have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Once our Ektria PPAs expire, or if they are otherwise terminated prior to expiration, we may encounter significant competition from private companies, as well as from CFE, with respect to the Remaining Contracted Capacity, and we may not be able to renew or secure additional PPAs.

We sell the Remaining Contracted Capacity of our Power Plant to Ektria pursuant to the Ektria PPAs, which are denominated in U.S. dollars. Each Ektria PPA expires on December 31 following the fourth anniversary of the Ektria Start Dates. Ektria is our second-largest customer currently offtaking 250 MW or approximately 30% of our total capacity. Moreover, under the Indenture we will be permitted to amend or terminate the Ektria PPAs, and replace them with one or more contracts or agreements, or not replace them at all, in our sole discretion. The resulting contracts, or lack of contracts, may expose us to additional or different risks than those under the Ektria PPAs.

The Mexican power generation industry is characterized by intense competition and we may encounter competition from CFE, qualified suppliers and marketers with respect to our Remaining Contracted Capacity once the Ektria PPAs expire or terminate. Due to competition, market conditions and regulatory requirements at that time, we may not be able to extend the Ektria PPAs with the same Offtakers or replace them with other offtakers subject to

terms similar to those of the Ektria PPAs. As such, we may have to accept lower capacity payments or, absent new PPAs, sell energy and capacity at variable prices in the Mexican Electricity Market, which may negatively impact our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. If the applicable locational marginal price ("LMP") for our Power Plant were to be below our current generating costs, we would not be dispatched which could further negatively impact our business.

We could be adversely affected if Ektria or any Offtaker fails to perform under the Ektria PPAs or Offtaker PSAs.

If any Offtaker were to fail to perform or become unable to comply with their regulatory obligations or to make payments when due under its corresponding Offtaker PSA (after the relevant standby letter of credit has been drawn and not replenished), Ektria may be unable to make the corresponding payment to us under the corresponding Ektria PPA, and may therefore terminate the Offtaker PSA which would result in our termination of the corresponding Ektria PPA. If Ektria or the Offtakers were to fail to perform or become unable to meet its contractual obligations on a timely basis, or if any or all of the Ektria PPAs or the Offtaker PSAs are prematurely terminated, it could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. Additionally, although pursuant to our Power Generation Permit we may sell power to other interested customers subject to availability of capacity, we cannot assure you that upon the termination of any of the Ektria PPAs we will be able to secure PPAs with other customers on a long-term basis or sell our energy and capacity in the Mexican Electricity Market, in each case, on favorable terms or at all, which could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Risks Relating to Mexico

Adverse economic and political conditions in Mexico may materially adversely affect our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

We conduct all of our operations in Mexico; our business is therefore significantly dependent upon the performance of the Mexican economy. Mexico has experienced economic crises in the past, caused by internal and external factors, characterized by, among other things, exchange rate instability (including large devaluations), high inflation, high domestic interest rates, economic contraction, a reduction of international capital flows, a reduction of liquidity in the banking sector and high unemployment rates. As a result, such conditions, as well as the general condition of the Mexican economy, over which we have no control, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

After being significantly impacted by the global economic crisis that began in 2008, Mexico's gross domestic product ("GDP") fell 6.1% in 2009, the sharpest decline since 1932, according to the World Bank. Conversely, Mexico's GDP grew by 2.0% and 2.1%, in 2017 and 2018, respectively, and in 2019 was essentially flat. GDP is expected to decrease further in 2020 as a result of the COVID-19 pandemic. If the Mexican economy experiences another recession, if inflation or interest rates increase significantly, if Mexico's sovereign debt credit ratings continue to be downgraded or if the Mexican economy continues to show low growth, no growth at all or is otherwise adversely impacted, this could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Changes in Mexican governmental policies could adversely affect our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

The Mexican federal government has exercised, and continues to exercise, significant influence over the Mexican economy. Accordingly, Mexican federal governmental actions and policies concerning the economy, state-owned enterprises and state-controlled, -funded or -influenced financial institutions could have a significant impact on private sector entities in general, on Tierra Mojada in particular, and on market conditions, prices and returns of Mexican securities. We cannot predict the impact that the political landscape will have on the Mexican economy. Furthermore, our prospects could be affected by currency fluctuations, inflation, interest rates, regulation, taxation and other political, social and economic developments in or affecting Mexico.

In the context of the power industry, the current Mexican federal government has publicly stated that one of its objectives is to strengthen CFE. While we cannot predict whether specific actions by the Mexican Government entities in the power sector and/or formal regulatory changes will be implemented by power-related regulations, certain statements and communications made by some members of the Mexican federal government, including the Mexican President pursuant to a memorandum dated July 22, 2020 addressed to public officials of the Mexican energy regulators, suggest that CFE intends to regain a major role in the Mexican power industry, including by means of giving priority to the dispatch of CFE-owned power plants over privately owned power plants. However, we cannot predict the exact form and extent of any changes, if implemented, and any such changes would require amendments to the existing legal framework of the electricity sector. Furthermore, we cannot predict whether the Mexican Government would promote such changes.

The Mexican federal government occasionally makes significant changes in policies and regulations to manage expectations with respect to certain macroeconomic indicators and may do so again in the future. Actions to control inflation and other regulations and policies have involved, among other measures, increases in interest rates, changes in tax policies, price controls, currency devaluations and capital controls and limits on imports. Tax and labor legislation, in particular, in Mexico is subject to continuous change, and we cannot assure you that the Mexican federal government will maintain existing political, social, economic or other policies, or that any such changes would not have a material adverse effect on our financial performance.

In early December 2019, a labor reform was discussed in the Mexican Senate (*Senado de la República*). This proposed reform consists of a proposal to prohibit certain outsourcing schemes. Although as of January 31, 2020 this proposed reform has stalled, it could eventually be approved by the Mexican Congress. We cannot assure of whether such reform will be passed by the Mexican Congress or not or whether the Mexican federal government will maintain its' existing political, social, economic or other policies. In the event that these proposed reforms or other changes are made, we cannot assure you that those reforms or changes would not have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

The Mexican economy in the past has suffered balance of payment deficits and shortages in foreign exchange reserves. Although Mexico has imposed foreign exchange controls in the past, there are currently no exchange controls in Mexico. If Mexico experiences serious balance of payment difficulties or the threat of such difficulties in the future, it would have the right under USMCA to impose foreign exchange controls on investments made in Mexico, including those made by United States and Canadian investors. Any such restrictive exchange control policy could prevent or restrict our access to U.S. dollars to meet our U.S. dollar obligations and could also have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. We cannot predict the impact of any such measures on the Mexican economy. See also "—Risks Relating to Our Business and Industry—We cannot predict the potential effects on our business of the legal framework for regulating the energy sector in Mexico."

Political events in Mexico could affect Mexican economic policy and our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

The last Mexican presidential and congressional elections took place in July 2018. Andrés Manuel López Obrador, presidential candidate for the National Regeneration Movement Party (*Movimiento de Regeneración Nacional*), or Morena, was elected President of Mexico and took office on December 1, 2018. Additionally, Mexican congressional elections took place in July 2018, resulting in Morena effectively controlling the Mexican House of Representatives (*Cámara de Diputados*) and having a significant influence in the Mexican Senate (*Senado de la República*), obtaining a historical absolute majority and reducing the rest of the political forces to a level of marginal influence. Mexico's next federal legislative election will be in July 2021.

During the presidential campaign, Andrés Manuel López Obrador and other candidates for public office from the Morena group, presented diverse proposals to, among other things, modify and terminate certain structural reforms introduced in the previous administration, with the purpose of having CFE regain a major role in the Mexican power industry. Accordingly, as has happened historically in any change of administration or congress, the Mexican government could implement significant changes in laws, policies and regulations, and could reduce or eliminate the independence of organizations or of semi-autonomous or decentralized dependencies, which could affect the economic

and political situation in Mexico. We cannot predict if the current administration will implement substantial changes in law, policy and regulations in Mexico, which could affect our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. Consequently, there is no guarantee that the political environment in Mexico will not affect the value of our Notes.

Morena's control over the Mexican Congress (*Congreso de la Unión*), as described above, could result in further reforms and secondary legislation of key sectors of the Mexican economy. The ruling political coalition led by Morena has been strengthened by fragmented support from the Green Ecologist Party of Mexico (*Partido Verde Ecologísta*), the Institutional Revolutionary Party (PRI) and a deficient organization of dissident political groups. As a result, in the state elections of 2019, Morena expanded its influence in the entities acquiring control of 21 of 32 local legislatures. We cannot ascertain whether, and to what extent, such policies may affect our business, financial condition, results of operations, cash flows, prospects, our ability to repay the Notes or the legal framework in which we operate.

In addition, the new administration cancelled the New Mexico City Airport (*Nuevo Aeropuerto Internacional de la Ciudad de México*) project, and has commenced construction of the main infrastructure projects that were promised during the campaign (including a new refinery at Dos Bocas, the "Mayan train," and the construction of a new airport in Santa Lucía). In statements subsequent to the cancellation of the airport project, the President of Mexico stated that during his term of office, similar surveys will be held on issues that are of national interest in the view of his administration (such as the survey for the cancellation of a US$1.4 billion beer factory during March 2020). The consequences of such surveys and adoption of related policies on the Mexican economy or financial markets are uncertain. Several investors and credit rating agencies are still cautious about the new administration's policies, which could contribute to a decrease in the Mexican economy's resilience in the event of a global economic downturn. Morena's coalition has sufficient control in the Congress and in various local legislatures to implement significant reforms without the approval of other Mexican political parties, including amendments to the Mexican Constitution. Such concentration of power and any changes in Mexican politics or economy as a result of the above can have a negative impact on our business, financial position or operating results. The extent of such impact cannot be accurately predicted. See also "—Risks Relating to Our Business and Industry—We cannot predict the potential effects on our business of the legal framework for regulating the energy sector in Mexico."

Downgrades of Mexico and its state-owned companies, including CFE, could adversely affect our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

On March 26, 2020, S&P downgraded the credit ratings of Mexico's sovereign debt and CFE from BBB+ to BBB, citing increased risk due to the combined shocks of the COVID-19 pandemic in Mexico and the U.S., its main trading partner, lower global oil prices and rising pressure on PEMEX. On April 17, 2020, Fitch similarly downgraded Mexico's sovereign debt and CFE's credit ratings to BBB-, while Moody's downgraded Mexico's sovereign debt to Baa1 and affirmed CFE's credit ratings at Baa1.

These downgrades or other similar rating agency actions that may occur in the future could adversely affect the Mexican economy and, consequently, our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

New and unanticipated tax reforms may be approved.

Mexican tax legislation is frequently amended. The Mexican Congress (*Congreso de la Unión*) approved a tax reform submitted by the Mexican Executive Branch as part of a new economic plan, which includes important amendments to the Income Tax Law, Federal Fiscal Code, Value Added Tax Law, Excise Tax Law, Hydrocarbons Revenue Law, and the Federal Duties Law. Even though the Mexican Congress (*Congreso de la Unión*) did modify several of the amendments originally proposed, in general terms, all of the proposals submitted by the Mexican Executive Branch were approved. This reform was published in the Federal Official Gazette on December 9, 2019 and most of the amended provisions became effective on January 1, 2020.

We cannot assure you that these or future tax reforms will not have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

We may be materially adversely affected by economic and political developments in the United States.

Economic conditions in Mexico are highly correlated with economic conditions in the United States due to the high degree of economic activity between the two countries generally, as well as physical proximity. Adverse economic conditions in the United States or other related events could have a significant adverse effect on the Mexican economy, which could adversely affect our business. In addition, political developments in the United States, including changes in the administration and governmental policies, can also have an impact on the exchange rate between the U.S. dollar and the peso, economic conditions in Mexico and the global capital markets.

On November 30, 2018, the United States, Canada and Mexico signed the United States-Mexico-Canada Agreement (USMCA). The USMCA was ratified in all three countries in March 2020 and replaced NAFTA on July 1, 2020. The USMCA did not target the power sector, but any action taken by the current U.S. or Mexican administrations, including changes to the USMCA that would increase the tariff rate between the countries, could have a negative impact on the Mexican economy, such as reductions in the levels of remittances, reduced commercial activity or bilateral trade, or declining foreign direct investment in Mexico. In addition, increased or perceived increased economic protectionism in the United States and other countries could potentially lead to lower levels of trade and investment and economic growth, which could have a similarly negative impact on the Mexican economy. These economic and political consequences could adversely affect our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

The 2016 U.S. presidential election and the change in the U.S. administration have had an impact on the worldwide economy and in Mexico. Current U.S. governmental policies towards Mexico have created uncertainty and may adversely affect the Mexican economy and the results of the 2020 U.S. presidential and congressional elections may result in additional changes. For example, President Donald Trump has instituted import tariffs on a limited number of products imported from Mexico and enforced measures intended to control illegal immigration from Mexico, which have created friction between the U.S. and Mexican governments and may reduce economic activity between these countries. In addition, in June 2019, the Trump administration announced plans to impose an escalating series of tariffs on Mexico unless the Mexican government enacted certain policy changes. While these tariffs were not related to the energy sector and, while the Mexican and U.S. governments were able to reach an understanding, we cannot assure you that the U.S. government will not impose escalating or other tariffs on Mexico and that we will not be materially adversely affected by tariffs or other legislative or regulatory reforms in the future.

An increase in interest rates in the United States could adversely impact the Mexican economy and may have a negative effect on our financial condition or performance.

A decision by the U.S. Federal Reserve to increase interest rates on banks' reserves may lead to a general increase in interest rates in the United States. This, in turn, may redirect the flow of capital away from emerging markets and into the United States, because investors may be able to obtain greater risk-adjusted returns in larger or more developed economies rather than in Mexico. Thus, companies in emerging market economies such as Mexico could find it more difficult and expensive to borrow capital and refinance existing debt. This may negatively affect our potential for economic growth and could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

High inflation rates in Mexico may adversely affect electricity prices and our revenues.

Mexico has experienced, and may again experience, high levels of inflation. The annual rate of inflation, as measured by changes in the Mexican National Consumer Price Index ("NCPI"), was 3.4% in 2016, 6.8% in 2017, 4.8% in 2018 and 2.8% in 2019. In the past, inflation in Mexico has led to higher interest rates, depreciation of the peso and the imposition of substantial government controls over exchange rates and prices. An adverse change in the exchange rates or the Mexican economy may have a negative impact on price stability and result in higher inflation than its main trading partners, including the United States. High inflation rates can adversely affect our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes in that, among other ways, to the extent inflation exceeds our electricity price increases, then our electricity prices and revenues would be adversely affected in "real" terms.

High interest rates in Mexico could increase our financing costs.

Mexico has experienced, and may again experience, high real and nominal interest rates. Mexico also has, and is expected to continue to have, high real and nominal interest rates relative to the U.S. The interest rates on 28-day Mexican government treasury securities (*Certificados de la Tesorería de la Federación*) ("*Cetes*"), averaged 2.98%, 4.17%, 6.69%, 7.62% and 7.86% for the years ended December 31, 2015, 2016, 2017, 2018 and 2019, respectively. Accordingly, if we incur peso-denominated debt in the future, it could be at high interest rates, which could increase our financing costs and adversely affect our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. A recession could affect our operations to the extent that we are unable to reduce our costs and expenses in response to falling demand of electricity not sold pursuant to PPAs.

We may not be able to make payments in U.S. dollars.

In the past, the Mexican economy has experienced balance of payments deficits and shortages in foreign exchange reserves. The peso has been subject to significant devaluations against the U.S. dollar in the past and may be subject to significant fluctuations in the future. Severe devaluations or depreciations of the peso may result in governmental intervention to institute restrictive exchange control policies, as has occurred before in Mexico and other Latin American countries.

The Mexican government does not currently restrict the ability of Mexican companies or individuals to convert Mexican Pesos into U.S. dollars (except for certain restrictions related to cash transactions involving a U.S. dollar payment to a Mexican bank) or other currencies and Mexico has not had a fixed exchange rate policy since 1982. However, we cannot assure you that the Mexican government will not implement a restrictive exchange control policy in the future. Any such restrictive exchange control policy could prevent or restrict our access to U.S. dollars to meet our U.S. dollar obligations and could also have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. We cannot predict the impact of any such measures on the Mexican economy.

Accordingly, fluctuations in the value of the peso against other currencies, particularly the U.S. dollar, could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. For information regarding recent trends in the peso-U.S. dollar exchange rate, see "Exchange Rate Information."

The increase in violence in Mexico has adversely impacted, and may continue to adversely impact, the Mexican economy and may have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

During recent years, Mexico has experienced a significant increase in violence relating to drug trafficking, particularly in Mexico's northern states near the U.S. border. Despite the efforts of the Mexican government to increase security measures by strengthening its military and police forces, drug-related violence and crime continues to threaten the Mexican economy and the peace and security of certain regions, resulting in economic and political instability and uncertainty in Mexico. Systematic criminal activity and isolated criminal events could interrupt our operations, affect our ability to generate revenue and increase the cost of our operations. Continued violence could result in the Mexican government adopting additional security measures, such as transport restrictions, prohibiting the transit of goods and people at certain times, and cross-border trade. These activities, their escalation and the violence associated with them, over which we have no control, could have a negative impact on the business environment in which we operate, and therefore on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

We are exposed to compliance obligations and risks under the Mexican Federal Anticorruption Law in Public Contracting, the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws.

The Mexican Federal Anticorruption Law in Public Contracting (*Ley Federal Anticorrupción en Contrataciones Públicas*), the U.S. Foreign Corrupt Practices Act ("FCPA"), the UK Bribery Act and similar anti-bribery laws generally prohibit companies from, directly or indirectly through intermediaries, making improper payments to

government officials or other persons for the purpose of obtaining or retaining business or any business advantage. Our operations require us to use third party agents to conduct business or to interact with persons who may be considered governmental officials under the FCPA and other anti-bribery laws. Thus, we face the risk that our contractors and other third party agents acting on our behalf may offer or provide unauthorized payments or other things of value or may otherwise act in a manner that could give rise to violations of such laws. We maintain internal controls, policies and procedures related to anti-bribery compliance, but we cannot assure you that our policies and procedures will protect us from unlawful acts committed by our contractors or other third party agents. Violations of these laws, or even allegations of such violations, could damage our reputation and be expensive to defend and disrupt our business and have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Risks Relating to the Notes, the Note Guarantees, the Collateral and Our Corporate and Financing Structure

The financial and operational information of CFE, CFEnergía, CFEC, Ektria and the Offtakers is not included or otherwise incorporated in this offering memorandum.

This offering memorandum does not contain any financial or operational information of CFE, CFEnergía, CFEC, Ektria or the Offtakers, including but not limited to any financial statements, or contain a description of any risks that may exist as to their respective businesses. Consequently, this offering memorandum does not provide any indication of their respective financial condition, results of operations, cash flows, prospects or ability to perform their respective contractual obligations, including under the CFEC PPA, the CFEC PPA Guarantee, the Natural Gas Supply Agreement, the Natural Gas Supply Agreement CFE Guarantee and the Ektria PPAs, as applicable. We are heavily dependent on CFE, CFEnergía, CFEC, Ektria and the Offtakers as, one the one hand, we source all of our natural gas from CFEnergía and, on the other, CFEC, Ektria and the Offtakers are committed to purchasing, in the aggregate, substantially all of Tierra Mojada's projected energy and capacity output. In addition, the payment obligations of CFEC and CFEnergía are guaranteed by CFE. Any material negative change in their respective financial condition or operating results could jeopardize our business and we cannot assure you that the financial condition or results of operations of CFE, CFEnergía, CFEC, Ektria and the Offtakers will not deteriorate in the future.

We may not be able to generate sufficient cash flows to meet our debt service obligations.

The obligations to make payments of principal, premium, if any, and interest on the Notes and Note Guarantees will be solely the obligations of the Issuer and the Guarantors, respectively. None of the Sponsors, Blackstone or any of their respective affiliates (other than the Issuer and the Guarantors) or their respective incorporators, stockholders, members, directors, managers or officers will guarantee the payment of the Notes or will have any liability for any of the Guarantors' obligations under the Notes or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation.

Our ability to make scheduled payments on, or to refinance, our obligations with respect to our indebtedness, including the Notes, will depend on our financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control, such as the negative impact of the COVID-19 pandemic. We cannot assure you that our business will generate sufficient cash flow or that future sources of capital will be available to us in an amount sufficient to enable us to service our indebtedness, including the Notes, or to fund our other liquidity needs. If we are unable to generate sufficient cash flow to satisfy our debt obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure you that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales, or that additional financing could be obtained on acceptable terms, if at all. The Indenture that will govern the Notes will restrict our ability to dispose of assets and use the proceeds from the disposition and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms, would materially and adversely affect our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

If we cannot make scheduled payments on our debt, we will be in default and holders of the Notes could declare all outstanding principal and interest to be due and payable, causing a cross-acceleration or cross-default under other debt agreements, and we could be forced into bankruptcy, liquidation or restructuring proceedings.

Certain restrictive covenants contained in the Indenture governing the Notes will limit our operating and financial flexibility in operating our business.

The Indenture governing the Notes will contain restrictive affirmative and negative (including in relation to indebtedness) and other covenants that limit or prohibit, among other things, the manner in which we may structure or operate our business, including by limiting our ability to:

- incur indebtedness;
- make restricted payments and investments;
- create liens;
- sell assets;
- enter into transactions with affiliates; and
- create subsidiaries.

See "Description of the Notes—Certain Covenants." As a result of these covenants, we will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business opportunities.

Substitution of the Issuer may have adverse tax consequences to Noteholders.

Any Guarantor may at our option substitute and replace the Issuer as the primary obligor under the Notes (see "Description of the Notes—Substitution of the Issuer"), which may result in certain adverse tax consequences to Noteholders or beneficial owners. Any such Guarantor (in this capacity, the "Substitute Issuer") will have an obligation to pay Additional Amounts and indemnify Noteholders and beneficial owners against certain taxes. However, such obligation will be generally limited to taxes imposed by Mexico, the Netherlands or Luxembourg or their taxing authorities or subdivisions that would not have been imposed but for such substitution and replacement, subject to certain conditions and exceptions. See "Description of the Notes—Substitution of the Issuer" and "Taxation—Certain Mexican Tax Considerations—Substitution of the Issuer."

Depending upon a Noteholder's or beneficial owner's particular circumstances including their taxing jurisdiction, such a substitution may result in net income tax liability for such Noteholder or beneficial owner in its own jurisdiction, which will generally not be indemnified by the Substitute Issuer. For example, Noteholders and beneficial owners subject to United States federal income taxation may recognize taxable gain as a result of such a substitution if the "issue price" of the deemed new notes (which will generally equal the fair market value of the deemed new notes upon their issuance) exceeds such beneficial owner's tax basis in the existing Notes, but such Noteholder and beneficial owner will not be indemnified for any United States federal, state and/or local income taxes relating to such gain. There could be other adverse tax consequences as well. Noteholders and beneficial owners are urged to consult their tax advisors regarding any potential adverse tax consequences that may result from a Substitution of the Issuer. See "Taxation—Certain U.S. Federal Income Tax Considerations—Substitution of the Issuer" and "—Certain Mexican Tax Considerations—Substitution of the Issuer."

Application of existing tax laws, rules and regulations is subject to interpretation by taxing authorities.

We may be subject to certain taxes in numerous jurisdictions, including Mexico, the Netherlands and Luxembourg. While we may rely on consultations with outside accounting and tax experts in computing our obligations under tax laws, rules and regulations, we are required to take various tax accounting and reporting positions

on complex matters that are not entirely free from doubt and for which we have not received rulings from the governing authorities. We are also subject to intercompany transfer pricing laws, including those relating to the flow of funds among our companies pursuant to agreements or other arrangements between our companies.

Tax authorities in any applicable jurisdiction may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, such as the tax treatment or characterization of our indebtedness, existing and future intercompany loans and guarantees or the deduction of interest expenses. Although we believe our tax positions are reasonable, we cannot assure you that the applicable taxing authorities will agree with our positions.

If any applicable tax authorities were to successfully challenge the tax treatment or characterization of any of our intercompany transactions, it could result in the disallowance of deductions, a limitation on our ability to deduct interest expenses, the imposition of withholding taxes, the application of penalties and accrued interest on intercompany loans or internal deemed transfers or other consequences that could have a material and adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

The transfer of the Notes is restricted, and it may be difficult to resell your Notes.

The Notes have not been, and will not be, registered under the Securities Act and will be subject to certain transfer restrictions for their entire term. We do not intend to provide registration rights to holders of the Notes and do not intend to file any registration statement with the U.S. Securities and Exchange Commission in respect of the Notes and, unless so registered, the Notes may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. By purchasing the Notes, prospective purchasers will be deemed to have made the acknowledgments, representations, warranties and agreements described under the heading "Transfer Restrictions" in this offering memorandum. In addition, an affiliate of the Issuer and one of the Initial Purchasers may place a purchase order and be allocated a portion of the Notes offered hereby. Investors should be aware that they may be required to bear the risks of this investment for an indefinite period of time. See "Plan of Distribution" and "Transfer Restrictions." The Notes and the Indenture will contain provisions that will restrict the Notes from being offered, sold or otherwise transferred except to people outside the United States purchasing in offshore transactions pursuant to Regulation S or to QIBs within the United States purchasing in reliance on Rule 144A or other exceptions under the Securities Act. It is the obligation of holders of the Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws. The Notes have not been registered with the Mexican National Securities Registry (*Registro Nacional de Valores*) maintained by the CNBV and therefore the Notes may not be publicly offered or sold and may not be the subject of intermediation in Mexico except pursuant to the private placement exemptions under Article 8 of the Mexican Securities Market Law.

Your ability to transfer the Notes may be limited by the absence of an active trading market, and we cannot assure you that any active trading market will develop for the Notes.

The Notes are a new issue of securities for which there is currently no market. In addition, an affiliate of the Issuer and one of the Initial Purchasers may place a purchase order and be allocated a portion of the Notes offered hereby. The amount of Notes purchased by such affiliate, if any, will be determined at the time the offering of the Notes is priced and is not limited by the Indenture. The initial purchasers have advised us that they intend to make a market in the Notes, as permitted by applicable laws and regulations; however, the initial purchasers are not obligated to make a market in the Notes and they may discontinue their market-making activities at any time without notice. Although we have received approval in principle to list the Notes on the SGX-ST, we cannot assure you that we will receive final approval or will remain listed. Therefore, we cannot assure you as to the development or liquidity of any trading market for the Notes. The liquidity of any market for the Notes will depend on a number of factors, including:

- the number of holders of Notes;
- our operating performance and financial condition;

- the market for similar securities;
- the interest of securities dealers in making a market in the Notes; and
- prevailing interest rates.

Historically, the market for project finance debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. We cannot assure you that the market, if any, for the Notes will be free from similar disruptions or that any such disruptions may not adversely affect the prices at which you may sell your Notes. Therefore, we cannot assure you that you will be able to sell your Notes at a particular time or price, if at all.

Developments in other markets may adversely affect the market value of the Notes.

The market price of securities issued by Mexican companies or companies holding Mexican assets may be affected to varying degrees by economic and market conditions in other countries, including the United States, China and other Latin American and emerging market countries. Therefore, investors' reactions to developments in these other countries may have an adverse effect on the market value of securities of companies holding Mexican assets. Crises in the United States or other emerging market countries may reduce investor interest in securities secured by Mexican companies, including those issued by us.

In 2020, the Mexican economy is expected to contract given the negative impact of the COVID-19 pandemic. In addition, the continued spread of COVID-19 has led to disruption and volatility in the global capital markets, which increases the cost of, and adversely impacts access to, capital and increases economic uncertainty. It is likely that the COVID-19 pandemic will cause an economic slowdown of potentially extended duration, and it is possible that it could cause a global recession. See "Risk Factors—Risk Relating to Our Business and Industry—A global pandemic and/or the outbreak of COVID-19 could cause interruptions, negatively impact global and regional economic growth, and have an adverse effect on our financial condition and results of operations."

We cannot assure you that events in other emerging market countries, in the United States or elsewhere will not materially adversely affect our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes. In addition, there is uncertainty in global markets stemming from the January 31, 2020 United Kingdom exit from the European Union ("Brexit"). It is possible that the United Kingdom's decision to leave the European Union will have a significant impact on macroeconomic conditions in the United Kingdom, the European Union and the rest of the world. Immediately following the Brexit vote in June 2016, there were significant devaluations of the British pound. In the days following the original Brexit vote, the performance of global financial markets, particularly international stock markets, was significantly affected. Even though the long-term effects of Brexit on capital markets, foreign exchange markets and on the overall political and macroeconomic situation globally remain uncertain and will in large part depend on the outcome of the transition period which is expected to end on December 31, 2020, there will likely be a period of instability and volatility in global financial markets until the terms of Brexit are clear. As a result, Brexit may adversely affect political regulatory, economic and market conditions and contribute to the instability of global political institutions, regulatory agencies and financial markets, which may have an adverse effect on the market value of securities of companies holding Mexican assets, including those issued by us.

In addition, any continued trade tensions between the U.S. and China could have a significant adverse effect on the world economy that could have a material adverse impact on our business and results of operations. The adoption and expansion of trade restrictions, changes in the state of China-U.S. relations, including the recent trade tensions, or other governmental action related to tariffs or trade agreements or policies are difficult to predict and could adversely affect demand for our products, our costs, our customers, our suppliers, and the world economy, which in turn could have a material adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

The Mexican economy is still highly influenced by the economies of the United States, Europe and China. Therefore, if all commercial treaties are cancelled, modified or similar terminations occur, or the economic conditions in the United States, Europe and China are negative or have less growth, the Mexican economy could be adversely affected. These events could negatively affect our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

We cannot assure you that the market value or trading prices of our debt securities, will not be adversely affected by events in the United States or elsewhere, including in emerging market countries.

The Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes.

If there is an event of default on the Notes, the holders of the Notes will be secured only to the extent of the value of the Collateral underlying their security interest. Not all of our assets secure the Notes. In the future, the obligations to provide additional guarantees and grant additional security over assets, or a particular type or class of assets, whether as a result of the acquisition or creation of future assets or otherwise, is subject to certain agreed security principles. The agreed security principles set forth in the Security Documents set out a number of limitations on the rights of the holders of the Notes to be granted security in certain circumstances. These include the right to exclude from Collateral any of our property that could reasonably be expected in our sole discretion to result in material adverse tax consequences to us or any Guarantor. The operation of the agreed security principles may result in, among other things, the amount recoverable under any collateral provided being limited or security not being granted over a particular type or class of assets, including the equity interests or shares of any Substitute Issuer or its subsidiaries (if any). Accordingly, the agreed security principles may materially and adversely affect the value of the security provided by us and the Sponsors. To the extent that the claims of the holders of the Notes exceed the value of the assets securing the Notes and other obligations, those claims will rank equally with the claims of the holders of all other existing and future senior unsecured indebtedness ranking equally in right of payment with the Notes. As a result, if the value of the assets pledged as security for the Notes is less than the value of the claims of the holders of the Notes, those claims may not be satisfied in full before the claims of certain unsecured creditors are paid. Furthermore, upon enforcement against any collateral or in insolvency (*concurso mercantil* or *quiebra*), the claims of the holders of the Notes to the proceeds of such enforcement will rank equal in right of payment with the claims of the lenders and other holders of any future senior indebtedness secured by the Collateral. As a result, holders of the Notes will receive less from the proceeds of the Collateral in an enforcement action or insolvency proceeding (*concurso mercantil* or *quiebra*) than if they were not required to share proceeds.

No appraisal of the value of the Collateral has been made in connection with this offering and the fair market value of the Collateral may be subject to fluctuations based on factors that include, among others, general economic conditions, industry conditions and similar factors. The amount to be received upon a sale of the Collateral would be dependent on numerous factors, including, but not limited to, the actual fair market value of the Collateral at such time, the timing and the manner (including the possibility of the Collateral or portions thereof being sold together or as an operating business) of the sale and the availability of prospective buyers. By its nature, some of the assets that comprise the Collateral may be illiquid and may have no readily ascertainable market value or any other comparable value at all. We cannot assure you that the Collateral can be sold and, even if saleable, the timing of its liquidation and the value to be derived therefrom are uncertain. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the Collateral may not be sold in a timely or orderly manner, and the proceeds from any sale or liquidation of this Collateral may not be sufficient to repay the obligations under the Notes.

The rights of the holders of Notes with respect to the Collateral are subject to the terms of the Collateral Agency and Intercreditor Agreement and the other Security Documents, which may materially limit the rights of the holders of the Notes to take enforcement actions, including with respect to the Collateral securing the Notes.

The Notes, together with our other Senior Debt Obligations (as defined below) will be secured by a first priority lien on the Collateral pursuant to the other Security Documents. The rights of the holders of Notes and other Senior Debt Obligations with respect to the Collateral will be subject to and may be limited by the terms of the Collateral Agency and Intercreditor Agreement.

Under the Collateral Agency and Intercreditor Agreement, the rights of the holders of the Notes to take any enforcement actions, including commencing legal proceedings against us in respect of the Notes, enforcing the Collateral securing the Notes and petitioning for the bankruptcy of the Issuer, will be limited. No holder of Senior Debt Obligations, including the holders of the Notes, will be entitled to take such enforcement actions following an event of default under the applicable Secured Debt Documents unless the required percentage of Senior Debt Obligations has elected to exercise such remedies and instructed the Intercreditor Agent to take such actions in accordance with the procedures set forth in the Collateral Agency and Intercreditor Agreement. Furthermore, the other holders of Senior Debt Obligations may have the ability to control the outcome of certain intercreditor votes under the Collateral Agency and Intercreditor Agreement without the approval of the holders of the Notes, including with respect to (i) the approval of certain amendments to, and waivers of, the provisions of the other Security Documents, the Material Project Documents or the Indenture, (ii) declare the acceleration of the amounts due under the Notes, (iii) the exercise of remedies against us, including enforcement of the Collateral, and (iv) other instructions that may be provided to the Intercreditor Agent in accordance with the terms of the Collateral Agency and Intercreditor Agreement.

Each decision made in accordance with the terms of the Collateral Agency and Intercreditor Agreement will be binding upon the Indenture Trustee and the holders of the Notes and each other party to the relevant Secured Debt Instrument. See "Description of the Notes—Security" and "—Amendment, Supplement and Waiver."

Additionally, subject to certain amounts not subject to sharing among all holders of Senior Debt Obligations, including any proceeds in any Additional Senior Debt Account (as defined below) or Debt Service Reserve Account (as defined below) permitted to be in place for the exclusive benefit of a specific Series of Senior Debt Obligations (as defined below), if the holders of the Notes obtain any amount from us, including as payment of any amounts due following the acceleration thereof or from any realization on any Collateral, other than amounts obtained from or through the applicable Collateral Agent pursuant to the Collateral Agency and Intercreditor Agreement and the other Security Documents, the holders of the Notes must promptly pay such amount to the applicable Collateral Agent for the account of the holders of Senior Debt Obligations to be shared among such creditors in accordance with the Collateral Agency and Intercreditor Agreement. See "Description of the Notes—Security."

Fraudulent conveyance laws may void the Notes or the Note Guarantees or subordinate the Notes or the Note Guarantees.

The issuance of the Notes and the Note Guarantees may be subject to review under applicable bankruptcy law or relevant fraudulent conveyance laws if a bankruptcy lawsuit or similar action affecting the rights of creditors generally is commenced by us or on behalf of our creditors. Such applicable bankruptcy law or relevant fraudulent conveyance laws may not be as favorable to your interests as creditors as the bankruptcy laws of the United States or other jurisdictions. While the relevant laws may vary from jurisdiction to jurisdiction and from time to time, in general under these laws, if in such a lawsuit or action a court were to find that, at the time the Notes or the Note Guarantees are issued, the debt was incurred with the intent of hindering, delaying or defrauding current or future creditors and received less than reasonably equivalent value or fair consideration for incurring the debt, and we or the Guarantors:

- were insolvent or became insolvent as a result of issuing the Notes or the Note Guarantees or the issuance of the Notes or the Note Guarantees occurred within a specific period of time prior to such insolvency;

- were engaged or about to engage in a business or transaction for which the remaining assets of the Guarantors constituted unreasonably small capital; or

- intended to incur, or believed that we or it would incur, debts beyond our or its ability to pay those debts as they matured, then the court would deem the issuance of Notes or the Note Guarantees as a fraudulent conveyance.

Then, in such case, a court may void the payment obligations under the Notes or such Note Guarantee or subordinate the Notes or such Note Guarantee to presently existing and future indebtedness of ours or such Guarantor, or require the holders of the Notes to repay any amounts received with respect to the Notes or such Note Guarantee. In the event of a finding that a fraudulent conveyance occurred, you may not receive any repayment on the Notes.

Further, the voidance of the Notes could result in an event of default with respect to our other debt and that of our Guarantors that could result in acceleration of such debt. Although standards for determining insolvency vary from jurisdiction to jurisdiction, generally, an entity would be considered insolvent if at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the value (saleable or other) of all or certain of its assets;

- the present value (saleable or other) of all or certain of its assets was less than the amount that would be required to pay its probable liability on all or a specific portion of its existing debts and liabilities, including contingent liabilities, as they become absolute and mature; or

- it could not pay its debts as they become due.

We cannot be certain as to the standards a court would use to determine whether or not we or the Guarantors were solvent or, regardless of the standard that a court uses, that the issuance of the Notes and the Note Guarantees would not be subordinated to our or the Guarantors' other debt. If a Note Guarantee was legally challenged, such Note Guarantee could also be subject to the claim that, since the Note Guarantee was incurred for our benefit, and only indirectly for the benefit of the applicable Guarantor, the obligations of such Guarantor were incurred for less than fair consideration. A court could thus void the obligations under such Note Guarantee, subordinate them to such Guarantor's other debt or take other action detrimental to the Notes.

While Mexican law does not prohibit the giving of subsidiary guarantees and, as a result, does not prevent the subsidiary guarantees of the Notes from being valid, binding and enforceable against the applicable Guarantor, in the event that such Guarantor becomes subject to a judicial reorganization proceeding (*concurso mercantil*) or to bankruptcy (*quiebra*) under the Mexican Bankruptcy Law (*Ley de Concursos Mercantiles*), such Note Guarantee may be deemed to have been a fraudulent transfer and declared void based upon the applicable Guarantor being deemed not to have received fair consideration in exchange for such guarantee.

The Collateral is subject to casualty risks, which may limit your ability to recover for losses to our assets.

We will maintain insurance or otherwise insure against risks to the extent customary with companies in the power generation and energy industry. There are, however, certain losses, including but not limited to losses resulting from natural perils, war and terrorism, defective design and wear and tear that may be either uninsurable, not economically insurable or insurable at unreasonable terms and high costs, in whole or in part. As a result, we cannot assure you that the insurance proceeds will compensate us fully for any losses. If there is a total or partial loss of any of the Collateral securing the Notes, we cannot assure you that any insurance proceeds received by us will be sufficient to satisfy all of our obligations under the Notes.

Certain contracts and agreements that are material to our business are not "Material Project Documents" under the Indenture, and thus are not subject to any restrictions under the Indenture.

While some or all of the EPC Agreement, the EPC Guaranty, the Ektria PPAs and any Additional PPAs are now or in the future may be material to our business, these agreements are not designated as "Material Project Documents" under the Indenture. Thus, the Indenture does not require Tierra Mojada to perform its obligations, and enforce its rights, under these agreements, even if such action would have a Material Adverse Effect. In addition, the Indenture permits Tierra Mojada in its sole and absolute discretion to cancel, suspend, terminate, amend, modify, compromise, repudiate, breach or assign its rights under any or all such agreement, or to permit or acquiesce to the applicable counterparties doing any of the foregoing, even if such action would have a Material Adverse Effect. There is no obligation on the part of the Issuer or any Guarantor to replace any such agreement in the event of termination. Thus, you should not assume that these agreements will remain in effect for the scheduled term thereof, if at all. Such cancellation, loss, suspension, termination, amendment, modification, compromise, repudiation, breach or assignment of rights may negatively impact our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes if, for example, the same capacity cannot be sold to the merchant market at similar prices.

We may incur additional indebtedness that could adversely affect holders of the Notes.

Subject to a Ratings Affirmation (after giving pro forma effect to the incurrence of additional indebtedness and the use of proceeds therefrom), the Indenture allows us to incur up to US$100 million in additional *pari passu* indebtedness for any purpose. The Indenture requires a Ratings Affirmation from any two rating agencies, or if only one rating agency is then rating the Notes, from such agency. We may also incur additional *pari passu* indebtedness in connection with non-speculative currency and commodity hedging arrangements or any permitted expansion of the Project, subject to certain requirements under the Indenture. See "Description of the Notes—Certain Covenants—Limitation on Indebtedness" and "—Limitation on Liens."

If we incur any additional *pari passu* indebtedness, the holders of that debt will be entitled to share ratably with the holders of the Notes in any proceeds distributed in connection with an insolvency, liquidation, reorganization, dissolution or other winding-up of us or our subsidiaries, as applicable, subject to satisfaction of certain debt limitations, and the risks that we face as a result of such additional leverage could increase. This may have the effect of materially reducing the amount of proceeds paid to you. If we issue or incur any additional senior secured indebtedness, the relative interest of holders of the Notes in the Collateral would be diluted by the proportion that the principal amount of, interest on, and other amounts due in respect of, such additional senior secured indebtedness bears to the total senior secured indebtedness outstanding at the time such additional senior secured indebtedness is issued or incurred. We cannot assure you that the level of the Collateral will be sufficient to protect your investment in the Notes, whether or not we issue additional Notes under the Indenture or incur other additional senior secured indebtedness and thereby dilute the relative interest of existing holders of the Notes in the Collateral, or that we will have sufficient funds to perform our payment obligations under the Notes or any other indebtedness that we or our subsidiaries issue or incur in the future.

Tierra Mojada's and FEM V Sponsor's obligations under the Note Guarantees will be subordinated to statutory preferences.

Under Mexican law, Tierra Mojada's and FEM V Sponsor's obligations under the Note Guarantees are subordinated to specified statutory preferences for payment of claims, including claims for labor, social security, taxes, court fees and expenses, and other secured claims. In the event of its liquidation, these preferences will have priority over any other claims, including claims by any holder in respect of the Note Guarantees, and, as a result, holders of Notes may be unable to recover amounts due under the Note Guarantees, in whole or in part.

If Tierra Mojada or FEM V Sponsor were to be declared insolvent or bankrupt, holders of Notes or the Note Guarantees may find it difficult to collect payment on the Notes or the Note Guarantees.

Under the Mexican Business Reorganizations Law (*Ley de Concursos Mercantiles)*, if either Tierra Mojada or FEM V Sponsor were to be declared insolvent (*concurso mercantil*) or bankrupt (*en quiebra*): its payment obligations under the Note Guarantees would (i) be converted on the date of the insolvency court declaration (*concurso mercantil*) to pesos and then from pesos into UDIs (*unidades de inversión*), which is a Mexican synthetic unit adjusted by inflation, and would not be adjusted to take into account any devaluation of the peso relative to the dollar occurring after such conversion, (ii) cease to accrue interest from the date the insolvency proceedings (*concurso mercantil)* are declared, (iii) be subject to the outcome of, and priorities recognized in, the relevant proceedings (including statutory preferences for tax, social security and labor claims), and (iv) be satisfied at the time claims of all its unsecured creditors are satisfied.

The obligations of FEN V, as a Guarantor incorporated under Dutch law, may be voided, voidable, subordinated, limited in scope, unenforceable or practically unenforceable under Dutch insolvency laws.

Where a Dutch guarantor has its "center of main interest" or an "establishment in the Netherlands", it may be subject to Dutch insolvency proceedings governed by Dutch insolvency laws, subject to certain exceptions as provided for in the EU Insolvency Regulation (Regulation (EU) 2015/848 of the European Parliament and of the Council of May 20, 2015) (the "Insolvency Regulation").

There are two applicable corporate insolvency regimes under Dutch law: (a) suspension of payments (*surseance van betaling*), which is intended to facilitate the reorganization of a debtor's debts and enable the debtor to continue as a going concern; and (b) bankruptcy (*faillissement*), which is primarily designed to liquidate and distribute the debtor's assets to its creditors. Bankruptcy is the most commonly used insolvency regime and may result in the transfer of parts of the company as a going concern. A suspension of payments usually results in the debtor's bankruptcy. Both insolvency regimes are set forth in the Dutch Bankruptcy Act (*Faillissementswet*).

Only the debtor can make an application for a suspension of payments, and only if it foresees that it will be unable to continue to pay its payable debts. Once the application has been filed, a court will immediately (*dadelijk*) grant a provisional suspension of payments and appoint one or more administrators (*bewindvoerders*). A meeting of creditors is required to decide on the definitive suspension of payments, but it will generally be granted, unless a qualified minority (i.e., more than one-quarter of the amount of claims held by creditors represented at the creditors' meeting or more than one-third of the number of creditors of the amount of claims held by creditors) of the unsecured, non-preferential, creditors declare against it or if there is a valid risk that the debtor will try to prejudice the creditors during a suspension of payments or if there is no prospect that the debtor will be able to satisfy its creditors in the (near) future. A suspension of payments will only affect unsecured, non-preferential creditors.

Unlike Chapter 11 proceedings under U.S. bankruptcy law, where both secured and unsecured creditors are generally barred from seeking to recover on their claims, suspension of payment and bankruptcy proceedings against the Dutch guarantor would allow certain secured creditors to satisfy their claims by proceeding against the assets that secure their claims as if there were no bankruptcy or suspension of payments. However, a statutory stay of execution of up to two months, extendable by another period of up to two months, may be declared applicable. Where a Dutch guarantor only has an establishment in the Netherlands, secondary insolvency proceedings pursuant to the Insolvency Regulation may only be liquidation proceedings, which could impair the ability of restructuring efforts. Furthermore, certain preferred creditors have a preference by virtue of law. Unlike secured creditors, preferred creditors are not entitled to foreclose on assets of the bankrupt. They do have priority in the distribution of the proceeds of the bankrupt debtor's assets.

Dutch bankruptcy law does not in itself recognize the concept of classes of creditors; rather, the ranking of creditors is determined by general civil law. Remaining amounts, if any, after satisfaction of the secured and the preferential creditors are distributed among the unsecured non-preferential creditors, who will—in principle—be satisfied on a pro rata basis. Contractual subordination will be given effect in Dutch insolvency proceedings. However, the actual effect depends largely on the way such subordination is construed. In exceptional circumstances, a compulsory plan of settlement may limit the contractual subordination.

Both in a definitive suspension of payments and bankruptcy, a settlement (*akkoord*) may be offered to creditors. A settlement will be binding for all unsecured and non-preferential creditors if it is: (i) approved by a simple majority (*gewone meerderheid*) of the number of creditors represented at the creditors' meeting, representing at least 50% of the amount of the claims that are acknowledged and conditionally admitted, and (ii) subsequently ratified (*gehomologeerd*) by the court. Since the unsecured and non-preferential creditors (including subordinated creditors) can vote on the settlement plan and enforcement of security interests remains possible, Dutch insolvency law could preclude or inhibit the ability of the holders of the Notes to effect a restructuring and could reduce the recovery of a holder of Notes in a Dutch suspension of payments proceeding or bankruptcy. Interest accruing after the date on which a suspension of payments is granted, cannot be claimed in a settlement.

Under Dutch law, a debtor can be declared bankrupt when it has ceased to pay its debts. Bankruptcy can be requested by a creditor of a claim when there is at least one other creditor. At least one of the claims (of the creditor requesting bankruptcy or the other creditor) needs to be due and payable. The debtor can also request the application of bankruptcy proceedings itself. Furthermore, the Public Prosecution Service (*het Openbaar Ministerie*) can request the application of bankruptcy proceedings for reasons of public interest (*openbaar belang*). In Dutch bankruptcy proceedings, a debtor's assets are generally liquidated and the proceeds distributed to the debtor's creditors according to the relative priority of those creditors' claims and, to the extent certain creditors' claims have equal priority, in proportion to the amount of such claims. Certain parties, such as secured creditors, will benefit from special rights. Secured creditors, such as pledgees and mortgagees, may enforce their rights regardless of suspension of payments or bankruptcy and do not have to contribute to the liquidation costs; however, enforcement of the security interest might

be subject to the following: (a) a statutory stay of execution of up to two months extendable by another period of up to two months imposed by court order pursuant to articles 63a of the Dutch Bankruptcy Act (*Faillissementswet*); (b) a receiver (*curator*) can force a secured party to foreclose its security interest within a reasonable time (as determined by the receiver pursuant to Article 58(1) of the Dutch Bankruptcy Act), failing which the receiver will be entitled to sell the relevant rights or assets and distribute the proceeds to the secured party after a deduction of liquidation costs; and (c) excess proceeds of enforcement must be returned to the company's receiver and may not be offset against an unsecured claim of the company's secured creditor.

All unsecured, pre-bankruptcy claims are submitted to a receiver for verification, and the receiver then makes a determination as to the claim's existence, ranking and value and whether and to what extent it should be admitted in the bankruptcy proceedings. Creditors that wish to dispute the receiver's verification of their claims will be referred to a claim validation proceeding (*renvooiprocedure*) in order to establish the amount and rank of the disputed claim. These procedures could cause holders of Notes to recover less than the principal amount of their Notes or less than they could recover in a U.S. liquidation proceeding. Such renvooi proceedings could also cause payments to the holders of Notes to be delayed. Interest on the Notes accruing after the bankruptcy order date cannot be admitted unless secured by a pledge or mortgage, in which case interest will be admitted pro memoria (i.e., in which case the accrued interest will be admitted to the extent covered by the remaining collateral). To the extent that an interest is not covered by the proceeds of the security, the creditor may not derive any rights from the admission. No interest is payable in respect of unsecured claims as of the date of a bankruptcy.

Certain security interests over the Collateral will not be in place or perfected by the Issue Date. Such security interests will be subject to increased risk that they could be avoidable in bankruptcy.

Before a valid first priority lien on the Collateral may be created for the benefit of the Noteholders, the Existing Project Indebtedness (as defined below) and certain existing secured debt of FEL V Sponsor must be prepaid in full on the Issue Date. Additionally, in some instances, we will be required to perfect the Collateral within certain time periods following the Issue Date. Any inability or failure by us to perfect the security interests in the Collateral may result in the Noteholder's loss of priority in such Collateral, priority which they would have been entitled to, had the security interests been perfected on the Issue Date.

In addition, if the Issuer were to become subject to a reorganization proceeding (*concurso mercantil)* after the Issue Date of the Notes, any security interest in other Collateral delivered after the Issue Date of the Notes would face a greater risk than security interests in place on the Issue Date of being avoided by the pledgor (as debtor-in-possession) or by its trustee in bankruptcy as a preference under bankruptcy law if certain events or circumstances exist or occur, including if the pledgor is insolvent at the time of the pledge, the pledge permits the holders of the Notes to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the pledgor is commenced within 90 days following the pledge, or, in certain circumstances, a longer period. To the extent that the grant of any security interest is avoided as a preference, you would not be secured by the property or assets subject to such mortgage or security interest. See "Description of the Notes—Security—Security Interests."

The Dutch legislature has prepared a bill for the implementation of a composition outside suspension of payments or bankruptcy proceedings and is referred to as the Act on Court Confirmation of Extrajudicial Restructuring Plans (CERP, or WHOA in Dutch). The bill was adopted by the Upper Chamber (*Eerste Kamer*) of the Dutch Parliament on 6 October 2020. The government aims to have the bill enter on 1 January 2021. The WHOA is based on the UK Scheme of Arrangement and the US Chapter 11 procedure and it offers debtors additional possibilities to restructure their debt. Under the WHOA, a proceeding will become available for companies in financial distress, where the debtor stays in possession and can offer a composition plan to its creditors (including secured creditors and shareholders), whereby the creditors will be divided into separate classes. The new legislation also allows that group companies, both domestic and foreign, providing guarantees for the debtor's obligations are included in the plan, if (i) the relevant group companies are reasonably expected to be unable to pay their debts as they fall due, (ii) they have agreed to the proposed restructuring plan insofar as it concerns their obligations and (iii) the court has jurisdiction over the relevant group companies. The WHOA will allow a debtor to petition the relevant Dutch court for confirmation of a composition plan outside of bankruptcy proceedings or suspension of payments proceedings that may alter creditor's and/or shareholders' rights and can be enforced upon dissenting creditors. In addition, the WHOA provides for the possibility of cross-class cram downs.

We may not have the ability to raise the funds necessary to finance the Change of Control Offer required by the Indenture.

Upon the occurrence of a "Change of Control Triggering Event," as defined in the Indenture, we will be required to offer to repurchase all outstanding Notes at 101% of the principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to the date of repurchase. See "Description of the Notes—Repurchase upon a Change of Control Triggering Event." However, it is possible that we will not have sufficient funds at the time of the Change of Control Triggering Event to make the required repurchase of Notes. In any case, third-party financing most likely would be required in order to provide the funds necessary for us to make the Change of Control Offer for the Notes and to refinance any other indebtedness that would become payable upon the occurrence of such events. We may not be able to obtain such additional financing on terms favorable to us or at all.

In addition, a failure to make an offer to repurchase the Notes upon a Change of Control Triggering Event would give rise to an event of default under the Indenture and could result in an acceleration of amounts due thereunder. Any such default and acceleration under the Indenture could trigger a cross-default or cross-acceleration under other indebtedness.

Payments claimed in Mexico on the Note Guarantees, pursuant to a judgment or otherwise, may be in pesos.

In the event that proceedings are brought against us in Mexico, either to enforce a judgment or as a result of an original action brought in Mexico, or if payment is otherwise claimed from us in Mexico, we would not be required to discharge those obligations in a currency other than pesos. Under the Monetary Law of Mexico (*Ley Monetaria de los Estados Unidos Mexicanos*) an obligation, whether resulting from a judgment or by agreement, denominated in a currency other than pesos, which is payable in Mexico, may be satisfied in pesos at the rate of exchange in effect on the date on which payments are made. Such rate is currently determined by Central Bank of Mexico and published every banking day in the Official Gazette. As a result, you may suffer a U.S. dollar shortfall if you obtain a judgment or a distribution in bankruptcy in Mexico. You should be aware that no separate action exists or is enforceable in Mexico for compensation for any shortfall of this kind.

Payments claimed in Luxembourg or the Netherlands on the Notes, pursuant to a judgment or otherwise, may be in Euros.

In the event of any proceedings being brought in a Luxembourg court in respect of a monetary obligation expressed to be payable in a currency other than the Euro, a Luxembourg court would have the power to give judgment expressed as an order to pay a currency other than in Euros. However, enforcement of the judgment against any party in Luxembourg would be available only in Euros and for such purposes, all claims or debts would be converted into Euros.

It is uncertain under Dutch law whether upon the enforcement of a money judgment expressed in a non-Dutch currency against assets situated in the Netherlands by way of an enforcement sale (*executoriale verkoop*), proceeds can be obtained in such non-Dutch currency.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. We cannot assure you that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

The Notes will be held in book-entry form and therefore you must rely on the procedures of the relevant clearing system to exercise any rights and remedies.

The Notes will be issued in fully registered form. The Regulation S Global Notes and the Rule 144A Global Notes will be deposited, on the Issue Date, with, or on behalf of, the Indenture Trustee for the account of DTC registered in the name of a nominee of the DTC.

Ownership of beneficial interests in the Global Notes (the "Book-Entry Interests") will be limited to persons that have accounts with DTC ("participants") or persons that hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC and their participants. Owners of beneficial interests in the Global Notes will not be entitled to receive definitive Notes in registered form, except under the limited circumstances described in "Book-Entry; Settlement and Clearance." So long as the Notes are held in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Global Notes.

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest and additional amounts, if any) will be made by the Issuer to the paying agents. The paying agents will, in turn, make such payments to DTC, which will in turn distribute such payments to participants in accordance with its procedures. After payment to the DTC, we will have no responsibility or liability for the payment of interest, principal or other amounts to the holders of Book-Entry Interests. Accordingly, if you hold a Book-Entry Interest, you must rely on the procedures of DTC, or the procedures of the participant through which you hold your interest, to exercise any rights and obligations of a holder of Notes under the Indenture governing the Notes.

Unlike the holders of the Notes themselves, holders of Book-Entry Interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you hold a Book-Entry Interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis. Similarly, upon the occurrence of an event of default under the Indenture governing the Notes, unless and until definitive registered Notes are issued in respect of all Book-Entry Interests, if you hold a Book-Entry Interest, you will be restricted to acting through DTC. The procedures to be implemented through DTC may not be adequate to ensure the timely exercise of rights under the Notes.

You may not be able to obtain judgments in civil proceedings based on U.S. securities law violations.

The Issuer and the Guarantors are companies incorporated outside the United States. Certain directors and executive officers of the Issuer and the Guarantors and certain experts named in this offering memorandum are non-residents of the United States. Although the Issuer and the Guarantors have submitted or will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on the directors and executive officers of the Issuer or the Guarantors. In addition, as all of the assets of the Issuer and the Guarantors and most of the assets of the directors and executive officers of the Issuer and the Guarantors are located outside of the United States, you may be unable to enforce against them judgments obtained in the U.S. courts predicated upon civil liability provisions of the federal securities laws of the United States. In addition, we have been informed that it is questionable whether a court in Luxembourg, Mexico or the Netherlands would accept jurisdiction and impose civil liability if proceedings were commenced in such court predicated solely upon U.S. federal securities laws. See "Service of Process and Enforcement of Civil Liabilities."

The Collateral Agents' ability to foreclose on the Collateral on your behalf may be subject to priority issues and practical problems associated with the realization of the Collateral Agents' security interest in such Collateral.

In the event of the Issuer's or Guarantors' bankruptcy, the Collateral Agents, on behalf of the holders of the Notes and other holders of any future *pari passu* debt, would have secured claims against us for amounts due under the Notes and any such other *pari passu* debt. The Collateral Agents claims would be secured by them in the Collateral.

In any insolvency proceeding in Mexico, foreclosure on the Collateral would be stayed pursuant to the court's insolvency declaration and such a stay would remain during the pendency of the bankruptcy proceedings. In addition,

the rights of the Onshore Collateral Agent, including rights under the Amended and Restated Mexican Trust Agreement, are governed by the laws of Mexico. The laws relating to trusts and to the creation and perfection of security interests in Mexico differ from those in the United States and may be subject to restrictions and limitations. These restrictions and limitations may have the effect of preventing, limiting and delaying the enforcement of the Onshore Collateral Agent's rights or the foreclosure and subsequent disposition of a material portion of the Collateral, and may materially impair the claims of the holders of the Notes and other *pari passu* debt. Any such delay in having an enforceable claim could also diminish the value of the interest of the holders of the Notes and other holders of *pari passu* debt in such Collateral due, among other things, to the existence of other potential creditors and claimants.

In any insolvency proceeding in the Netherlands, secured creditors may enforce their rights against assets of the debtor to satisfy their claims under a Dutch bankruptcy as if there is no bankruptcy. Both in moratorium of payments proceedings as in bankruptcy proceedings the supervisory judge (*rechtercommissaris*) can order a ''cooling down period'' for a maximum of two months (which can be extended once for another period of two months) during which enforcement actions by secured creditors are barred unless such creditors have obtained leave for enforcement from the supervisory judge. Moreover, to the extent that Dutch law applies, a legal act performed by a debtor (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third-party or agrees to provide or provides security for any of its or a third-party's obligations, enters into additional agreements benefiting from existing security or any other legal act having a similar effect) can be challenged in an insolvency proceeding or otherwise and may be nullified by any of its creditors or its trustee in bankruptcy proceedings.

Furthermore, the ability of the Collateral Agents to require the foreclosure on or otherwise enforce the security and other rights in respect of the Collateral may be limited by both practical and legal considerations. As a result, the Collateral Agents may encounter material limitations or delays in the foreclosure or enforcement of rights with respect to the Collateral.

Impediments exist to any foreclosure on the Collateral, which may adversely affect the proceeds of any foreclosure.

Some of the documents that create liens on the Collateral for the benefit of the Notes will be governed by laws other than the laws of the United States. Such laws require that certain legal and procedural requirements be met, which may be different from those that would apply under the laws of the United States. For example, in Mexico, foreclosure is only permitted upon receipt of a judicial order, or after the extrajudicial procedure contemplated in a guaranty trust or non-possessory pledge agreement is completed, as applicable. In particular, except in foreclosure proceedings related to assets held by a guaranty trust or subject to a non-possessory pledge, Mexican law does not allow for self-executing mechanisms or expedited foreclosure proceedings with respect to certain types of liens that are contemplated to exist on the Collateral. Our business and the operation of our assets (including assets that are part of the Collateral) are subject to regulations and permitting requirements; such permits may restrict the ability of the Collateral Agents to foreclose on the Collateral or may be terminated upon sale of such assets (unless prior consent is obtained). There may be additional requirements that are applicable under the laws of Mexico, Luxembourg or the Netherlands that need to be completed prior to foreclosure. We cannot assure that the Collateral Agents will be able to efficiently comply with those requirements or if such requirements will affect the value of the Collateral.

Enforcement of security interests created under the laws of Mexico, Luxembourg and the Netherlands may be conducted in Mexican, Luxembourg or Dutch courts based on the procedures and subject to the rules set forth in such laws. Insolvency statutes in Mexico, Luxembourg and the Netherlands may stay any foreclosure procedures for the length or a portion of the duration of such proceedings. It is also possible that any such courts will require a judgment regarding the existence of an event of default under the Indenture from a U.S. court prior to any foreclosure. We may also have defenses available to us under Mexican, Luxembourg or Dutch law to foreclosure proceedings that are not available under U.S. law. Procedural delays could result in a decrease in the value of the Collateral that would otherwise be realizable upon foreclosure. During this period, the cash proceeds from any sales of assets that we are not required to hold in a segregated account with the Collateral Agents, if any, may become commingled with our other cash assets and therefore may not be identifiable. In addition to legal and procedural concerns, the Collateral Agents may encounter practical considerations that could delay the foreclosure on assets that are part of the Collateral.

Failure to comply with any legal or procedural requirements or any delay in the foreclosure of the Collateral could affect the value of the Collateral or the probability of the holders of the Notes to receive proceeds from the sale of such Collateral.

The Collateral may be subject to expropriation, which may limit your ability to recover as a secured creditor if any of the Collateral is expropriated.

It is possible that all or a portion of the Collateral that will secure the Notes may become subject to a proceeding for expropriation. In such event, we may be compensated for any total or partial loss of property, but it is possible that such compensation will be insufficient to fully compensate us for our losses. In addition, a total or partial expropriation may interfere with our ability to use and operate all or a portion of our business, which may have an adverse impact on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes.

Enforcing your rights as a holder of Notes under the Notes or the Note Guarantees or the security across multiple jurisdictions may prove difficult.

The Notes will be issued by the Issuer, which is incorporated under the laws of Luxembourg, and will be guaranteed by entities incorporated or organized, as applicable, under the laws of Mexico and the Netherlands. Assets that constitute the Collateral, and the entities whose capital stock constitutes the Collateral, are located in Mexico, Luxembourg, and the Netherlands. In the event of bankruptcy, insolvency, administration or similar event, proceedings could be initiated in any of these jurisdictions. The rights of the holders under the Notes, the Note Guarantees and the Collateral are likely to be subject to insolvency and administrative laws of several jurisdictions, and there can be no assurance that you will be able to effectively enforce your rights in such complex proceedings. In addition, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights. In addition, the bankruptcy, insolvency, administration and other laws of the jurisdiction of organization of the Issuer and the Guarantors may be materially different from, or in conflict with, one another, including creditors' rights, priority of creditors and the duration of the insolvency proceeding. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's laws should apply and could adversely affect the ability to enforce the security and to realize any recovery under the Notes and the Note Guarantees.

The insolvency laws of Luxembourg, Mexico and the Netherlands may not be as favorable to you as insolvency laws of jurisdictions with which you may be familiar and may preclude holders of the Notes from recovering payments due on the Notes.

The Issuer and the Guarantors are incorporated or organized, as applicable, under the laws of Luxembourg, Mexico and the Netherlands. The insolvency laws of these jurisdictions may differ or may not be as favorable to your interests as creditors as the bankruptcy laws of United States or other jurisdictions. If one or more of the Issuer or the Guarantors experience financial difficulties, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would first be commenced or how these proceedings would be resolved. The insolvency, administration and other laws of the jurisdictions in which the respective companies are organized or operate may be materially different from, or conflict with, each other. Any conflict between them could call into question whether, and to what extent, the laws of any particular jurisdiction should apply. There can be no assurance as to how the insolvency laws of these jurisdictions will be applied in relation to one another. In addition, the grant of the Note Guarantees or security interests by the respective Guarantors may be subject to challenge in the relevant local insolvency proceedings.

The insolvency laws of Luxembourg may limit your ability to effectively enforce your rights under the Notes.

The rights of holders under the Notes and the Collateral may be subject to the insolvency and administrative laws of Luxembourg, and you may not be able to effectively enforce your rights in such complex, bankruptcy or insolvency proceedings. The Notes will be issued by the Issuer, which is incorporated under the laws of Luxembourg. The Luxembourg Companies Law, differs in material aspects from the laws generally applicable to U.S. corporations and security holders, including the provisions relating to interested directors, mergers, amalgamations and acquisitions,

takeovers, security holder lawsuits and indemnification of directors or managers. Under Luxembourg law, the duties of directors or managers of a company are generally owed to the company only; creditors of Luxembourg companies generally do not have rights to take action against directors of the company, except in limited circumstances. Managers of a Luxembourg company must, in exercising their powers and performing their duties, act in good faith and in the interests of the company as a whole and must exercise due care, skill and diligence in the performance of their duties. Directors or managers have a duty not to put themselves in a position in which their duties to the company and their personal interests may conflict and also are under a duty to disclose any direct or indirect, personal financial interest in any contract or arrangement with the company or any of its subsidiaries. If a manager of a Luxembourg company is found to have breached his or her duties to such company, he or she may be held personally liable to the company in respect of that breach of duty. A manager may be jointly and severally liable with other managers implicated in the same breach of duty.

Insolvency proceedings with respect to companies incorporated in Luxembourg would likely be governed by the relevant entity's jurisdiction of organization. In addition, the Issuer and the Guarantors that are organized in a member state of the European Union could be required to proceed under the laws of the jurisdiction in which the company has its "centre of main interests," as defined in Regulation (EU) 2015/848 of the European Parliament and the Council of May 20, 2015 on insolvency proceedings (the "EU Insolvency Regulation"), at the time insolvency proceedings are commenced. Although there is a rebuttable presumption that the "centre of main interests" will be in the jurisdiction where its registered office is situated, this presumption is not conclusive. Accordingly, insolvency proceedings with respect to these companies may proceed under, and be governed by, the insolvency laws of another jurisdiction if the "centre of main interests" of these companies is determined to be in such other jurisdiction at the relevant time.

The insolvency laws of such jurisdictions may not be as favorable to your interests as those of the United States or another jurisdiction with which you may be familiar. If the Issuer, the Guarantors, any future Guarantors or any of their subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

The liabilities of the Issuer incorporated in Luxembourg in respect of the notes will, in the event of its liquidation following bankruptcy or judicial liquidation proceedings, rank after the cost of liquidation (including any debt incurred for the purpose of such liquidation) and those of the concerned company's debts that are entitled to priority under Luxembourg law. Preferential debts under Luxembourg law include, among others, certain amounts owed to the Luxembourg Revenue, value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise, social security contributions, and remuneration owed to employees.

Assets over which a security interest has been granted will in principle not be available for distribution to unsecured creditors (except after enforcement and to the extent a surplus is realized).

During insolvency proceedings, unsecured creditors may not bring enforcement measures against the Luxembourg company. The ability of secured creditors to enforce their security interest may also be limited in the event of controlled management proceedings automatically causing the rights of secured creditors to be frozen until a final decision has been taken by the court as to the petition for controlled management, and may be affected thereafter by a reorganization order given by the court. A reorganization order requires the prior approval by more than 50% of the creditors representing more than 50% of the Luxembourg company's liabilities in order to take effect.

Generally, Luxembourg insolvency laws may also affect transactions entered into or payments made by a Luxembourg company during the pre-bankruptcy hardening period, which is a maximum of six months and ten days preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the suspect period at an earlier date. In particular:

- pursuant to article 445 of the Luxembourg code of commerce, some specific transactions (in particular, the granting of a security interest for antecedent debts, the payment of debts which have not fallen due, whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts which have fallen due by any means other than in cash or by bill of exchange; and the sale of assets without consideration or with substantially inadequate consideration) entered into during the suspect period (or the ten days preceding it) must be set aside or declared null and void, if so requested by the insolvency receiver;

- pursuant to article 446 of the Luxembourg code of commerce, payments made for matured debts as well as other transactions concluded for consideration during the suspect period are subject to cancellation by the court upon proceedings instituted by the insolvency receiver if they were concluded with the knowledge of the bankrupt's cessation of payments; and

- article 448 of the Luxembourg code of commerce and article 1167 of the civil code gives the insolvency receiver (acting on behalf of the creditors) the right to challenge any fraudulent payments and transactions, including the granting of security with an intent to defraud, made prior to the bankruptcy, without any time limit.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in automatic termination of contracts. The contracts, therefore, survive after the bankruptcy order, but the insolvency receiver may choose to terminate certain contracts. However, as of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue *vis-à-vis* the bankruptcy estate. The bankruptcy order provides for a period of time during which creditors must file their claims with the clerk's office of the Luxembourg district court sitting in commercial matters. After having converted all available assets of the company into cash and after having determined all the company's liabilities, the insolvency receiver will distribute the proceeds of the sale, on a pro rata basis, to the creditors after deduction of the receiver fees and the bankruptcy administration costs.

Insolvency proceedings may have a material adverse effect on the relevant Luxembourg company's business and assets and the Luxembourg company's respective obligations with respect to the Notes.

The obligations in relation to the security interests and guarantees granted by the Guarantor incorporated under Dutch law may be limited.

Under Dutch law, receipt of any payment under a security interest or guarantee may be affected by (a) the standards of reasonableness and fairness (*maatstaven van redelijkheid en billijkheid*), (b) force majeure (*niet-toerekenbare tekortkoming*) and unforeseen circumstances (*onvoorziene omstandigheden*), and (c) the other general defenses available to debtors under Dutch law in respect of the validity, binding effect and enforceability of such guarantee or security interest. Other general defenses include claims that a guarantee or security interest should be avoided because it was entered into through undue influence (*misbruik van omstandigheden*), fraud (*bedrog*), duress (*bedreiging*) or error (*dwaling*). Other impeding factors include dissolution of contract (*ontbinding*) and set-off (*verrekening*).

The validity and enforceability of a guarantee or security interest may be successfully contested by a Dutch company (or its administrator (*bewindvoerder*) in suspension of payments or its receiver (*curator*) in bankruptcy) on the basis of an ultra vires claim, which will be successful if both (i) the granting of the security interest or guarantee does not fall within the scope of the objects clause as set out in the company's articles of association (*doeloverschrijding*) and (ii) the company's counterparty under the relevant security interest or guarantee knew or ought to have known (without inquiry) of this fact. In determining whether the granting of a security interest or guarantee is in furtherance of the objects and purposes of a Dutch company, a court will consider (a) the text of the objects clause in the company's articles of association; (b) whether the granting of such security interest or guarantee is in the company's corporate interest (*vennootschappelijk belang*) and to its benefit; and (c) whether the company's subsistence is jeopardized by the granting of such security interest or guarantee. The mere fact that a certain legal act (*rechtshandeling*) is explicitly reflected in a Dutch company's objects clause may not be conclusive evidence that such legal act is not ultra vires.

To the extent that Dutch law applies, a security interest or guarantee granted by a legal entity may, under certain circumstances, be nullified by any of its creditors, if (i) the security interest and/or guarantee was granted without prior existing legal obligation to do so (*onverplicht*), (ii) the creditor(s) concerned was/were prejudiced as a consequence of the granting of the security interest or guarantee (irrespective of whether a creditor's claim arose prior to or after the granting of the security interest or guarantee), and (iii) at the time the security interest or guarantee was granted both the legal entity and, unless the security interest or guarantee was granted for no consideration (*om niet*), the beneficiary of the security interest or guarantee knew or should have known that one or more of the entities' creditors would be prejudiced (*actio pauliana*). A receiver (*curator*) may nullify a security interest or guarantee on

behalf of and for the benefit of the joint insolvent debtor's creditors, and the burden of proof of the abovementioned elements of fraudulent conveyance in principle rests on the receiver. Knowledge of prejudice is however presumed by law for certain transactions performed within a "suspect period" of one year prior to an adjudication of bankruptcy. This is true for certain transactions only, including if the obligations of the debtor materially exceed those of the other party, the satisfaction of existing obligations of the bankrupt which are not yet due, and acts between the bankrupt and its counterparty when the shares in both are held (indirectly) by the same shareholder or if the bankrupt and its counterparty are part of the same group of companies. The foregoing requirements for invoking fraudulent transfer provisions outside of a bankruptcy apply *mutatis mutandis* when invoking fraudulent transfer provisions during a bankruptcy. In addition, the receiver may challenge the security interest or guarantee if it was granted on the basis of a prior existing legal obligation to do so (*verplichte rechtshandeling*), if (a) the security interest or guarantee was granted at a time when the beneficiary of such security interest or guarantee knew that a request for bankruptcy had been filed, or (b) if such security interest or guarantee was granted as a result of deliberation between the debtor and the beneficiary of such security interest or guarantee with a view to giving preference to the beneficiary over the debtor's other creditors. Consequently, the validity of any security interests or guarantees granted by a Dutch legal entity may be challenged and it is possible that such challenge would be successful.

The security over the portion of the Collateral granted under Dutch law will not be granted directly to the holders of the Notes.

Under Dutch law, it is uncertain as to whether security rights can be granted to a party other than the creditor of the claim that is purported to be secured by such security rights. Consequently, the Collateral Agency and Intercreditor Agreement will provide for the creation of parallel liability ("Parallel Liability") in favor of the Offshore Collateral Agent mirroring the obligations of the Issuer towards the holders of the Notes under or in connection with the Collateral Agency and Intercreditor Agreement (the "Principal Obligations"). The security rights in the Collateral granted under Dutch law will be granted to the Offshore Collateral Agent as security for the Parallel Liability and will not directly secure the Principal Obligations. The Parallel Liability will be at all times in the same amount and payable at the same time as the Principal Obligations. Any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Liability and any payment in respect of the Parallel Liability shall discharge the corresponding Principal Obligations. In respect of the security right granted to secure the Parallel Liability, the holders of the Notes will not have a direct security interest and will not be entitled to take enforcement actions in respect of such security interest except through the Offshore Collateral Agent. As a result, the holders of the Notes bear some risks associated with a possible insolvency or bankruptcy of the Offshore Collateral Agent. In addition, the Parallel Liability construct has not been tested under Dutch law and, to the extent that the Dutch law security interest rights in the Collateral created to secure the Parallel Debt are successfully challenged by other parties, holders of the Notes will not (directly) receive any proceeds from an enforcement of the rights in the Collateral granted under Dutch law but will be distributed in accordance with the provisions of the Collateral Agency and Intercreditor Agreement.

The appointment of a foreign security agent will be recognized under Luxembourg law, (i) to the extent that the designation is valid under the law governing such appointment and (ii) subject to possible restrictions depending on the type of the security interests. Generally, according to paragraph 2(4) of the Luxembourg law dated August 5, 2005, as amended, concerning financial collateral arrangements, a security interest (financial collateral) may be provided in favor of a person acting on behalf of the collateral taker, a fiduciary or a trustee in order to secure the claims of third party beneficiaries, whether present or future, provided that these third party beneficiaries are determined or may be determined. Without prejudice to their obligations vis-à-vis third party beneficiaries of the security, persons acting on behalf of beneficiaries of the security, the fiduciary or the trustee benefit from the same rights as those of the direct beneficiaries of the security aimed at by such law.

USE OF PROCEEDS

We expect the aggregate proceeds from the sale of the Notes in this offering to be approximately US$953 million. On the Issue Date, we intend to apply the aggregate proceeds of this offering and cash on Tierra Mojada's balance sheet as of the Issue Date, as follows:

- Approximately US$8 million to pay a portion of the transaction fees and expenses accrued in connection with the issuance of the Notes;

- the Issuer will provide the Capital Contribution and Shareholder Loan to Tierra Mojada in the amount of approximately US$634 million, which will be used together with US$87 million of cash on Tierra Mojada's balance sheet as of the Issue Date, to (A) pay a portion of the transaction fees and expenses accrued in connection with the issuance of the Notes in an amount of approximately US$12 million, (B) repay and cancel the Construction Loan for an amount of approximately US$511 million, including related interest, breakage costs, premia, fees, costs and other expenses, (C) repay and cancel the VAT Facility for an amount of approximately US$2 million, including related interest, breakage costs, premia, fees, costs and other expenses, (D) unwind the Construction Hedging Agreements for an amount, subject to fluctuation based on applicable interest rate movements, of approximately US$60 million as of November 16, 2020 and (E) repay the Subordinated Loan (as defined below) with FEL V Sponsor for an amount of approximately US$137 million (net of a US$24 million set-off for amounts owed by FEL V Sponsor to us under the MIGA Loan (as defined below), which we intend to terminate along with the related MIGA Policy (as defined below));

- Approximately US$33 million to fund the Debt Service Reserve Account in an amount equal to the Debt Service Reserve Requirement in the event an applicable Letter of Credit under the Letter of Credit Facility is not available on the Issue Date; and

- Approximately US$309 million (or approximately US$276 million in the event an applicable Letter of Credit under the Letter of Credit Facility is not available on the Issue Date to fund the Debt Service Reserve Account in an amount equal to the Debt Service Reserve Requirement) to pay a distribution to FEL V Sponsor (the "Distribution to FEL V Sponsor").

Certain of the Initial Purchasers or their affiliates may hold a portion of the borrowings under and/or be agents and/or lenders under our Existing Project Indebtedness. As a result, certain of the Initial Purchasers or their affiliates may receive a portion of the proceeds of the offering of the Notes in connection with the repayment of Existing Project Indebtedness.

EXCHANGE RATE INFORMATION

The following table sets forth, for the years and periods indicated, the period end, average, high and low exchange rates published by the Central Bank of Mexico expressed in Mexican pesos per U.S. dollar. The average annual rates presented in the following table were calculated by using the exchange rates on the last day of each month during the relevant period, whereas the average monthly rates were calculated by using the daily exchange rates for that month. The rates shown below are in nominal Mexican pesos that have not been restated in constant currency units. No representation is made that the Mexican peso amounts referred to in this offering memorandum could have been or could be converted into U.S. dollars at any particular rate or at all. Furthermore, the exchange rate for purposes of the convenience translation is not necessarily the same rate we used in preparing the Audited Annual Financial Statements and the Unaudited Interim Financial Statements, which means that U.S. dollar-denominated items, including U.S. dollar-denominated expenses and liabilities, may have been translated into Pesos using one exchange rate (or an average exchange rate) and have been re-translated into U.S. dollars for the convenience of the reader using the convenience translation exchange rate.

We cannot assure you that the Mexican federal government will maintain its current policies with respect to the Mexican peso or that the Mexican peso will not appreciate or depreciate significantly in the future.

	Central Bank of Mexico Exchange Rate[1]			
	Low	High	Average[1]	Period-End
Year ended December 31,				
2014	12.85	14.79	13.30	14.74
2015	14.56	17.38	15.88	19.66
2016	17.18	21.05	18.69	20.62
2017	17.49	21.91	18.91	19.66
2018	17.98	20.72	19.24	19.65
2019	18.77	20.13	19.26	18.86
Month ended				
January 2020	18.67	18.94	18.80	18.91
February 2020	18.57	19.78	18.84	19.78
March 2020	19.28	25.12	22.38	23.48
April 2020	23.56	24.86	24.27	23.93
May 2020	22.20	24.38	23.58	22.20
June 2020	21.58	22.97	22.27	22.97
July 2020	21.96	23.13	22.48	21.99
August 2020	21.92	22.78	22.23	22.12
September 2020	20.97	22.46	21.61	22.46
October 2020	20.88	22.36	21.38	21.38
Period ended				
November 10, 2020	20.62	21.38	21.05	20.62

(1) Source: Central Bank of Mexico.

CAPITALIZATION

The following table sets forth Tierra Mojada's and the Issuer's cash and cash equivalents and capitalization as of September 30, 2020 and June 5, 2020, respectively, on an actual basis and as adjusted to reflect the issuance of US$953,000,000 of the Notes offered hereby and the use of the proceeds from this offering, as described under "Use of Proceeds" as if these events had occurred on September 30, 2020 and on June 5, 2020. The financial information of Tierra Mojada and the Issuer presented below has been derived from the Unaudited Interim Financial Statements as of September 30, 2020 and the Issuer's Audited Interim Financial Statements as of June 5, 2020, respectively.

You should read this table together with "Summary Historical Financial Data," "Use of Proceeds," "Selected Historical Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations", the Unaudited Interim Financial Statements and the Issuer's Audited Interim Financial Statements included elsewhere in this offering memorandum.

	Actual		As Adjusted	
	Tierra Mojada[1]	**Issuer[2]**	**Tierra Mojada[3]**	**Issuer[4]**
			(US$)	
Cash and cash equivalents:	**91,508,475**	**17,902**	**91,508,475**	**309,494,260[5]**
DEBT				
Current debt	10,914,378[6]	-	-	-
Long-term debt	650,738,574[7]	-	610,890,861	-
Construction Hedging Agreements	56,079,720[8]	-	-	-
Senior Secured Notes offered hereby	-	-	-	953,000,000
Total Debt	**717,732,672**	**0**	**610,890,861**	**953,000,000**
EQUITY				
Capital stock	64,286,307	18,000	87,275,893	-
Accumulated deficit	(34,030,884)	-	(34,030,884)	-
Other comprehensive loss	(39,255,804)	-	(39,255,804)	-
Share premium account	-	550,000,000	-	550,000,000
Result of the period	(8,635,350)	(105,697)	(8,635,350)	(105,697)
Total Equity	**(17,635,731)**	**549,912,303**	**5,353,855**	**549,894,303**
Total Capitalization[9]	**689,182,563**	**549,912,303**	**616,244,717**	**1,502,894,303**

(1) Represents the cash and cash equivalents and capitalization of Tierra Mojada as of September 30, 2020.

(2) Represents the cash and cash equivalents and capitalization of the Issuer as of June 5, 2020.

(3) Represents the cash and cash equivalents and capitalization of Tierra Mojada to reflect the issuance of US$953,000,000 of the Notes offered hereby and the use of the proceeds from this offering, as if these events had occurred on September 30, 2020.

(4) Represents the cash and cash equivalents and capitalization of the Issuer to reflect the issuance of US$953,000,000 of the Notes offered hereby and the use of the proceeds from this offering, as if these events had occurred on June 5, 2020.

(5) In the event an applicable Letter of Credit under the Letter of Credit Facility is not available on the Issue Date to fund the Debt Service Reserve Account in an amount equal to the Debt Service Reserve Requirement, the adjusted cash and cash equivalents of the Issuer would be approximately $276,000,000.

(6) Current debt of Tierra Mojada as of September 30, 2020 consists of (i) the interest and commitment fees payable relating to the Construction Loan of US$8,774,396 and (ii) principal, interest and commitment fees payable relating to the VAT Facility of US$2,139,982. We intend to repay all of our current debt outstanding using the net proceeds of this offering. See "Use of Proceeds."

(7) Long-term debt of Tierra Mojada as of September 30, 2020 consists of (i) amounts due under the Construction Loan of approximately US$499,999,643, adjusted by the up-front commission paid at financial close, which is amortized over the life of the Construction Loan and for which the amount as of September 30, 2020 was US$7,992,593, plus (ii) the amount due under the Subordinated Loan of approximately US$158,731,524 (a sum which consists of approximately US$149,999,893 of outstanding principal and approximately US$8,731,631 of accrued interest). We intend to repay all of our long-term debt outstanding using the net proceeds of this offering and cash available at Tierra Mojada. See "Use of Proceeds."

(8) We intend to repay all of Tierra Mojada's debt outstanding under the Construction Hedging Agreements using the net proceeds of this offering and cash available at Tierra Mojada. See "Use of Proceeds."

(9) Total capitalization is equal to total debt, excluding current debt, plus total equity.

SELECTED HISTORICAL FINANCIAL DATA

The following tables present selected financial data for Tierra Mojada for each of the periods presented. The statements of financial position data as of September 30, 2020, and the statements of profit and loss and other comprehensive income and loss data and the statements of cash flows data for the nine-month period ended September 30, 2020 and 2019 are derived from the Unaudited Interim Financial Statements included elsewhere in this offering memorandum. The statements of financial position data as of December 31, 2019 and 2018, and the statements of profit and loss and other comprehensive income and loss data and the statements of cash flows data for the years ended December 31, 2019 and 2018 are derived from the Audited Annual Financial Statements included elsewhere in this offering memorandum.

The following tables should be read together with the Audited Annual Financial Statements and the Unaudited Interim Financial Statements, included elsewhere in this offering memorandum, as well as with the "Presentation of Financial and Other Information," "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations." The results of operations for the historical periods included in the following tables are not necessarily indicative of the results to be expected for future periods. In addition, see "Risk Factors" for a discussion of risk factors that could impact Tierra Mojada's future financial condition and results of operations.

Tierra Mojada commenced its Commercial Operation subsequent to the date of the Audited Annual Financial Statements and the Unaudited Interim Financial Statements.

STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME AND LOSS

	Nine-month period ended September 30,		Year ended December 31,	
	2020	2019	2019	2018
	(Unaudited)	(Unaudited)		
		(US$)		
Revenues	73,164,389	-	-	-
Cost of Sales	(49,522,097)	-	-	-
Other operating expenses	(14,760,449)	(3,999,764)	(5,578,946)	(3,105,417)
Results of operation	**8,881,843**	**(3,999,764)**	**(5,578,946)**	**(3,105,417)**
Financial income	1,593,855	452,563	1,456,103	1,281,239
Financial expense	(14,850,893)	(5,337,574)	(7,168,775)	(7,312,041)
Exchange differences	(4,260,155)	89,958	144,032	1,061,330
Financial loss	**(17,517,193)**	**(4,795,053)**	**(5,568,640)**	**(4,969,472)**
Profit / (Losses) before taxes	**(8,635,350)**	**(8,794,817)**	**(11,147,586)**	**(8,074,889)**
Income tax	-	-	(6,932,810)	(1,871,769)
Net Profit / (Losses)	**(8,635,350)**	**(8,794,817)**	**(18,080,396)**	**(9,946,658)**
Result of the profit and loss account other comprehensive results:	**(8,635,350)**	**(8,794,817)**	**(18,080,396)**	**(9,946,658)**
Valuation of financial derivative instrument	(39,255,804)	(20,767,806)	(15,334,526)	4,296,140
Comprehensive loss	**(47,891,154)**	**(29,562,623)**	**(33,414,922)**	**(5,650,518)**

STATEMENTS OF FINANCIAL POSITION

	Nine-month period ended September 30,	Year ended December 31,	
	2020	2019	2018
	(Unaudited)		
Assets	(US$)		
Current assets:	**103,658,357**	**28,930,305**	**40,217,809**
Cash and cash equivalent	91,508,475	10,851,404	1,194,543
Recoverable taxes	1,078,096	17,306,115	35,666,204
Other receivables	8,675,223	772,786	951
Derivate financial instruments	-	-	3,356,111
Other current assets	2,396,563	-	-
Long- term assets:	**630,787,456**	**601,859,677**	**472,585,423**
Intangible assets	268,518	269,625	-
Property, plant and equipment	575,508,872	559,461,536	442,853,973
Due from related parties	23,599,007	18,173,485	11,355,086
Deferred income taxes	31,402,106	23,944,362	15,595,132
Derivative financial instruments	-	-	2,781,232
Other financial assets	8,953	10,669	-
Total assets	**734,445,813**	**630,789,982**	**512,803,232**

	Nine-month period ended September 30,	Year ended December 31,	
	2020	2019	2018
	(Unaudited)		
Equity and liabilities			
Current liability:	**27,876,908**	**31,720,261**	**75,000,139**
Loans with credit institutions	10,914,378	11,025,732	29,066,130
Accounts payable	7,378,886	14,150,908	45,555,045
Due to related parties	8,071,633	6,435,383	267,972
Taxes payable	1,512,011	108,238	110,992
Non-current liabilities:	**724,204,636**	**584,148,824**	**438,512,012**
Loans with credit institutions	492,007,050	489,299,031	424,614,465
Loans with related parties	158,731,524	52,224,509	-
Derivate financial instruments	56,079,720	21,906,465	-
Deferred tax liabilities	17,386,342	20,718,819	13,897,547
Equity Net:	**(17,635,731)**	**14,920,897**	**(708,919)**
Net Equity	**(17,635,731)**	**14,920,897**	**(708,919)**
Capital stock	64,286,307	64,286,307	11,506,307
Accumulated deficit	(34,030,884)	(15,950,488)	(6,564,708)
Result of year	(8,635,350)	(18,080,396)	(9,946,658)
Other comprehensive results	(39,255,804)	(15,334,526)	4,296,140
Total equity net and liabilities	**734,445,813**	**630,789,982**	**512,803,232**

STATEMENTS OF CASH FLOWS

	Nine-month period ended September 30,		Year ended December 31,	
	2020	2019	2019	2018
	(Unaudited)	(Unaudited)		
			(US$)	
Cash flow from operating activities:	**3,156,253**	**(62,000,296)**	**(15,369,042)**	**(24,149,703)**
Loss before income taxes	(8,635,350)	(8,794,817)	(11,147,586)	(8,074,889)
Adjustments:				
Depreciation and amortization	6,555,961	33,354	54,936	7,174
Interest expenses	1,017,889	1,063,450	4,328,354	13,873,103
Interest income	-	-	(1,456,103)	(289,215)
Unrealized exchange rate fluctuation	2,557,261	512,663	560,878	(1,801,444)
Changes in current capital ((increase) decrease in):				
Recoverable taxes, mainly value added tax	16,228,019	(9,287,430)	18,360,089	(27,623,064)
Advanced payments	-	-	(771,835)	48,428
Receivables	(7,902,437)	(1,570)	-	-
Accounts payable	(6,772,022)	(44,934,533)	(31,404,137)	(140,697)
Due to related parties	1,636,250	(267,972)	6,167,411	(211,878)
Other current assets	(2,394,847)	-	(10,669)	56,632
Taxes payable	1,403,773	(21,719)	(2,754)	-
Differences conversion for income tax	(538,244)	(301,722)	(47,625)	6,147
Cash flow from investing activities:	**(23,469,321)**	**(78,391,989)**	**(95,675,604)**	**(233,423,701)**
Payment for investments	(23,469,321)	(78,391,989)	(95,675,604)	(233,423,701)
Cash flow from financing activities:	**100,970,139**	**147,501,575**	**120,701,506**	**257,945,871**
Capital contributions	-	52,780,000	52,780,000	-
Bank loans received	-	76,525,618	63,732,964	301,641,009
Bank loans paid	(111,354)	-	(18,040,398)	(24,327,963)
Accounts receivable from related parties	(5,425,522)	(5,109,947)	(6,818,399)	(6,292,349)
Loans with related parties	106,507,015	23,305,904	52,224,509	-
Interest net paid	-	-	(23,177,170)	(13,074,826)
Net increase / reduction of cash or equivalents:	**80,675,071**	**7,109,290**	**9,656,861**	**372,467**
Cash and cash equivalents at the beginning of the year	10,851,404	1,194,543	1,194,543	822,076
Cash and cash equivalents at the end of the year	91,508,475	8,303,833	10,851,404	1,194,543

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the information below together with "Presentation of Financial and Other Information," "Summary Historical Financial Data," "Capitalization," "Use of Proceeds" and "Selected Historical Financial Data" and our Financial Statements and related notes included elsewhere in this offering memorandum. The Financial Statements were prepared in accordance with IFRS.

This section contains forward-looking statements that involve risks and uncertainties. Our actual results may vary materially from those discussed in such forward-looking statements as a result of various factors, including, without limitation, those set forth in "Risk Factors" and other matters set forth in this offering memorandum.

The Issuer is a holding company and will continue to be a holding company upon completion of the issuance of the Notes. As a result, the Issuer's ability to meet its obligations depends primarily on (i) the earnings and cash flows of Tierra Mojada and (ii) the income the Issuer expects to recognize from the ability of Tierra Mojada to pay dividends or other amounts to the Issuer.

Tierra Mojada commenced its Commercial Operation subsequent to the date of the Audited Annual Financial Statements and the Unaudited Interim Financial Statements.

Overview

Supported by the strong, experienced leadership of Fisterra and Blackstone, Tierra Mojada developed, owns and operates a new, state-of-the-art 874.5 MW CCGT Power Plant located in Zapotlanejo, Jalisco, Mexico. The Power Plant achieved its Commercial Operation on October 28, 2020. The Power Plant was constructed by the EPC Contractors. The Power Plant has a full load heat rate of 6,163 Btu/kWh (based on HHV) and features the newest natural gas-fired combined-cycle combustion turbine technology available in the industry.

Substantially all of the Power Plant's output is contracted through four different power purchase agreements. The CFEC Contracted Capacity is committed to state-owned CFEC under the 20-year CFEC PPA. The obligation to pay the monthly capacity fee under the CFEC PPA is a take-or-pay provision whereby Tierra Mojada receives payment for the CFEC Contracted Capacity regardless of whether CFEC requires such capacity. CFEC's payment obligations under the CFEC PPA are backed by the CFEC PPA Guarantee, a parent guarantee from CFE, the Mexican state-owned electric utility which, as of the date hereof, is rated BBB/Baa1/BBB- by S&P, Moody's and Fitch, respectively.

The Remaining Contracted Capacity is committed under the Ektria PPAs, each of which expires on December 31 following the fourth anniversary of the Ektria Start Dates. The Remaining Contracted Capacity is in turn supplied by Ektria under three individual Offtaker PSAs between Ektria and each of (a) Tyasa for 150 MW (approximately 18% of the Contracted Capacity), (b) Grupo Acerero for 70 MW (approximately 8% of the Contracted Capacity) and (c) Cementos Moctezuma for 30 MW (approximately 4% of the Contracted Capacity). Each Offtaker PSA expires on December 31 following the fourth anniversary of the Ektria Start Dates. Under the Offtaker PSAs, Ektria, acting as a "qualified supplier" (who can enter the Mexican Electricity Market as a participating qualified supplier and purchase products in the Mexican Electricity Market or directly from GenCos), has agreed to supply the energy and capacity consumed by the facilities of the Offtakers that are considered "qualified users" (customers with more than 1 MW of peak demand) under current regulations. Our fixed and variable costs are structured as a full pass-through in each of the CFEC PPA, the Ektria PPAs and the Offtaker PSAs, whereby CFEC, Ektria and the Offtakers bear these costs.

The location of the Power Plant is shown on the map below:

Trends and Factors Affecting Our Results of Operations

The following sub-sections contain key factors that may affect our results of operations. These should be read in conjunction with the risks and uncertainties discussed under "Risk Factors."

Mexican Economic Environment

All of our operations are conducted in Mexico. As a result, our business, financial condition and results of operations depend on and may be affected by the general condition of the Mexican economy, over which we have no control.

The following table sets forth the year-over-year changes in Mexico of various economic indicators, including GDP, NCPI, the national producer price index, merchandise export growth and interest rates, as well as a comparison of these changes to the changes in the demand for electricity in Mexico for the years indicated.

Selected Economic Indicators for the Years Ended December 31, 2015 through 2019

	2015	2016	2017	2018	2019
Real GDP (% change)[(1)]	3.3	2.9	2.0	2.1	(0.1)
Change in Electricity Demand in Mexico (% change)[(3)]	2.9	2.8	3.5	2.7	–
National consumer price index (% change)[(2)]	2.1	3.4	6.8	4.8	2.8
National producer price index without oil (% change)[(1)]	2.8	8.5	4.7	6.4	0.8
Merchandise export growth without oil (% change)[(1)]	(5.4)	4.9	8.7	6.1	2.9
Interest rates (average % based on 28-day Cetes)[(2)]	3.0	4.2	6.7	7.6	7.8

Sources:
(1) INEGI
(2) Banco de México
(3) SENER

Mexico's GDP grew to 3.6% in 2012, 1.4% in 2013, 2.8% in 2014, 3.3% in 2015, 2.9% in 2016, 2.1% in 2017, 2.1% in 2018 and in 2019 was essentially flat. The recovery, which began in 2012, in recent years (i.e., 2017 and 2018), was largely driven by higher demand for exports due to improved industrial production in the United States which led to the growth of many sectors in the Mexican economy. However, Mexico's GDP growth slowed for the year ended December 31, 2019 and was essentially flat as compared to 2018, mostly driven by political and economic conditions in Mexico, namely, presidential, federal, congressional and several other elections which took place in Mexico in July 2018, as well as Fitch's and S&P's downgrade of Mexico's sovereign debt and PEMEX, which in turn deterred new investments in Mexico. The current U.S. governmental policies towards Mexico have created instability, uncertainty and may adversely affect the Mexican economy. Uncertainty as to Mexican politics or the Mexican economy could lead to a decrease in investor confidence in the Mexican market and a negative impact on the Mexican economy that, if prolonged, could affect our business, financial condition and results of operation. However, we believe our Power Plant's substantially fully contracted revenues through 2025 should mitigate potential negative impacts of the Mexican economy.

Additionally, given the 2013 energy reform, we expect that current macroeconomic dynamics in Mexico will continue to create opportunities for growth in the energy infrastructure sector over the next several years as demand for energy resources continues to grow. See "Risk Factors."

Major Maintenance Work Relating to Our Power Plant

Under the PPAs, Tierra Mojada guarantees a specific monthly and annual availability of the Power Plant. Such guaranteed availability thresholds have been structured based on the maintenance program provided by a subsidiary of GE (the gas turbine manufacturer and provider of the power island), which includes cost contingencies. The actual availability can differ from the guaranteed availability in a given period without penalty as long as the average availability within a three-year rolling period is per the guaranteed level.

In case the above-mentioned availability thresholds are not reached, under certain specific circumstances (i.e., excluding force majeure events, non-dispatch events or the Power Plant being under ancillary services), Tierra Mojada may be obligated to compensate the Offtakers with payments equal to the cost of acquiring energy and capacity in the wholesale market, such payments being limited by the agreed terms in the PPAs. See "Description of Certain Material Agreements." Although Tierra Mojada has contracted appropriate insurance policies covering such events of liability, we cannot assure you that, upon termination of such insurance policies, we will be able to renew or obtain a replacement insurance policy on favorable terms or at all. Payment of any such penalties mentioned above could adversely affect our results of operations and financial condition.

Significant Accounting Policies

This discussion and analysis of our financial condition and the results of operations is based upon Tierra Mojada's Audited Annual Financial Statements and Unaudited Interim Financial Statements included herein. The presentation of Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from these estimates and assumptions. The selection of significant accounting policies is a factor to be considered when reviewing Tierra Mojada's Audited Annual Financial Statements and Unaudited Interim Financial Statements. Certain of our accounting policies are discussed in more detail in Note 2 and Note 4 to the Audited Annual Financial Statements and Note 2 and Note 4 to the Unaudited Interim Financial Statements that appear in this offering memorandum beginning on page F-1. We believe the following significant accounting policies involve the most significant judgment and estimates used in the preparation of the Audited Annual Financial Statements and the Unaudited Interim Financial Statements.

Fair Value Measurements and Valuation Processes

Some of Tierra Mojada's liabilities are measured at fair value for financial reporting purposes. We define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using

another valuation technique. Our management has determined the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, we use market-observable data to the extent it is available and categorize such fair value measurements into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety and are defined as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included with Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

When Level 1 inputs are not available, we engage qualified external appraisers to perform the valuation. Our management works closely with the qualified external appraisers to establish the appropriate valuation techniques and inputs to the model.

Results of Operations

The Power Plant began operations on the provisional acceptance date, which occurred on June 17, 2020, and began its Commercial Operation on October 28, 2020. As a result, we have limited historical results of operations, which mainly consist of capital investments incurred in connection with the development and construction of the Power Plant. As of September 30, 2020, Tierra Mojada has capitalized approximately US$579,585,838 of assets related to the Power Plant, consisting primarily of the amounts due under the EPC Agreement.

Tierra Mojada's historical results of operations are not indicative of future results of operations because activities previously undertaken have been related to the development and construction of the Power Plant. Planned future activities include the operation of the Power Plant, which will provide us with revenue commencing in 2020. Please refer to the financial model in the Independent Engineer's Report for a base case of Tierra Mojada's future results of operations. See "Independent Engineer's Report."

Results of Operations for the Nine-Month Period Ended September 30, 2020 Compared to the Nine-Month Period Ended September 30, 2019.

	Nine-Month Period Ended September 30,		Variance	
(US$)	**2019**	**2020**	**2019 vs. 2020**	
	(Unaudited)	**(Unaudited)**		
Revenues	-	73,164,389	73,164,389	100%
Cost of Sales	-	(49,522,097)	(49,522,097)	100%
Other operating expenses	(3,999,764)	(14,760,449)	(10,760,685)	269%
Results of operation	**(3,999,764)**	**8,881,843**	**12,881,607**	**(322)%**
Financial income	452,563	1,593,855	1,141,292	252%
Financial expense	(5,337,574)	(14,850,893)	(9,513,319)	178%
Exchange differences	89,958	(4,260,155)	(4,350,113)	(4,836)%
Financial loss	**(4,795,053)**	**(17,517,193)**	**(12,722,140)**	**265%**
Result of the profit and loss account other comprehensive results:	(8,794,817)	(8,635,350)	159,467	**(2)%**
Valuation of financial derivative instrument	(20,767,806)	(39,255,804)	(18,487,998)	89%
Comprehensive loss	**(29,562,623)**	**(47,891,154)**	**(18,328,531)**	**62%**

In the nine-month periods ended September 30, 2020 and 2019, respectively, Tierra Mojada's revenues were US$73,164,389 and US$0 and its cost of sales were US$49,522,097 and US$0. This increase in 2020, as compared to 2019, in both revenues and cost of sales is due to revenues received and cost of sales incurred during the testing period in early 2020. In the nine-month periods ended September 30, 2020 and 2019, Tierra Mojada incurred approximately US$14,760,449 and US$3,999,764, respectively, of other operating expenses in connection with the Project. Due to the fluctuation in other operating expenses and the increase in both revenues and cost of sales for 2020, Tierra Mojada's results of operation in the nine-month periods ended September 30, 2020 and 2019 was US$8,881,843 and US$(3,999,764), respectively.

In the nine-month periods ended September 30, 2020 and 2019, Tierra Mojada's financial income was US$1,593,855 and US$452,563, respectively. This increase in 2020, as compared to 2019, is primarily due to the increase in the cash available in the nine-month period ended September 30, 2020 with respect to September 30, 2019 and in the long-term receivables from related parties. In the nine-month periods ended September 30, 2020 and 2019, Tierra Mojada's financial expense was US$14,850,893 and US$5,337,574, respectively. The increased financial expenses in 2020, as compared to 2019, are due to the capitalization of financial expenses as fixed assets through June 2020 and their amortization thereafter. In the nine-month periods ended September 30, 2020 and 2019, Tierra Mojada's exchange differences expense/(income) was US$4,260,155 and US$(89,958), respectively. The increased expenses in 2020, as compared to 2019, are due to the fluctuation of the Mexican pesos with respect to the U.S. dollar in the nine-month period ended September 30, 2020 with respect to September 30, 2019. For the reasons specified above, Tierra Mojada's financial loss for the nine-month periods ended September 30, 2020 and 2019 was US$17,517,193 and US$4,795,053.

Due to the factors specified above, Tierra Mojada's net profit/(losses) in the nine-month periods ended September 30, 2020 and 2019 was US$(8,635,350) and US$(8,794,817), respectively.

In the nine-month periods ended September 30, 2020 and 2019, Tierra Mojada's valuation of financial derivative instruments net of taxes was US$39,255,804 and US$20,767,806. This increase in 2020, as compared to 2019, is due to fluctuations of the interest rate in the nine-month period ended September 30, 2020 with respect to September 30, 2019. Due to the above factors, Tierra Mojada's comprehensive loss in each of the nine-month periods ended September 30, 2020 and 2019 was US$47,891,154 and US$29,562,623, respectively.

Results of Operations for the Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018.

	Year Ended December 31,		Variance	
(US$)	**2018**	**2019**	**2018 vs. 2019**	
Other operating expenses	(3,105,417)	(5,578,946)	(2,473,529)	(80)%
Results of operation	**(3,105,417)**	**(5,578,946)**	**(2,473,529)**	**(80)%**
Financial income	1,281,239	1,456,103	174,864	14%
Financial expense	(7,312,041)	(7,168,775)	143,266	2%
Exchange differences	1,061,330	144,032	(917,298)	(86)%
Financial loss	**(4,969,472)**	**(5,568,640)**	**(599,168)**	**(12)%**
Loss before taxes	**(8,074,889)**	**(11,147,586)**	**(3,072,697)**	**(38)%**
Income tax	(1,871,769)	(6,932,810)	(5,061,041)	(270)%
Loss net profit	**(9,946,658)**	**(18,080,396)**	**(8,133,738)**	**(82)%**
Result of the profit and loss account other comprehensive results:	**(9,946,658)**	**(18,080,396)**	**(8,133,738)**	**(82)%**
Valuation of financial derivative instrument	4,296,140	(15,334,526)	(19,630,666)	(457)%
Comprehensive loss	**(5,650,518)**	**(33,414,922)**	**(27,764,404)**	**(491)%**

In the years ended December 31, 2019 and 2018, Tierra Mojada incurred approximately US$5,578,946 and US$3,105,417, respectively, of other operating expenses in connection with the Project. The increase in 2019, as compared to 2018, is primarily due to the increase in costs related to pre-operation and maintenance activities, social

and environmental activities and the payment of real estate and water extraction taxes. Due to the fluctuation in other operating expenses, Tierra Mojada's results of operation in the years ended December 31, 2019 and 2018 was US$(5,578,946) and US$(3,105,417), respectively.

In the years ended December 31, 2019 and 2018, Tierra Mojada's financial income was US$1,456,103 and US$1,281,239, respectively. This increase in 2019, as compared to 2018, is primarily due to the increase in the financial interest related to the bank accounts and to the VAT returns received from the SAT. In the years ended December 31, 2019 and 2018, Tierra Mojada's financial expense was US$7,168,775 and US$7,312,041, respectively. The decreased expenses in 2019, as compared to 2018, are immaterial. For the reasons specified above, Tierra Mojada's financial loss for the years ended December 31, 2019 and 2018 was US$(5,568,640) and US$(4,969,472).

In the years ended December 31, 2019 and 2018, Tierra Mojada's loss before taxes was US$(11,147,586) and US$(8,074,889), respectively. This increased loss in 2019, as compared to 2018, is mainly due to the increase of other operation expenses as explained above. In the years ended December 31, 2019 and 2018, Tierra Mojada's deferred income tax was US$(6,932,810) and US$(1,871,769), respectively. This increase in deferred income tax in 2019, as compared to 2018, is due to the increase in the taxable result and temporal differences in the estimates of the corporate income tax due in 2019 with respect to 2018. Due to the factors specified above, Tierra Mojada's net loss in the years ended December 31, 2019 and 2018 was US$(18,080,396) and US$(9,946,658), respectively.

In the years ended December 31, 2019 and 2018, Tierra Mojada's valuation of financial derivative instruments net of taxes was US$(15,334,526) and US$4,296,140. This decrease in 2019, as compared to 2018, is mostly a result of MtM changes in the valuation of interest rate derivatives of Tierra Mojada at the end of each year. Due to the above factors, Tierra Mojada's comprehensive loss in each of the years ended December 31, 2019 and 2018 was US$(33,414,922) and US$(5,650,518), respectively.

Liquidity and Capital Resources

Liquidity

(US$)	Nine-Month Period Ended September 30,		Year Ended December 31,	
	2020	2019	2019	2018
	(Unaudited)	(Unaudited)		
Net cash provided by operating activities	3,156,253	(62,000,296)	(15,369,042)	(24,149,703)
Net cash provided by investing activities	(23,469,321)	(78,391,989)	(95,675,604)	(233,423,701)
Net cash provided by (used in) financing activities	100,970,139	147,501,575	120,701,506	257,945,871
Cash and cash equivalents at end of period	91,508,475	8,303,833	10,851,404	1,194,543

Existing Project Indebtedness

(US$)	Nine-Month Period Ended September 30, 2020	Year Ended December 31, 2019
	(Unaudited)	
Current debt, net	10,914,378[(1)]	11,025,732[(3)]
Long-term debt	650,738,574[(2)]	541,523,540[(4)]
Total debt facilities	**661,652,952**	**552,549,272**

(1) Current debt of Tierra Mojada as of September 30, 2020 consists of (i) the interest and commitment fees payable relating to the Construction Loan of US$8,774,396 and (ii) principal, interest and commitment fees payable relating to the VAT Facility of US$2,139,982. We intend to repay all of our current debt outstanding using the net proceeds of this offering. See "Use of Proceeds."

(2) Long-term debt of Tierra Mojada as of September 30, 2020 consists of (i) amounts due under the Construction Loan of approximately US$499,999,643, adjusted by the up-front commission paid at financial close, which is amortized over the life of the Construction Loan and for which the amount as of September 30, 2020 was US$7,992,593, plus (ii) the amount due under the Subordinated Loan of approximately US$158,731,524 (a sum which consists of approximately US$149,999,893 of outstanding principal and approximately US$8,731,631 of accrued interest). We intend to repay all of our long-term debt outstanding using the net proceeds of this offering and cash available at Tierra Mojada. See "Use of Proceeds."

(3) Current debt as of December 31, 2019 consists of amounts due under the VAT Facility, including (i) the principal amount of approximately US$10,135,209 and (ii) the interest payable of approximately US$890,523. We intend to repay all of our current debt outstanding under the VAT Facility using the net proceeds of this offering. See "Use of Proceeds."

(4) Long-term debt as of December 31, 2019 consists of (i) amounts due under the Construction Loan of approximately US$499,999,643, adjusted by the up-front commission paid at financial close, which is amortized over the life of the Construction Loan and for which the amount as of December 31, 2019 was US$10,700,612, plus (ii) the amount due under the Subordinated Loan of approximately US$52,224,509 (a sum which consists of US$51,220,000 of outstanding principal and US$1,004,509 of accrued interest). We intend to repay all of our long-term debt outstanding using the net proceeds of this offering and cash available at Tierra Mojada. See "Use of Proceeds."

Our existing project indebtedness consists of (i) the Construction Loan with an outstanding principal amount of approximately US$499,999,643 and an interest rate of adjusted LIBOR plus a margin of 2.00% as of the Issue Date, and scheduled to mature on the earlier of (a) June 19, 2026 and (b) the date of acceleration of the obligations upon an event of default under the Construction Loan, (ii) the liabilities under the Construction Hedging Agreements in an amount, subject to fluctuation based on applicable interest rate movements, of approximately US$60,000,000 as of November 16, 2020, (iii) the Subordinated Loan with FEL V Sponsor in an outstanding principal amount of approximately US$149,999,893 as of the Issue Date, and (iv) the VAT Facility with an outstanding principal amount of approximately Ps. 46,291,336 (equivalent to approximately US$2,061,305) and an interest rate of TIIE plus a margin of 2.00% as of the Issue Date, and scheduled to mature on June 19, 2026 (collectively, the "Existing Project Indebtedness"). The Existing Project Indebtedness we intend to repay includes the Construction Loan, the unwinding of the Construction Hedging Agreements, the repayment of the Subordinated Loan with FEL V Sponsor (after setting off amounts owed by FEL V Sponsor to us under the MIGA Loan), and the repayment of the VAT Facility. We intend to terminate or amend and restate the existing security documents and release the security interests created thereunder securing such Existing Project Indebtedness following the repayment thereof. We intend to terminate the MIGA Loan and the related MIGA Policy. See "Use of Proceeds."

The following description summarizes material terms of certain of Tierra Mojada's credit arrangements, including a description of certain covenants contained in such credit arrangements. The following description is only a summary and does not purport to describe all of the terms of the credit arrangements that may be important.

Construction Loan

On June 19, 2017, Tierra Mojada entered into that certain credit agreement by and among Tierra Mojada, the lenders and issuing banks from time to time party thereto prior to the Issue Date (the "Construction Lender Parties"), Société Générale, as administrative agent (in such capacity together with its successors and permitted assigns in such capacity, the "Construction Administrative Agent") and collateral agent for the secured parties thereunder (in such capacity together with its successors and permitted assigns in such capacity, the "Construction Collateral Agent") and the other persons from time to time party thereto prior to the Issue Date, in connection with the development, construction and maintenance of the Power Plant (as amended, amended and restated, supplemented or otherwise modified from time to time prior to the Issue Date, the "Construction Loan").

As of September 30, 2020, we owed US$499,999,643 for the Construction Loan, adjusted by the up-front commission paid at financial close, which is amortized over the life of the Construction Loan and for which the amount as of September 30, 2020 was US$7,992,593. The proceeds from the Construction Loan were used, together with equity contributions and subordinated loans from FEM V Sponsor and its affiliates, to finance the development, design, construction, commissioning, testing, start-up and operation of the Power Plant. We intend to use a portion of the net proceeds of this offering to repay in full all outstanding obligations thereunder and terminate the Construction Loan and all related documentation, including liens on the collateral securing such debt, on the Issue Date.

Construction Hedging Agreements

The Construction Loan is payable to the lenders at variable interest rates based on adjusted LIBOR, plus a margin. To manage our exposure to changes in LIBOR, on June 19, 2017 Tierra Mojada entered into non-speculative interest rate hedging agreements (the "Construction Hedging Agreements") with certain counterparties (the "Construction Hedge Providers") to protect against the risk of interest rate fluctuation in relation to the Construction Loan. We intend

to use a portion of the net proceeds of this offering to repay in full all outstanding obligations thereunder and unwind the Construction Hedging Agreements and all related documentation on the Issue Date.

Equity Contribution Agreement

Tierra Mojada entered into an equity contribution agreement governed by New York law and dated as of June 19, 2017 (the "Equity Contribution Agreement") with the Sponsors, the Construction Administrative Agent and the Construction Collateral Agent (as defined below). Pursuant to the Equity Contribution Agreement, the Sponsors agreed to make base equity contributions to Tierra Mojada in an aggregate amount of US$214,285,561.63. As of September 30, 2020, the Sponsors have made several capital contributions to Tierra Mojada for a total of approximately US$64,286,307 (the "Contributed Equity").

Subordinated Loan Agreement

On June 19, 2017, Tierra Mojada entered into a subordinated credit agreement governed by Mexican law with FEL V Sponsor, as the subordinated creditor, and FEM V Sponsor, as the guarantor (the "Subordinated Loan Agreement"). As of September 30, 2020, the amount outstanding under the Subordinated Loan Agreement, including accrued interest, was US$158,731,524 (the "Subordinated Loan"). The aggregate amount outstanding under the Subordinated Loan Agreement as of the Issue Date is approximately US$160,869,022 (a sum which consists of approximately $149,999,893 of outstanding principal and approximately US$10,869,129 of accrued interest). We intend to use a portion of the net proceeds of this offering to repay the Subordinated Loan in full (after setting off approximately US$23,774,962 for amounts owed by FEL V Sponsor to Tierra Mojada under the MIGA Loan, which we intend to terminate along with the related MIGA Policy). Upon repayment of the Subordinated Loan in full, we intend to terminate the Subordinated Loan and all related documentation, including liens on the collateral securing such debt, on the Issue Date.

VAT Facility

On June 19, 2017, Tierra Mojada entered into a Mexican law-governed term loan facility (the "VAT Facility") with Nacional Financiera, S.N.C., Institución de Banca de Desarrollo ("NAFIN"), in order to borrow up to Ps. 2.0 billion to pay the amounts corresponding to the value added tax applicable to the Project's costs. As of September 30, 2020, Tierra Mojada had Ps. 46,291,336 (equivalent to approximately US$2,061,305) of principal outstanding and US$78,677 of interest payable under the VAT Facility.

On the Issue Date, Tierra Mojada will have approximately Ps. 46,291,336 (equivalent to approximately US$2,061,305) aggregate principal amount of indebtedness under the VAT Facility. We intend to use a portion of the net proceeds of this offering to repay the VAT Facility in full. Upon repayment of the VAT Facility in full, we intend to terminate the VAT Facility and all related documentation, including any liens on the collateral securing such debt, on the Issue Date.

Capital Expenditures

As the construction of the Power Plant was recently completed on the provisional acceptance date, which occurred on June 17, 2020, the majority of disbursements made to date have qualified as capital expenditures. These disbursements include payments for the equipment acquisition and expenses directly related to the procurement, delivery and insurance of those investments, and payment for the equipment, services and labor associated with permits, land acquisition and construction activities to date.

Contingent Liabilities

We may become liable for contingent liabilities under certain material agreements entered into by Tierra Mojada relating to the ownership, development, construction and operation of the Power Plant, such as liquidated damages or liabilities relating to legal matters. For a description of known situations in which we may become liable for such items, see "Description of Certain Material Agreements."

Dividend Policy

The payment of dividends by Tierra Mojada, their amount and the date of payment are determined by a majority vote of partners of Tierra Mojada at the partners' annual meeting, based upon a recommendation by Tierra Mojada's Board of Managers. Under Mexican law, dividends may only be paid from retained earnings included in the financial statements that have been approved by the partners if (i) losses from previous fiscal years have been recovered and (ii) the company has increased its legal reserve by at least 5% of its annual net profits, until such reserve reaches 20% of the company's capital stock.

To the extent the partners of Tierra Mojada approve dividends or capital reductions which are needed to repay the Notes, such dividends or capital reductions may be subject to Mexican income tax at the Tierra Mojada level and/or at the partners' or shareholders' level.

Off-Balance Sheet Arrangements

Tierra Mojada has no off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

Capital Risk

We manage our capital to ensure that we will be able to continue as an ongoing business while maximizing returns to our partners by optimizing our debt and capital balances. We are not subject to any external requirement for the administration of our capital.

Currency Exchange Risk

While we do perform transactions denominated in foreign currency and the currency exchange rates could change over time, as of September 30, 2020 and December 31, 2019, we do not believe we have any direct material exposure to currency exchange risk. Substantially all obligations pursuant to our material agreements are denominated and payable in dollars. Such rates generally depend on factors such as economic, financial, political and other events and the supply of and demand for the relevant currency, in this case the dollar. In recent years, rates of exchange for certain currencies have been highly volatile, and such volatility may be expected in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in the exchange rate that may occur during the term of the Notes. However, if we are unable to extend or replace the Ektria PPAs on similar terms, and as such were to sell the Remaining Contracted Capacity in the Mexican Electricity Market where prices are denominated in Pesos, we could be exposed to currency exchange risks, though this impact should be mitigated by the fact that prices in the Mexican Electricity Market are currently generally set by commodities (e.g. natural gas, LNG and fuel oil) that are denominated in U.S. dollars. See "Risk Factors—Risks Relating to Our Business and Industry—Changes in the relative value of the peso to the U.S. dollar may adversely affect us", Note 8 to the Unaudited Interim Financial Statements and Note 8 the Audited Annual Financial Statements."

Interest Rate Risk

We are partially exposed to risks in interest rates because we have a portion of unhedged variable interest rates. However, following the issuance of the Notes and application of the proceeds thereunder, the only outstanding obligations that will expose us to variable interest rates will be certain Letters of Credit under the Letter of Credit Facility.

Liquidity Risk

We have established an appropriate framework for the administration of this risk for the administration of short-, medium- and long-term financial and liquidity management requirements. We manage liquidity risk by maintaining

adequate reserves, banking facilities and for obtaining loans, through continuous monitoring of projected and actual cash flows, and reconciling the maturity profiles of financial assets and liabilities.

BUSINESS OVERVIEW

Information about the Issuer and Tierra Mojada

The Issuer is a holding company whose sole purpose is to consummate this offering and serve as the indirect holding company of Tierra Mojada, which is guaranteeing the Notes. Prior to this offering, the Issuer has not engaged in any activities and has no material assets or liabilities. The shares of the Issuer are wholly owned by FEL V Sponsor, which is an affiliate of certain investment funds managed by Blackstone.

As of the date of the offering memorandum, the Issuer indirectly owns approximately 99% of the outstanding equity interests of Tierra Mojada. The Issuer's indirect interest in Tierra Mojada represents all of its assets. The Issuer does not hold equity interests or shares of any company other than FEN V, which in turn holds a 99.5% interest in FEM V Sponsor, Tierra Mojada's majority equity holder. FEN V and FEM V Sponsor do not hold equity interests or shares of any company other than in FEM V Sponsor and Tierra Mojada, respectively. For more information, see "— Our Corporate Structure."

Tierra Mojada was formed on November 3, 2014 for the purpose of developing, building and operating a CCGT and generating electricity for sale to the Mexican Electricity Market. FEL V Sponsor holds 0.5% of Tierra Mojada's equity interests and FEM V Sponsor holds 99.5% of Tierra Mojada's equity interests through the Mexican Trust Agreement. For more information, see "Principal Equity Holders."

The Power Plant

Supported by the strong, experienced leadership of Fisterra and Blackstone, Tierra Mojada developed, owns and operates a new, state-of-the-art 874.5 MW CCGT Power Plant located in Zapotlanejo, Jalisco, Mexico. The Power Plant achieved its Commercial Operation on October 28, 2020. The Power Plant was constructed by the EPC Contractors. The Power Plant has a full load heat rate of 6,163 Btu/kWh (based on HHV) and features the newest natural gas-fired combined-cycle combustion turbine technology available in the industry.

Substantially all of the Power Plant's output is contracted through four different power purchase agreements. The CFEC Contracted Capacity is committed to state-owned CFEC under the 20-year CFEC PPA. The obligation to pay the monthly capacity fee under the CFEC PPA is a take-or-pay provision whereby Tierra Mojada receives payment for the CFEC Contracted Capacity regardless of whether CFEC requires such capacity. CFEC's payment obligations under the CFEC PPA are backed by the CFEC PPA Guarantee, a parent guarantee from CFE, the Mexican state-owned electric utility which, as of the date hereof, is rated BBB/Baa1/BBB- by S&P, Moody's and Fitch, respectively.

The Remaining Contracted Capacity is committed under the Ektria PPAs, each of which expires on December 31 following the fourth anniversary of the Ektria Start Dates. The Remaining Contracted Capacity is in turn supplied by Ektria under three individual Offtaker PSAs between Ektria and each of (a) Tyasa for 150 MW (approximately 18% of the Contracted Capacity), (b) Grupo Acerero for 70 MW (approximately 8% of the Contracted Capacity) and (c) Cementos Moctezuma for 30 MW (approximately 4% of the Contracted Capacity). Each Offtaker PSA expires on December 31 following the fourth anniversary of the Ektria Start Dates. Under the Offtaker PSAs, Ektria, acting as a "qualified supplier" (who can enter the Mexican Electricity Market as a participating qualified supplier and purchase products in the Mexican Electricity Market or directly from GenCos), has agreed to supply the energy and capacity consumed by the facilities of the Offtakers that are considered "qualified users" (customers with more than 1 MW of peak demand) under current regulations. Our fixed and variable costs are structured as a full pass-through in each of the CFEC PPA, the Ektria PPAs and the Offtaker PSAs, whereby CFEC, Ektria and the Offtakers bear these costs.

The location of the Power Plant is shown on the map below:

Our History

In early 2013, certain investment funds managed by Blackstone announced a partnership with an experienced management team, led by former executives from Iberdrola with a wide experience in developing and constructing electrical assets including CCGTs, solar plants, wind farms, transmission lines, and developing and managing electricity and gas supply companies. This partnership resulted in the creation of Fisterra, a company owned by funds managed by Blackstone on behalf of its private equity investors aimed at identifying, developing and investing in large scale independent power projects worldwide, like ours, that generate potential attractive returns.

Tierra Mojada is a direct subsidiary of FEM V Sponsor, which is a wholly owned subsidiary of certain investment funds managed by Blackstone. Founded in 1985, Blackstone is among the world's largest asset managers, responsible for managing approximately US$584.4 billion of assets as of September 30, 2020. Certain investment funds managed by Blackstone and Fisterra have an extensive and successful track record of investing in exceptional companies across a broad range of geographies and throughout the full energy value-chain, generating top-quartile returns, having built more than 8,000 MW of power projects in more than 15 countries, and developed, constructed or operated over 30 GW of conventional and renewable energy projects around the world over the last two decades.

In 2014, Tierra Mojada began its development of the Power Plant by selecting a region with strong growth dynamics and tightening electricity supply in which to build the project. Additionally, Tierra Mojada initiated the administrative work needed to obtain all the necessary permits and licenses to begin the construction of the Power Plant.

In December 2016, Tierra Mojada and CFEC entered into the CFEC PPA, whereby Tierra Mojada agreed to sell and CFEC agreed to purchase the CFEC Contracted Capacity. During this time, the Mexican Electricity Market was liberalized through a package of constitutional amendments and the implementation of new regulations; this led to the ability of the private sector to actively participate in the generation, commercialization and supply of energy. Tierra Mojada was one of the first privately owned generators to sign a PPA with a qualified supplier after the liberalization of the market.

Tierra Mojada signed the Interconnection Agreement with CFE Transmisión in February 2017, securing its interconnection to the national transmission grid. In March 2017, Tierra Mojada secured 100% of its natural gas needs by entering into the Natural Gas Supply Agreement with CFEnergía for a term of approximately 20 years, whereby

CFEnergía agreed to deliver natural gas on site at a price indexed to the Waha Hub. This provides Tierra Mojada with a competitive low-cost source of fuel compared to other generators in Mexico because of the Waha Hub's proximity to low-cost oil and associated gas production from the Permian Basin. Tierra Mojada's access to fuel is further strengthened by (i) CFEnergía's obligation to transport and deliver natural gas directly to the Power Plant site and (ii) in exchange for a fixed capacity reservation fee, the fact that Tierra Mojada only has to pay for the amount of gas it requires on a daily basis per its Natural Gas Supply Agreement.

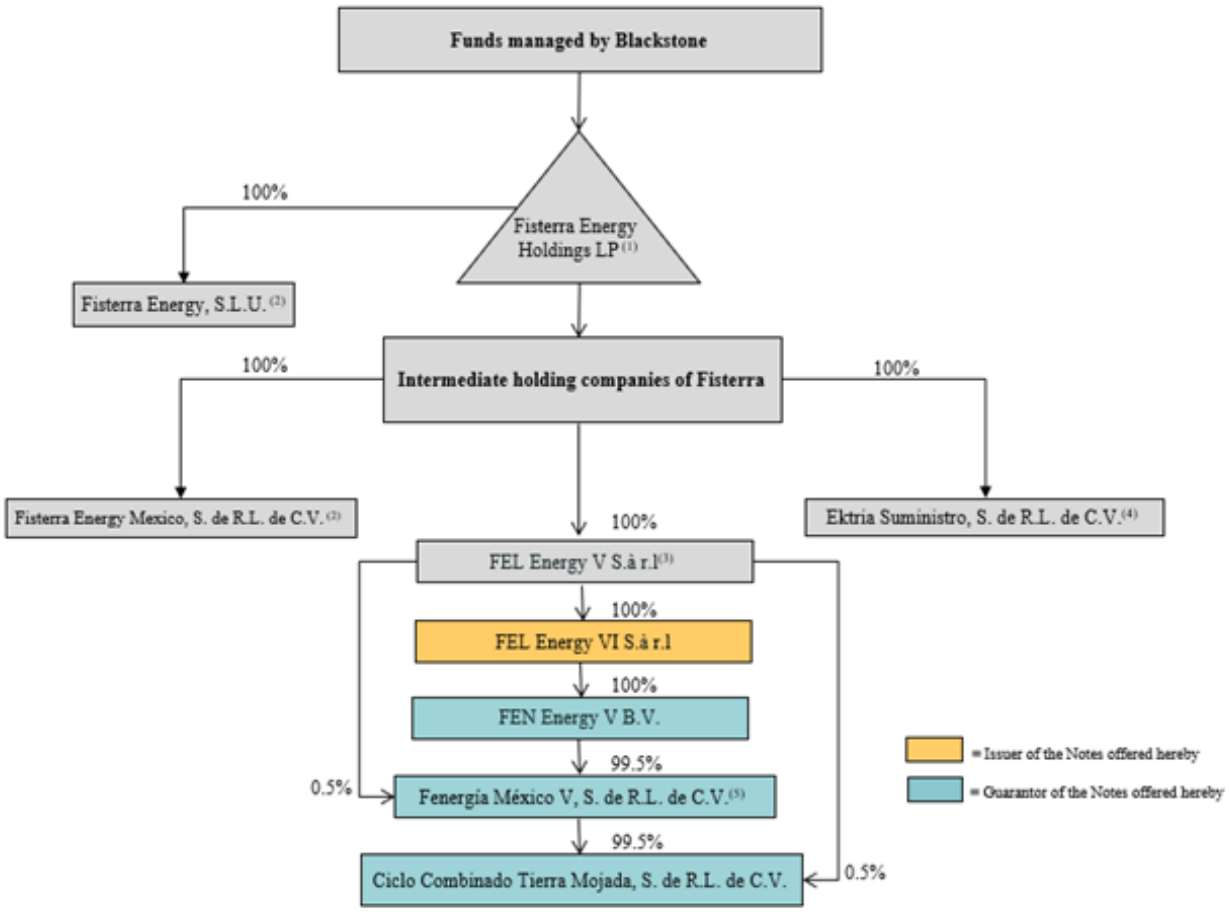
In June 2017, Tierra Mojada entered into its Construction Loan and notified the EPC Contractors to proceed with construction. During the construction phase, Tierra Mojada continued its commercialization activities and further de-risked the Power Plant's cash flows by successfully securing contracts with its affiliate Ektria for the Remaining Contracted Capacity of the Power Plant (approximately 250 MW) backed by three different PSAs signed with well-known, local counterparties: Tyasa, Grupo Acerero and Cementos Moctezuma. With this milestone, Tierra Mojada consolidated its Contracted Capacity and now has a fully contracted power plant.

On May 25, 2020, FEL V Sponsor incorporated the Issuer and, on June 5, 2020, FEL V Sponsor contributed to the Issuer the equity interests of FEN V owned by FEL V Sponsor, thereby becoming the indirect owner of Tierra Mojada.

The Power Plant achieved its Commercial Operation on October 28, 2020.

Our Corporate Structure

The following diagram illustrates our corporate structure:



(1) Fisterra Energy Holdings LP is wholly owned by investment funds managed by The Blackstone Group Inc.

(2) Fisterra Energy Mexico, S. de R.L. de C.V. and Fisterra Energy, S.L.U. are the Management Service Providers under the Management Services Agreement.

(3) FEL Energy V S.à r.l. is wholly owned by certain intermediate holding companies owned by Fisterra Energy Holdings LP.

(4) Ektria Suministro, S. de R.L. de C.V. is wholly owned by certain intermediate holding companies owned by Fisterra Energy Holdings LP and is party to the Ektria PPAs and the Offtaker PSAs.

(5) Fenergía México V, S. de R.L. de C.V. is wholly owned by certain intermediate holding companies owned by Fisterra Energy Holdings LP and holds 99.5% of Tierra Mojada's equity interests through the Mexican Trust Agreement.

Our Competitive Strengths

We believe the following competitive strengths distinguish us from our competitors and are critical to the continued successful execution of our strategy.

Significant U.S. Dollar-Denominated Contracts for approximately 100% of Power Plant Capacity

Nearly all of our contracted revenues are derived from our U.S. dollar-denominated PPAs with high-quality offtakers contractually committed to purchasing, in the aggregate, substantially all of our projected energy and capacity output. Approximately 70% of our output, the CFEC Contracted Capacity, is committed to state-owned CFEC for 20 years under the CFEC PPA guaranteed by CFE (which, as of the date hereof, is rated BBB/Baa1/BBB- by S&P, Moody's and Fitch, respectively) and the remaining nearly 30% of our output, the Remaining Contracted Capacity, is committed under the Ektria PPAs. The Remaining Contracted Capacity is in turn supplied by Ektria under the Offtaker PSAs with Tyasa, Grupo Acerero and Cementos Moctezuma. Our fixed and variable costs are structured as a full pass-through in each of the CFEC PPA, the Ektria PPAs and the Offtaker PSAs, whereby CFEC, Ektria and the Offtakers bear these costs.

Brand-new, Highly Efficient Gas-Fired Generation Facility

The Power Plant utilizes two brand-new GE 7HA.02 gas turbines, one of GE's largest and most efficient modern gas turbines. The H-Class turbine is an evolution of GE's F-Class turbine, the most widely used gas turbine in the world according to GE, with more than 1,100 installed units and 50 million fired hours in service as of October 2019. The 7HA.02 utilizes a four-stage turbine section, which is a direct improvement on the three-stage turbine section used in F-Class turbines, with improved features that result in lower heat rates and higher efficiency, driven by air-cooling systems and aerodynamic internal designs.

Advantageous Low-Cost Gas Access to the Waha Hub and Supply Contract

According to PA Consulting, the Power Plant's firm gas arrangement pursuant to the Natural Gas Supply Agreement (which is indexed to Waha Hub natural gas) provides for a favorable price advantage and protection against potential natural gas market risks, including natural gas unavailability (currently a significant risk for many generators in Mexico that do not have firm transportation agreements). The marginal price-setting fuel in the Mexican market is usually Houston Ship Channel or Liquefied Natural Gas, each of which trade at a premium to the Waha Hub natural gas. Tierra Mojada's gas supply is readily available to the Power Plant through primary gas lines and a 6-kilometer lateral pipeline.

The Power Plant's firm Natural Gas Supply Agreement provides for 100% of the Power Plant's natural gas needs, providing protection against potential natural gas market risks including supply unavailability, which is a significant issue for some Mexican generators. The payment obligations of Tierra Mojada's counterparty in the Natural Gas Supply Agreement are backed by a parent guarantee from the CFE, the Mexican state-owned electric utility.

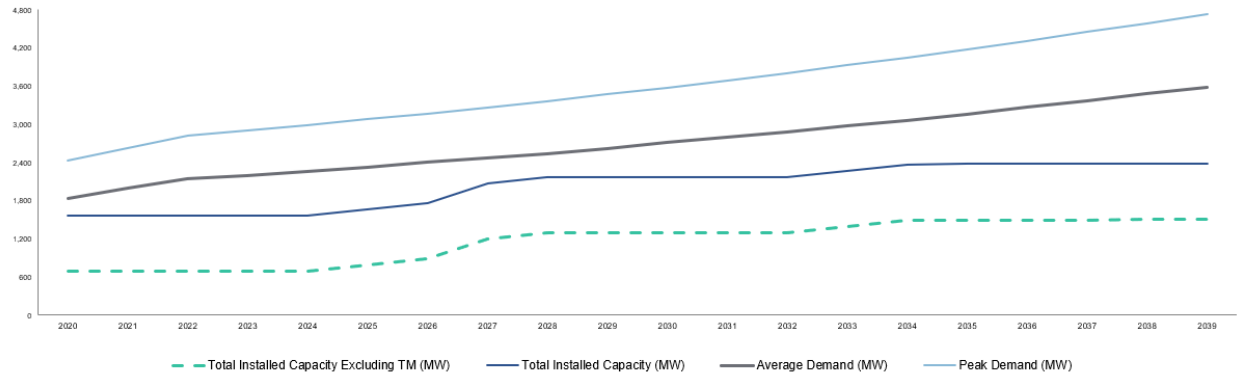
CFEnergía has access to the following separate gas supply routes: (i) the primary pipeline, which started commercial operation on October 1, 2020, that runs from the Waha Hub to the Villa de Reyes-Aguascalientes-Guadalajara pipeline, and (ii) the SISTRANGAS gas transportation system owned by CENAGAS. Pursuant to the Natural Gas Supply Agreement, CFEnergía is required to deliver our natural gas at the contracted price regardless of which supply route they choose.

Strategic Location in a Region with Growing Demand and Limited New Projects

Over the next several years, Mexico is expected to experience a tightening power supply/demand balance due primarily to high load growth and the retirement of older, high-cost and inefficient power generation, which is expected to outpace construction of new generation facilities. According to PA Consulting, the Mexican market is projected to require additional supply (beyond announced upcoming facilities) by 2023 to maintain its target reserve margin of 15.3%.

The Power Plant is strategically located near the city of Guadalajara, an area that the Independent Energy Market Expert expects to remain an energy-importing region for the foreseeable future (i.e., Guadalajara has more power demand than can be served by installed capacity in the region). According to SENER, peak demand in the region is projected to grow at 3.4% *per annum* through 2033, slightly higher than the overall Mexican market projection of approximately 3.1% of peak demand growth. For 2019, peak demand in Mexico's western control region, where the Guadalajara area is located, is expected to grow by 4.2% as compared to the previous year despite Mexico's GDP growth being essentially flat. According to PA Consulting, natural gas supply is currently a challenge for some generators without firm transportation, which has resulted in higher than anticipated forced outage rates in the first three years of the Balancing Capacity Market. Despite having nearly 2 GW of regional hydropower, the Guadalajara area is still projected to import on average 22-54% of its power in order to meet growing demand.

Forecasted Supply and Demand in Guadalajara Area

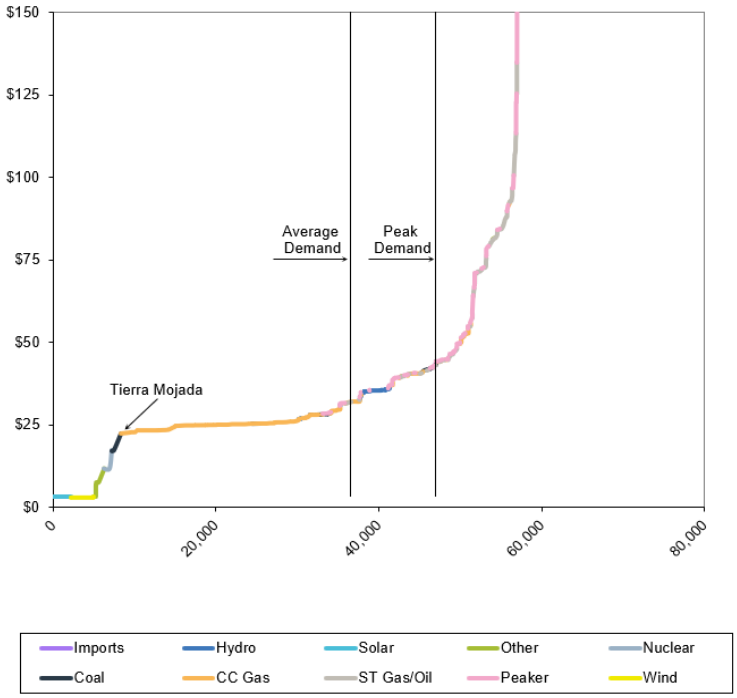


Source: PA Consulting

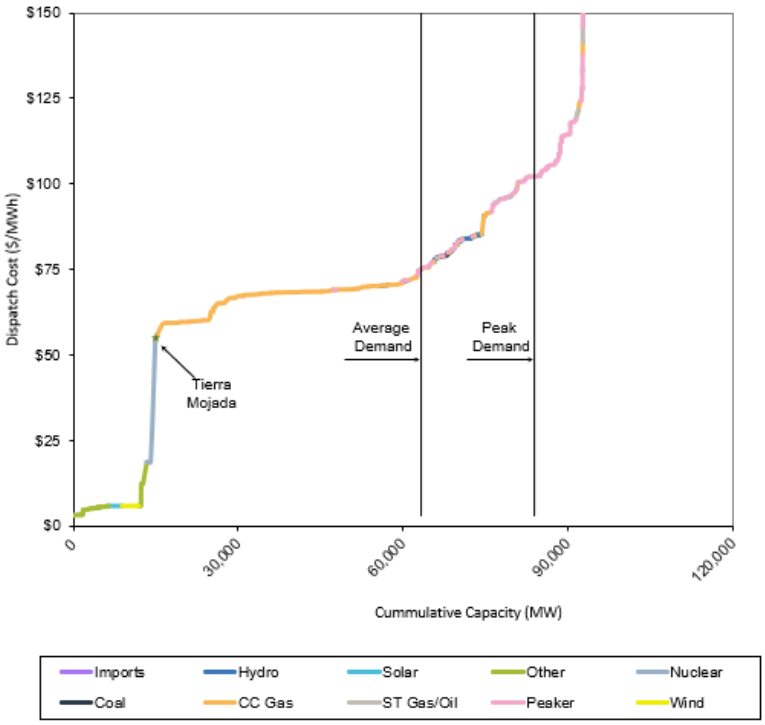
Competitive Position on the Mexican Dispatch Curve

According to PA Consulting, in Mexico, natural gas is projected to be the marginal, price-setting fuel in approximately 66.7% of hours in 2021, with oil and coal comprising most of the remainder, and in over 93.2% of hours in 2026, with natural gas displacing coal and oil as natural gas pipeline infrastructure improves. As the newest and one of the most efficient CCGTs in Mexico, our Power Plant currently has a significant heat rate advantage over nearly all other combined-cycle generators in Mexico. According to PA Consulting, given the Power Plant's location within the Guadalajara zone, which has high demand relative to installed capacity and no other efficient gas capacity, it is projected to operate in hours when the Power Plant is available, and its location at the bottom of the Mexico supply stack positions the facility well for the future. Even assuming significant new projects in the near-to-medium term, our Power Plant's heat rate advantage remains significant by at least around 2,370 Btu/kWh below the marginal generator through 2039. Due to the combination of our Power Plant's low heat rate and advantageous access to cheap gas compared to other gas generators via its favorable Natural Gas Supply Agreement, our Power Plant is expected to remain a low marginal-cost CCGT for the life of the Notes and is currently expected to be dispatched in all available hours given its location at the bottom of the dispatch stack.

2021 Mexican Dispatch Curve



2039 Mexican Dispatch Curve



Source: PA Consulting

World-Class Sponsorship led by Blackstone

Tierra Mojada's Sponsors are wholly owned by investment funds managed by Blackstone. Blackstone has a leading private equity franchise with an extensive track record of over two decades of investing in energy companies and management teams, generating top-quartile returns for investments in energy while incurring no bankruptcies on any North American power investment. As of September 2020, Blackstone's team has committed over US$17.0 billion of equity across a broad range of geographies and throughout the full energy value-chain: power, midstream, services and equipment, upstream and downstream, including US$3.7 billion in the power sector and approximately US$4.8 billion in natural gas markets. Blackstone, through its energy-focused private equity funds, has approximately 28 energy sector investments.

Best-in-Class Counterparties and Equipment

Leading EPC Contractor

The Power Plant was constructed by a world-class EPC Contractor that has completed over 1,000 energy and infrastructure projects in sectors such as power, upstream oil and gas, downstream oil, downstream petrochemical and water, in over 60 different countries. Técnicas Reunidas, S.A., headquartered in Spain, has over 45 years of experience in the power sector, having constructed over 45,000 MW of power generation facilities in over 25 countries, approximately 24,000 MW of which have been CCGTs.

25-year Contractual Service Agreement with GE for State-of-the-Art Turbine Technology

Our 25-year Contractual Service Agreement with the CSA Provider, which is guaranteed by GE, the original equipment manufacturer for our turbines, ensures the Power Plant's access to GE's expertise on parts, repairs and services over the long-term. The Contractual Service Agreement incorporates a full package of services, including but not limited to, essential maintenance elements such as a hotline, rapid response technical support, preventative maintenance, unscheduled maintenance, major outages, managed spares (e.g. rotors) and basic remote diagnostic packages.

CFEnergía as fuel supplier

The Power Plant benefits from a firm Natural Gas Supply Agreement with CFEnergía for natural gas indexed to the Waha Hub for up to 100% of fuel needs; additionally, CFEnergía's payment obligations are guaranteed by CFE. CFEnergía is the CFE's subsidiary engaged in the commercialization, import, export, transport, storage, purchase and sale of natural gas, among other fuels.

NAES as O&M Contractor

The O&M Contractor is the Mexican subsidiary of NAES Corporation, one of the world's largest power management and generation services companies. Under the O&M Agreement, NAES brings their experienced project management team and in-depth support infrastructure, helping to maintain safety and environmental compliance and seeking high levels of technical performance while achieving an efficient cost structure.

Leading Management Team with Proven Track Record of Development and Operating Activities

The team in charge of the management of the Power Plant comprises technical and financial experts with vast knowledge of the Mexican Electricity Market. The Fisterra team has developed, constructed or operated over 30 GW of conventional and renewable energy projects around the world over the last two decades. The majority of the team comes from Iberdrola and was instrumental in the company's growth in Mexico from 2000 to 2006, having been awarded and having constructed over 5 GW of CCGTs within CFE's IPP program.

In addition to the Power Plant, the Fisterra and Blackstone energy private equity teams have successfully achieved commercial operations on two projects in the Mexican Electricity Market: the "Frontera" 526 MW CCGT and the

"Ventika" 252 MW wind farm, the latter of which was sold in 2016. The team has also developed four solar photovoltaic projects totaling 650 MW and has a current development pipeline of over 2.3 GW.

Our Business Strategy

Our commercial strategy is to generate long-term value by focusing on securing and maintaining long-term contracts with well-known counterparties and by providing reliable, sustainable and cost-efficient energy to our customers, and ultimately obtaining solid and stable financial results. In line with our strategy, we intend to:

Continue to focus on stable revenues and margins with well-known counterparties through re-contracting as our existing contracts expire

Substantially all of our firm capacity is contracted through 2025. The Ektria PPAs, covering approximately 30% of our firm capacity (250 MW), each expire on December 31 following the fourth anniversary of the Ektria Start Dates. The remaining capacity (600 MW) contracted under the CFEC PPA will remain contracted through 2040. In order to reduce our exposure to spot price volatility in the Mexican Electricity Market after the Ektria PPAs expire, we are focused on either extending or entering into new medium-to-long-term PPAs that would become effective upon the expiration of the Ektria PPAs. We will continue to engage with well-known, financially secure counterparties by entering into offtake agreements targeting tenors of at least three to five years, or longer in the case of investment grade counterparties, depending on the market dynamics at the time when our contracts expire.

Maintain and operate our Power Plant to achieve a high level of reliability and long-term availability

We are focused on operating our Power Plant efficiently and safely, providing world-class service to our customers in order to achieve the highest levels of availability by adhering to health, safety, accident prevention, security and environmental policies intended to protect our employees, clients and local communities. We will continue to engage world class operating service providers such as NAES throughout the life of our asset to ensure that our operations adhere to global benchmarks for safety, environmental compliance and operating standards. Our O&M Agreement with NAES expires on December 31, 2030 and automatically renews for additional one-year terms, unless terminated by either party.

We have entered into a 25-year Contractual Service Agreement with the CSA Provider to ensure that our equipment is maintained in accordance with the highest market standards and to secure the Power Plant's long-term maximum efficiency and reliability. The Contractual Service Agreement with a subsidiary of GE is a full scope contract. The Contractual Service Agreement provides for performance bonuses or credit for liquidated damages for the CSA Provider in order to incentivize improved performance over the life of the agreement. In order to enhance the Power Plant's availability, we depend on a computerized management system to control our maintenance strategy and schedule and are focused on following a rigorous maintenance schedule in order to ensure stable and reliable operations. When our equipment requires the installation of new or replacement parts, we only allow such installation to occur in accordance with the manufacturer's recommendations and industry best practices.

Integrate corporate social responsibility with our business

Local communities are vital stakeholders in our business, and we seek to help these communities. Our goal is not to simply comply with applicable social and environmental regulations, but also to work to minimize, or compensate for, negative social and environmental impacts and enhance positive social and environmental outcomes for our community stakeholders. During the construction phase of the Power Plant, we took direct action to deliver on our corporate social responsibilities and will continue to actively participate with local communities and implement socially responsible actions through the implementation of our Social Action Plan during the operation and decommission phases of the Power Plant. In doing so, we comply with all local requirements established by the social environmental authorizations of the project (i.e., Environmental Impact Authorization and Social Impact Resolution), as well as with international standards including the International Finance Corporation's Performance Standards, the World Bank Environmental and Social Standards and the Mexican UNGPs.

Specifically, as part of our Social Action Plan implementation activities, we have contributed to the development of more than 15 km of basic public infrastructure in the Power Plant's region including drainage, paved roads and sidewalks. We, along with the relevant authorities, have also contributed to improve conditions in schools within the areas of influence of the Power Plant by donating school supplies, funding facility improvements and by providing routine transportation. We have agreed to participate in the funding of public and private sponsorships and have sponsored many athletic, cultural and religious activities within the Municipality of Zapotlanejo. Additionally, we have donated surplus materials to local communities, including a new x-ray device that was donated to a local Red Cross organization. As part of our Social Action Plan, and together with the Management Service Providers (as defined below), we set an ambitious goal to hire local workers and achieved that by hiring approximately 25% of employees from the region where the Power Plant is located. Additionally, we created short-term educational internship opportunities for several students from Mexican universities at the Power Plant, which led to long-term job opportunities with the O&M Contractor for some of them. With the help of a full-time dedicated specialist hired by the O&M Contractor, we plan to continue to support local communities through the adequate implementation of our Social Action Plan in similar ways throughout the life of our Power Plant.

Consistent with the UNGPs, we carry out constant human rights due diligence in order to identify, prevent, mitigate and account for our adverse human rights impacts. It includes four key steps: assessing actual and potential human rights impacts; integrating and acting on the findings; tracking responses; and communicating about how impacts are addressed.

Summary of Certain Material Agreements

Tierra Mojada has entered into a number of agreements that are material to the ownership, development, construction and operation of the Power Plant. For a more complete description of these material agreements and related documents, see "Description of Certain Material Agreements."

Engineering, Procurement and Construction Agreement

EPC Agreement

On May 3, 2017, Tierra Mojada entered into the EPC Agreement with the EPC Contractors for the engineering, construction, start-up, commissioning, and testing of the Power Plant.

EPC Guaranty

On May 3, 2017, the Foreign Contractor entered into the EPC Guaranty. See "Description of Certain Material Agreements—Engineering, Procurement and Construction Agreement—EPC Guaranty."

Power Purchase Agreements

CFEC PPA

On December 5, 2016, Tierra Mojada entered into the CFEC PPA under which CFEC agreed to purchase the CFEC Contracted Capacity for a period of 20 years. The obligation to pay the monthly capacity fee under the CFEC PPA is a take-or-pay provision whereby Tierra Mojada receives payment for the CFEC Contracted Capacity regardless of whether CFEC requires such capacity. Tierra Mojada guarantees certain levels of availability, which may be adjusted due to maintenance and other reasons, as long as the average availability within a three-year rolling period remains consistent with the levels set in the CFEC PPA, which average approximately 95% over the 20-year term. Tierra Mojada achieved its Commercial Operation on October 28, 2020, which was acknowledged by CFEC by means of the CFEC PPA Side Letter. The 20-year term of the CFEC PPA will begin on the Start Date on January 1, 2021. See "Summary—Recent Developments—CFEC PPA Amendments" and "Description of Certain Material Agreements—Power Purchase Agreements—CFEC PPA."

CFEC PPA Guarantee

On May 17, 2017, CFE entered into the CFEC PPA Guarantee to guarantee CFEC's payment obligations under the CFEC PPA. CFE's liability under the CFEC PPA Guarantee is uncapped. See "Description of Certain Material Agreements—Power Purchase Agreements—CFEC PPA—CFEC PPA Guarantee."

Ektria PPAs and the Offtaker PSAs

On November 4, 6 and 8, 2019, Tierra Mojada and Ektria, our affiliate that is indirectly owned by certain investment funds managed by Blackstone, entered into the Ektria PPAs, each of which expires on December 31 following the fourth anniversary of the Ektria Start Dates, provided that any Ektria PPA may be terminated (i) after December 31, 2022, if an Offtaker terminates the corresponding Offtaker PSA and (ii) after December 31, 2023, if Ektria terminates the corresponding Offtaker PSA. Under the Ektria PPAs, Tierra Mojada sells the Remaining Contracted Capacity to Ektria. The Ektria PPAs support Ektria's obligations to supply a portion of the Remaining Contracted Capacity to each of the Offtakers. On November 4, 6 and 8, 2019, respectively, Ektria entered into the Tyasa PSA, the Grupo Acerero PSA and the Cementos Moctezuma PSA. The Financial Activation Date will occur on January 1, 2021, as agreed in the Ektria PPAs Amendments and the Offtaker PSAs Amendments. Each Offtaker PSA expires on December 31 following the fourth anniversary of the Ektria Start Dates. We expect the Ektria Start Dates to occur in early 2021, in which case the Ektria PPAs and Offtaker PSAs will expire on December 31, 2025. Under the Offtaker PSAs, Ektria has agreed to act as qualified supplier of energy and capacity consumed by certain facilities of such Offtakers that are considered qualified users under current regulations.

Natural Gas Supply Agreement

Natural Gas Supply Agreement

On March 30, 2017, Tierra Mojada entered into the Natural Gas Supply Agreement with CFEnergía for the sale and purchase of natural gas in connection with the Power Plant. The delivery period under this contract ends on January 1, 2041, approximately 20 years after COD. The maximum daily amount to be delivered by CFEnergía is 135,000 MMbtu. CFEnergía has the sole responsibility for transporting the gas to the Delivery Point. See "Description of Certain Material Agreements—Natural Gas Supply Agreement."

Natural Gas Supply Agreement CFE Guarantee

On June 7, 2017, CFE entered into the Natural Gas Supply Agreement CFE Guarantee to guarantee CFEnergía's payment obligations under the Natural Gas Supply Agreement up to a cap of US$150 million. See "Description of Certain Material Agreements—Natural Gas Supply Agreement—Natural Gas Supply Agreement CFE Guarantee."

The Contractual Service Agreement

On the CSA Effective Date, Tierra Mojada entered into the Contractual Service Agreement with the CSA Provider, under which the CSA Provider shall provide all services and parts for certain equipment, including base maintenance, unit repair work, additional required maintenance and elective maintenance, and will work to optimize the performance and maintenance of the corresponding Power Plant equipment. GE guarantees all obligations of the CSA Provider under the Contractual Service Agreement. See "Description of Certain Material Agreements—The Contractual Service Agreement."

Interconnection Agreement

On February 27, 2017, Tierra Mojada entered into an Interconnection Agreement with CFE Transmisión in order to connect the Power Plant to the national transmission grid. The terms of the Interconnection Agreement are standard terms approved by the CRE. All work required to be performed under the Interconnection Agreement by Tierra Mojada was performed and the interconnection of the Power Plant to the grid was achieved in July 2019. See "Description of Certain Material Agreements—Interconnection Agreement."

O&M Agreement

On June 12, 2017, Tierra Mojada entered into the O&M Agreement with NAES. Under the O&M Agreement, NAES will be paid a yearly operational fee with potential for performance bonuses as compensation for providing operation, maintenance and related services of the Power Plant. See "Description of Certain Material Agreements—O&M Agreement."

Management Services Agreement

On June 19, 2017, Tierra Mojada entered into the Management Services Agreement with the Management Service Providers for management, administrative and other support services in connection with the development, construction, operation and maintenance of the Power Plant and the day-to-day business of Tierra Mojada. See "Description of Certain Material Agreements—Management Services Agreement."

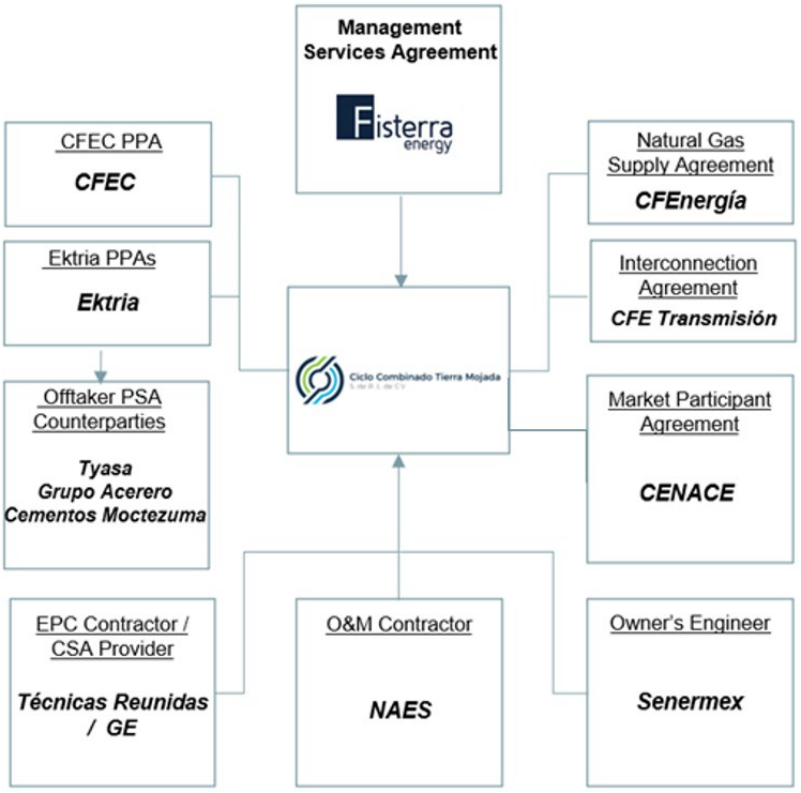
Market Participant Agreement

On December 11, 2018, Tierra Mojada, as a generator, entered into the Market Participant Agreement to enable it to operate in the Mexican Electricity Market. The form of Market Participant Agreement is publicly available and all market participants must enter such agreement in its standard terms approved by CENACE. See "Description of Certain Material Agreements—Market Participant Agreement."

Owner's Engineer Agreement

On August 9, 2017, Tierra Mojada and Senermex entered into the Owner's Engineer Agreement pursuant to which Senermex was appointed as Owner's Engineer for the supervision of the EPC Contractors under the EPC Agreement. See "Description of Certain Material Agreements—Owner's Engineer Agreement."

Please see the following graphic highlighting key counterparties and certain material agreements:



Power Plant Assets: Key Characteristics

The Power Plant consists of two GE 7HA.02 combustion turbines with associated electric generators, a single steam turbine with associated electric generator, two triple-pressure reheat heat recovery steam generators, an air cooled condenser, emission control equipment, fuel delivery regulation and control system, three generator step-up transformers; auxiliary transformers; electric switchyard; a control system; and other typical and necessary auxiliary equipment.

Real Property and Land Use Rights

Our real property and land use rights fall mainly into three categories: (1) easements (*servidumbres de paso*) contracted with private landowners (*ejidos* or *comunidades*); (2) permits issued by federal, state and municipal government entities for road crossings, railroad crossings, waterway crossings and use of any other state-owned land and infrastructure; and (3) land acquisitions with private owners, used mainly to build access roads and install above ground facilities, such as turbines, generators, compression stations, transformers substations, metering stations, electrical lines, water pipes and rest of devices and installations that form part of the facility. All easements and land acquisitions are duly registered in the relevant public land registries and have been transferred to the Mexican Trust Agreement.

Health, Safety and Environmental Matters

We are in compliance with the World Bank Environmental and Social Standards and all applicable national and local Mexican environmental standards, rules and regulations. We believe that our current operations are substantially in compliance with such standards, rules and regulations as they have historically been interpreted and enforced. Our commitment to Health, Safety, Environment ("HSE") and Social standards is evidenced by our extensive program that focuses on developing and implementing procedures and plans in full compliance with international standards, including the Industry Foundation Classes rules and standards ISO-9000, ISO-14000 and ISO-26000.

Competition

Power generation in Mexico by private-sector companies was historically limited by applicable laws and regulations to certain types of generation facilities, namely, IPPs, export, small scale, and captive/self-supply. However, with the energy reform initiated in Mexico in 2013-2014, power generation by private-sector companies is no longer limited and sales within the Mexican Electricity Market are now permitted. As of December 2018, in Mexico, there were 70,053 MW of installed capacity, of which 7,795 MW belong to the self-supply category and 13,406 MW belong to IPPs. CFE accounts for approximately 41,460 MW of capacity. The majority of the remaining capacity is owned by private generators such as Tierra Mojada. As a result of the recent reform of the Mexican Electricity Market, three long-term auctions organized by CENACE took place mainly targeting clean generators for 7,500 MW of renewable energy to be built through 2021, of which more than half are already in operation. We cannot predict to what extent there will be new long-term auctions organized by CENACE; particularly, after the publication on May 15, 2020 of a new policy on reliability, safety, continuity and quality of the SEN whereby (i) dispatch safety will have priority over economic efficiency, (ii) several new ancillary services will be created for renewable power plants, and (iii) certain additional technical requirements are put in place for wind and solar generation plants.

We expect to continue facing strong competition from other developers, including IEnova, Acciona, Naturgy, Saavi, EDF, Enel and Iberdrola, among others, who have made significant investments in Mexico in the past. Competitors can include government-owned electric generation companies, local distributed companies with self-generation capability and other private-owned electric generation utilities. For example, Iberdrola announced that it plans to build power plants totaling approximately 5,000 MW in coming years. Further, CFE has announced plans to build new generation projects, and renew existing projects. As the market matures and more customers understand the possibilities of switching suppliers, we expect competition could further increase.

The main elements of competition for either capturing market share or maximizing energy margins are reliability of the different technologies, quality of the sponsor, asset viability and location, marginal cost of producing energy, capacity size to support the client´s growth, fuel price, energy price and its volatility, guarantees, tenor, currency and

covenants. Tierra Mojada presents a well-balanced portfolio of PPAs and merchant position together with robust and efficient generation characteristics. All of the aforementioned attributes allow Tierra Mojada to be more competitive than many other generators in the market.

Insurance

Tierra Mojada covers all of its operations and assets with third-party insurance from authorized insurers in Mexico. It is our view that the coverages afforded by such policies meet the minimum insurance requirements set forth in the Material Project Documents and are consistent with those typically maintained by similarly situated power generation companies. This insurance includes:

- *Operational All-Risk Property Damage including Machinery Breakdow*n ("*ARPD Policy*"): provides (i) coverage for physical property damage to all the equipment and installations of the Power Plant and (ii) business interruption coverage for losses resulting from property damages covered by the ARPD Policy;

- *Terrorism Policy*: provides coverage during the first twelve months of operations for (i) losses resulting from terrorism, sabotage, strikes, unrest, civil commotion, malicious harm, full political violence, organized crime and (ii) related business interruptions;

- *Automobile Liability Policy*: provides coverage for losses resulting from automobile-related injuries to others or damage to property by an insured vehicle;

- *General Liability Policy*: provides coverage for third-party bodily injury and property damage for our premises, operations and products; and

- *Pollution Legal Liability Policy*: provides coverage for (i) third-party liability property damage, personal injury and damage to natural resources and (ii) remediation costs for cleaning and correction of contaminating conditions, inside and outside the premises, to be paid to third parties or to be reimbursed.

We cannot assure you that the insurance currently in place or other insurance that may be appropriate will be available in the future at commercially reasonable rates or at all. See "Risk Factors—Risks Relating to Our Business and Industry—Our insurance contracts may be inadequate, and, if a significant accident or event occurs for which we are not adequately insured, our operations and financial results could be adversely affected," "—Risks Relating to Our Business and Industry—Natural disasters, health epidemics, accidents, major equipment failures, acts of terrorism or criminality could have an adverse effect on our business, financial condition, results of operations, cash flows, prospects and our ability to repay the Notes" and "—Risks Relating to the Notes, the Note Guarantees, the Collateral and Our Corporate and Financing Structure—The Collateral is subject to casualty risks, which may limit your ability to recover for losses to our assets."

We retained Marsh, an independent insurance consultant, to perform a due diligence review of the insurance coverage procured by us.

Employees

Tierra Mojada and the Issuer have no employees and do not anticipate having any employees in the future. Under the O&M Agreement, NAES will manage the operation and maintenance of the Power Plant and make available to us the services of unionized personnel to operate the Power Plant. Under the Management Services Agreement, the Management Service Providers will provide management, administrative and other support services required to operate the Power Plant.

Legal, Administrative and Arbitration Proceedings

From time to time, we may become involved in litigation and administrative proceedings relating to claims arising out of our operations and properties. These may include claims filed by contractors, subcontractors, the O&M

Contractor's and the Management Service Providers' employees, suppliers and customers, federal, state or local governmental authorities, including tax authorities, neighboring residents and environmental and social activists, as well as labor disputes. We are not currently involved in any material litigation proceedings.

INDUSTRY OVERVIEW

Overview

In December 2013, Mexico amended its constitution, establishing a new regulatory regime for the oil, gas and electricity industries with the principal objective of further opening these industries to private investments and fostering competitive prices. As a result of this and the secondary laws and regulations enacted thereafter, the private sector is allowed to participate directly in the generation of electricity and, through qualifying service contracts or public-private partnerships, in the financing, maintenance, procurement, operation and expansion of the electricity transmission and distribution infrastructure. One of the main objectives of the constitutional energy reform was the creation of the Mexican Electricity Market for the trading of power and associated products under competitive conditions. The participants in the Mexican Electricity Market are generators, power suppliers and qualified users registered as market participants. Qualified users (customers with more than 1 MW of peak demand) may purchase electricity from any qualified services supplier which, in turn, participates in the Mexican Electricity Market or, if the qualified users are themselves market participants, they may purchase directly in the Mexican Electricity Market and enter into contracts with generators.

Market Structure

Mexico's electricity market is currently divided in nine geographic zones, or control regions, and a small independent system, which make up the SEN. Out of the nine control regions, seven are interconnected (Central, East, West, North West, North, North East and Peninsular regions) and make up the SIN. Control regions in the SIN share capacity, reserves and resources. The other two control regions (Baja California North ("BCN") and Baja California Sur ("BCS")) and the small independent system (Mulege) are isolated from the SIN and from each other. Control regions in the SEN are operated through nine decentralized control centers located in Mexico City, Puebla, Guadalajara, Mérida, Hermosillo, Gómez Palacio, Monterrey, Mexicali and La Paz. There is also a small control center in Santa Rosalía, Baja California Sur for the Mulege grid.

The map below shows the regions under the SEN, and the location of the Power Plant:

Electricity Supply

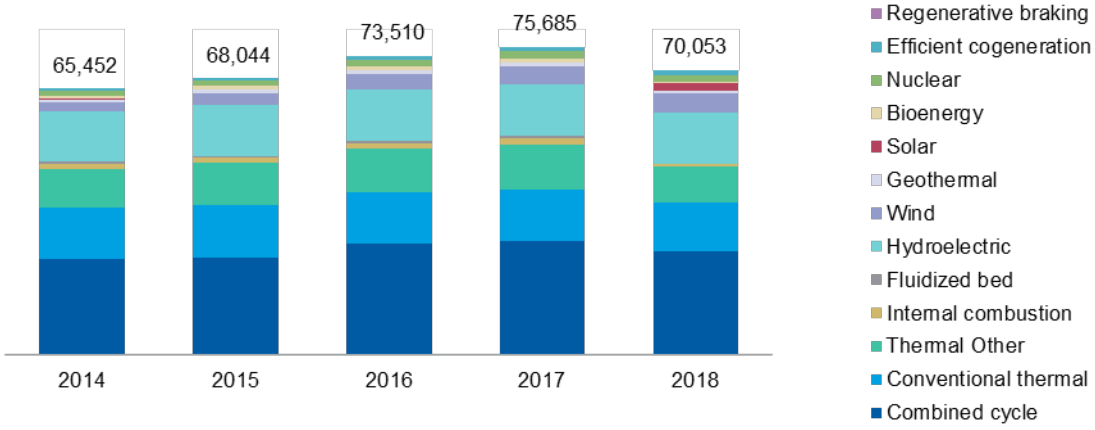
Installed Capacity

Total installed capacity for electricity generation in Mexico grew from 65,452 MW in 2014 to 75,685 MW in 2017. Total installed capacity is categorized broadly into conventional and clean energy sources. While overall capacity had a 5.0% CAGR during that three-year period, clean energy sources alone experienced an increase of 7.4%. In terms of conventional energy types, combined-cycle showed a 6.2% CAGR between 2014 and 2017, increasing total installed capacity from 23,456 MW to 28,084 MW. Conversely, the total installed capacity from conventional thermoelectric sources shrank by 111 MW, representing a 0.3% annual reduction during the 3-year period, according to SENER.

Starting in 2015, SENER began publishing a Plan for the Development of the National Power Industry ("Prodesen"), in which it detailed annual planning of the sector for the next 15 years, including current and expected installed capacity for electricity generation in Mexico. For the first four years, installed capacity was reported on a total basis. Starting in 2018, installed capacity now takes into account (i) for IPPs, only the contracted capacity with CFE and (ii) and for remaining generation permit holders beyond CFE, only the energy injected into the grid. During 2018, Mexico's installed capacity, as calculated under the new criteria, stood at 70,053 MW, showing a 3.1% growth from the previous year (67,958 MW), but this new criteria for installed capacity does not adjust for availability of generating capacity during peak periods of demand, which would result in a lower figure.

The following chart illustrates Mexico's installed capacity evolution by technology:

Installed capacity evolution by technology, 2014–2018
(MW)

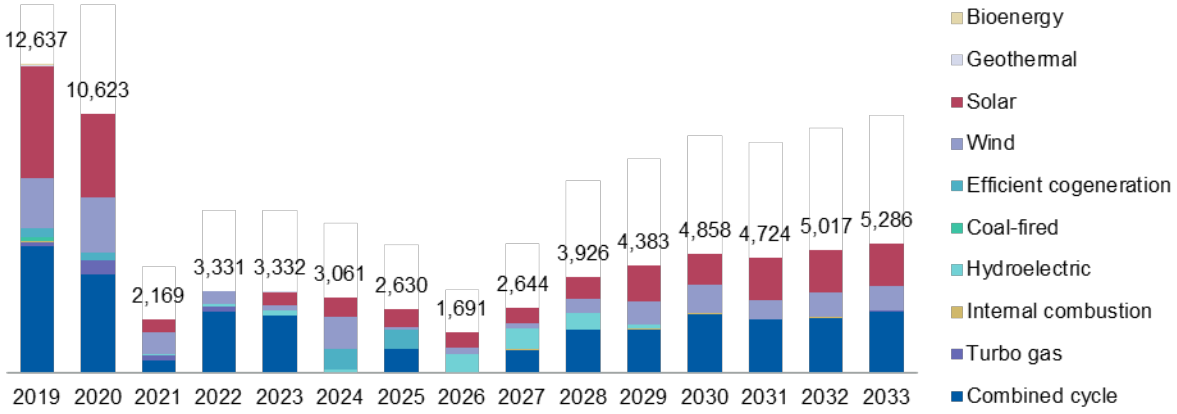


Source: CFE, SENER

The past years have shown a shift from aging gasoil and diesel-fueled generation to efficient natural gas and, more recently, renewables. One of the pillars of the 2013 energy reform was the Energy Transition Law (*Ley de Transición Energética*, or "LTE"), which sets commitments moving forward regarding the percentage of total energy generated that must come from clean energy resources. According to SENER, in 2024, clean energies must represent 35.1% of total generation (as of 2018, they represent 23.2%), increasing this target to 39.9% for 2033. These generation targets will have to be supported by proportional increases in clean capacity. Nevertheless, according to SENER, 41.7% of additional installed capacity until 2033 is expected to come from combined-cycle technologies, followed by solar energy (29.4%), wind (18.9%) and hydroelectric (4.2%). The graph below illustrates the expected capacity additions by technology between 2019 and 2033. In 2019 and 2020, capacity additions shown in the table below are expected to be driven by a number of combined-cycle power plants along with solar and wind energy projects that are expected to become operational during that period due to unexpected delays. Most of these combined-

cycle power plants were developed during the previous federal government administration (2012-2018) and most of these solar and wind projects were awarded in three long-term auctions held in 2015, 2016 and 2017.

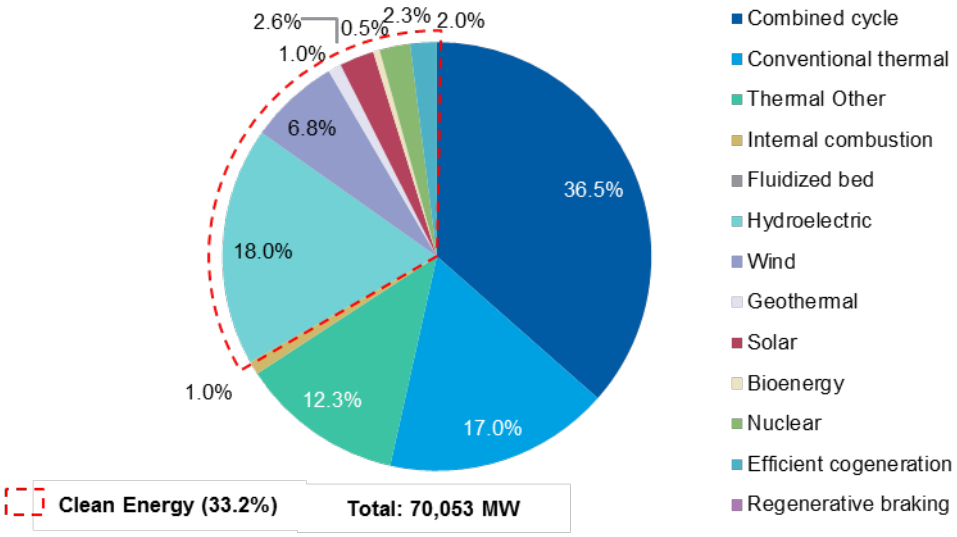
Expected installed capacity additions by technology, 2019–2033
(MW)



Source: SENER, Prodesen 2019-2033

Clean energy sources represented 33.2% of Mexico's installed capacity in 2018, while conventional energy represented 66.8%. Combined-cycle continues to lead the capacity matrix, representing 36.5% of installed capacity in 2018, followed by hydroelectric with 18.0% and conventional thermal with 17.0%. Despite the dominance of conventional energy sources in overall installed capacity, solar and wind energy have increased their prominence in the last few years. From 2014 to 2017, solar and wind energy had a 56.3% and 27.3% CAGR, respectively.

Installed capacity by technology, 2018
(MW)

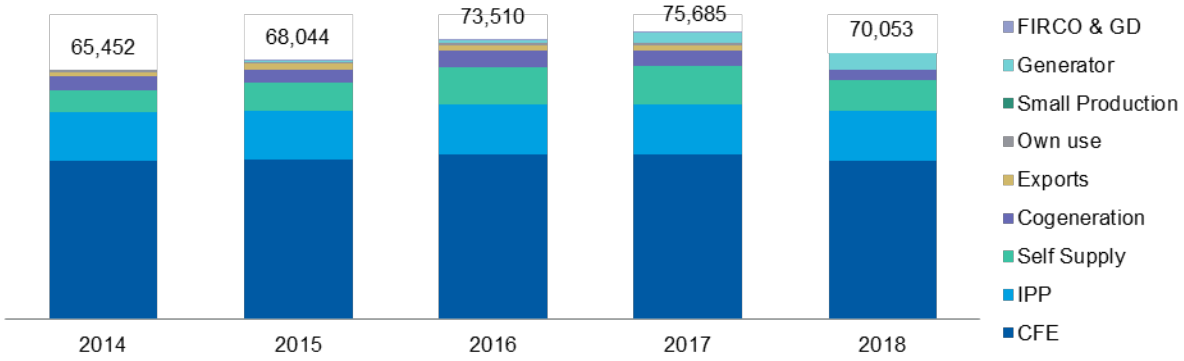


Source: SENER, Prodesen 2019 - 2033

As of 2018, the CFE continued to own the majority of the country's installed capacity with 59.2%, followed by IPPs (19.2%), self-supply producers (11.1%) and cogeneration (3.8%). Despite enjoying the majority of the market

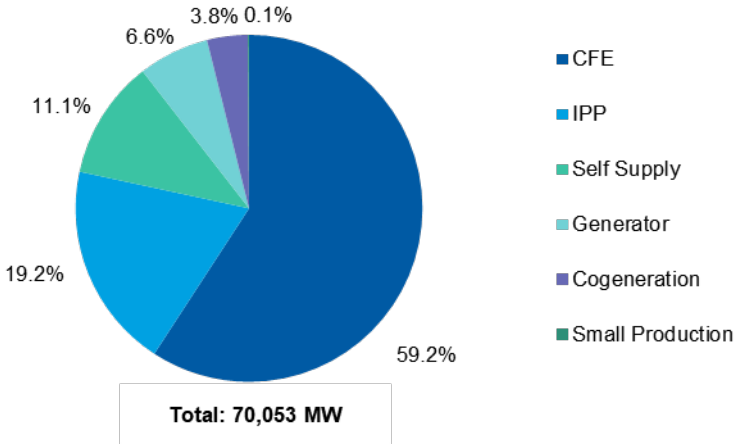
share, CFE's installed capacity experienced a 1.4% annual growth from 2014 to 2017, while self-supply led the growth among different types of producers with a 19.9% CAGR during the same period, followed by small production (6.4%) and cogeneration (4.6%). The following chart illustrates Mexico's total and installed capacity by type of producer:

Installed capacity evolution by type of producer, 2014–2018
(MW)



Source: SENER

Installed capacity by type of producer, 2018
(MW)

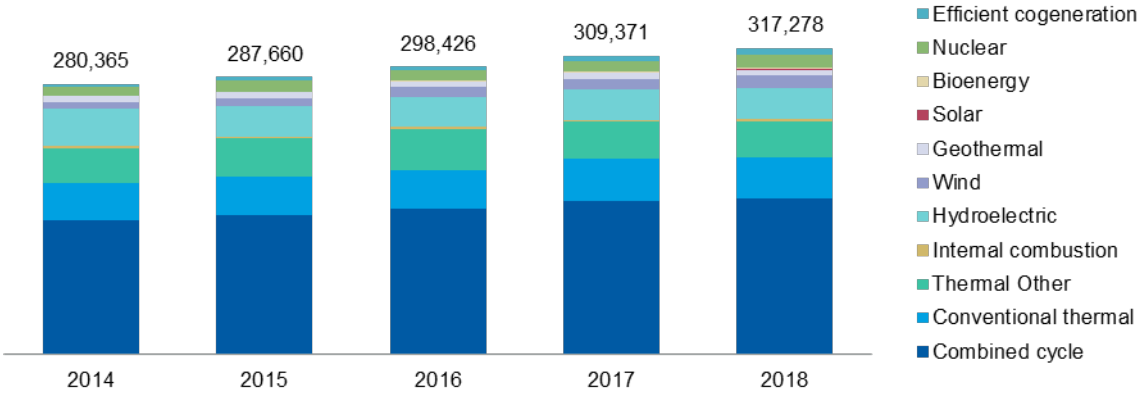


Source: SENER, Prodesen 2019 – 2033

Generation

As of 2018, Mexico's electricity generation reached 317,278 GWh. Between 2014 and 2018, total electricity generation had a 3.1% CAGR, while solar, efficient cogeneration and wind generation alone showed CAGRs of 126.3%, 27.5% and 14.7%, respectively. Of the total electricity generated in 2018, 23.2% came from clean energy sources, while 76.8% came from conventional energy sources. The graph below illustrates the historic evolution of electricity generation in the country, by technology:

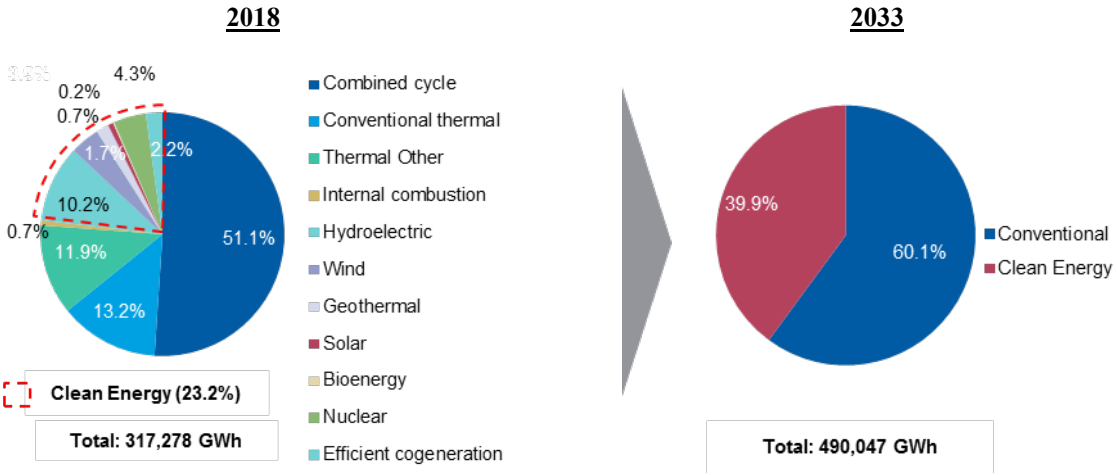
Electricity generation evolution by technology, 2014–2018 (GWh)



Source: SENER, Prodesen 2019–2033

Combined-cycle generation continues to be the main source of electricity in Mexico, accounting for 51.1% of total generation in 2018. According to SENER, total generation is expected to increase to 490,047 GWh by 2033, and the mix is expected to shift so that 60.1% will be generated by conventional sources and 39.9% by clean energy sources. The following charts show the current and expected generation matrix:

Share of total generation by technology (GWh)



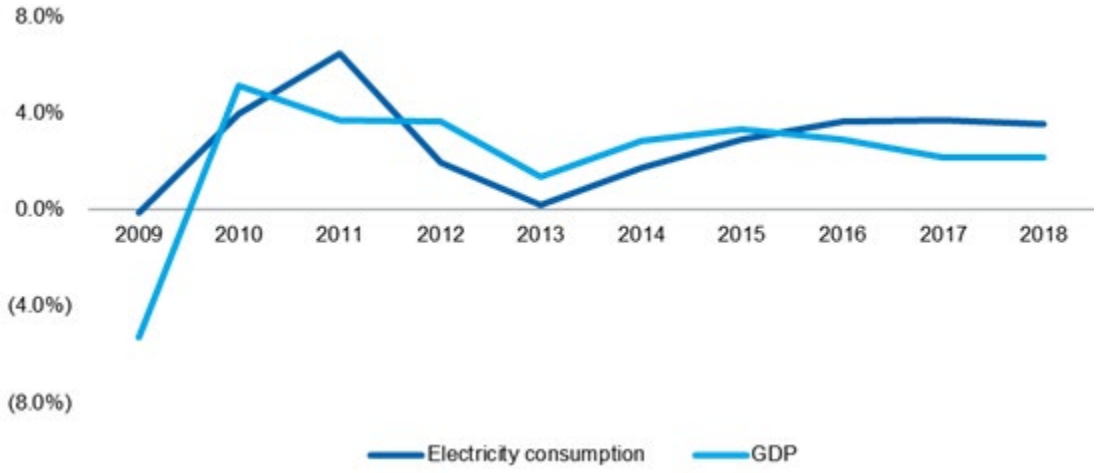
Source: SENER, Prodesen 2019-2033

Electricity Demand

Consumption

Electricity consumption in Mexico is highly correlated with the country's economic performance, as electricity provides a key resource for growth in the industrial, residential and other sectors. According to SENER, between 2008 and 2018, gross electricity consumption had a 2.8% CAGR while GDP CAGR was 2.1%:

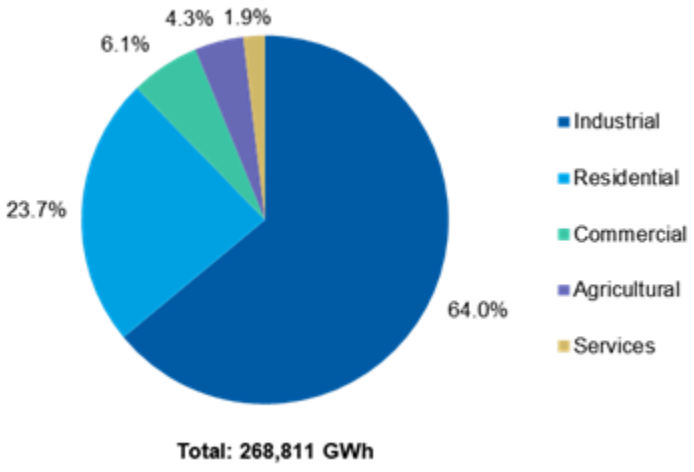
Mexico's GDP and gross electricity consumption (annual growth rate)



Source: SENER

Final electricity consumption in 2018 was concentrated in the industrial and residential sectors, which represented 64.0% and 23.7% of final electricity consumption, respectively. The chart below illustrates final electricity consumption by economic sector in 2018:

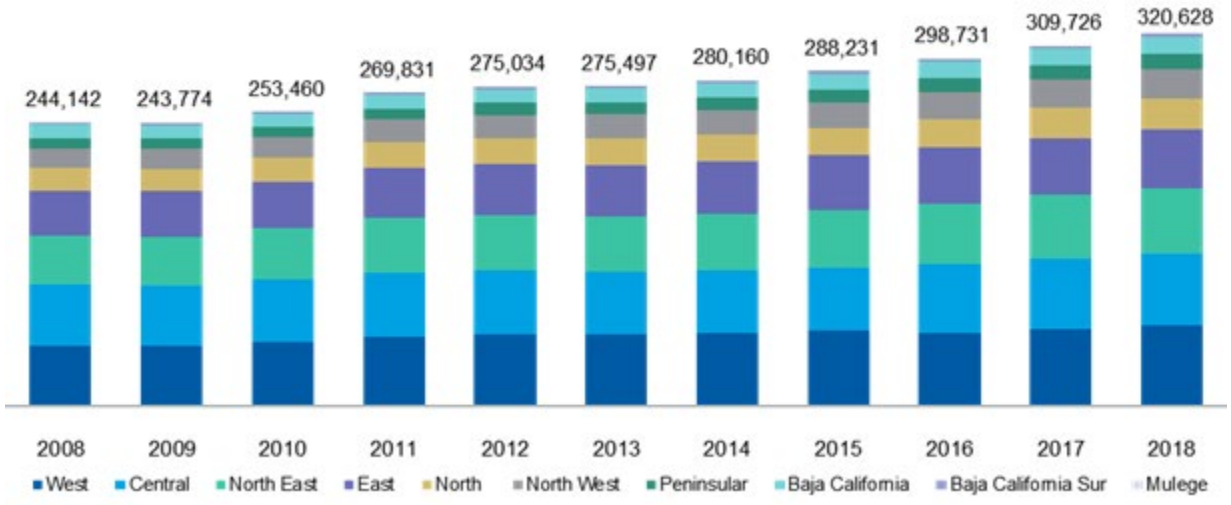
Final electricity consumption by economic sector, 2018 (GWh)



Source: SENER, Prodesen 2019 - 2033

Differentiating electricity consumption by region provides insights on the economic development of the different regions in the country, and allows for the efficient allocation of capacity resources. The chart below illustrates the evolution of gross energy consumption by region from 2008 to 2018. As shown below, consumption growth was led by the Northwest region with a 4.3% CAGR and Peninsular region (4.1%):

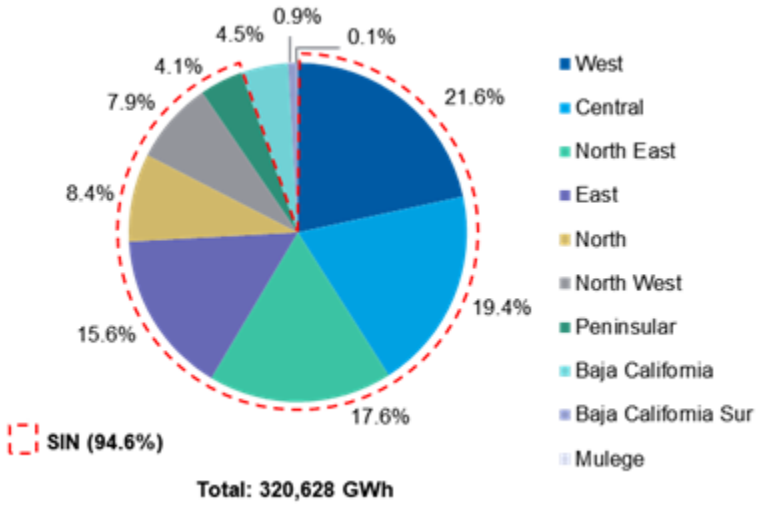
Gross electricity consumption evolution by region, 2008–2018
(GWh)



Source: SENER, SIE

Despite showing lower growth rates than most other regions in that ten-year period, the West and Central regions continue to lead the overall consumption mix of the country, representing 21.6% and 19.4% of gross electricity consumption in 2018, respectively. The chart below summarizes the gross consumption by region as of 2018, differentiating between the SEN, and the SIN:

SEN's gross electricity consumption by region, 2018



Source: SENER, SIE

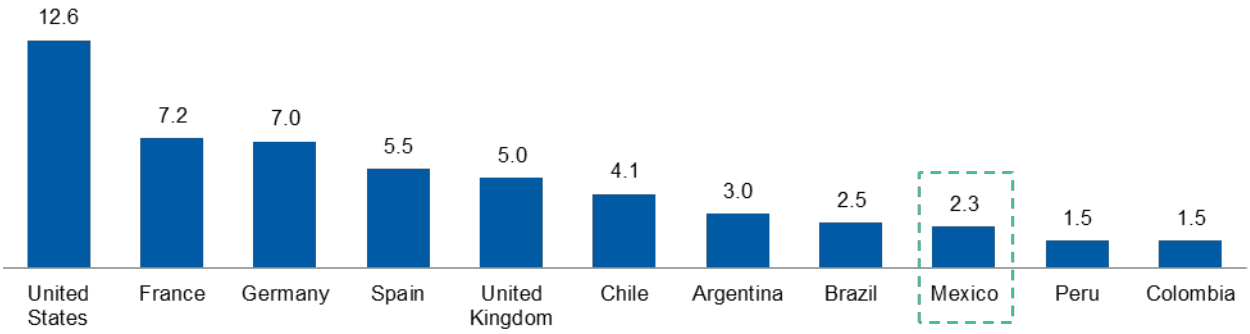
According to SENER, from 2019 to 2033, the regions that should expect more consumption growth are Mulege with a CAGR of 3.8%, North West with 3.3% and then the North, East and Peninsular, each with a CAGR of 3.2%. The SEN as a whole is expected to grow at a CAGR of 3.0% during this period. The following map shows a breakdown of expected gross consumption growth per region from 2019 to 2033:

Expected gross consumption growth per region, 2019 - 2033

Source: SENER, Prodesen 2019 - 2033

Although gross electricity consumption grew at a faster rate than the country's GDP over the past ten years, electricity consumption per capita remains low compared to other countries in the region. According to IEA Atlas of Energy, published by the International Energy Agency ("IEA"), Mexico's per capita electricity consumption was 2.3 MWh for 2017. This is only above the consumption of Peru and Colombia and falls below that of Brazil, Argentina and Chile.

Electricity consumption per capita, 2017
(MWh/capita)

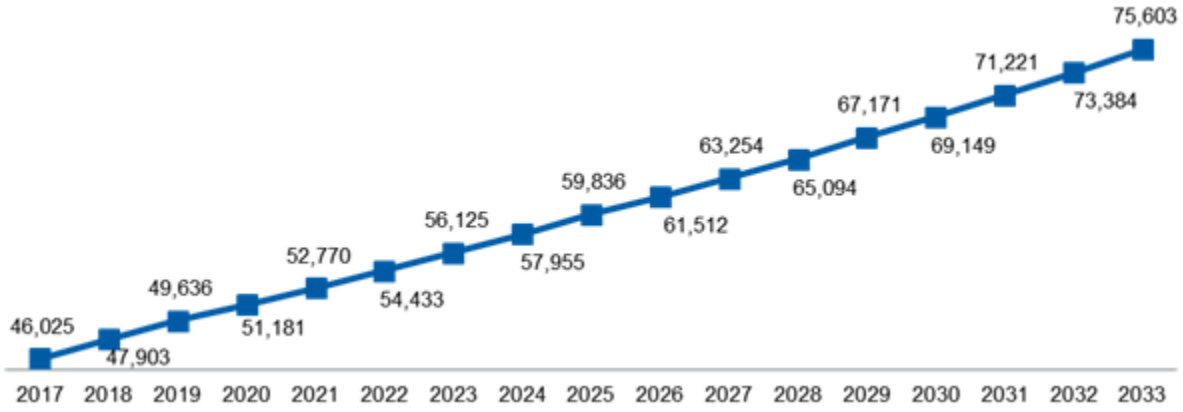


Source: IEA

Peak Demand

Similar to electricity consumption, peak demand is highly correlated with economic and population growth in Mexico. SENER calculates an official projection of demand using historical correlation with major macroeconomic factors in an effort to identify the required infrastructure to support its growth. The optimal allocation and minimum installed capacity requirement is determined by the integrated maximum demand during each year. This is the system's highest demand of the year at a specific hour and is measured as the sum of each regions' individual demand during that same hour. During 2018, Mexico's integrated maximum demand stood at 47,903 MW. Between 2017 and 2033, that amount is expected to have a CAGR of 3.2% as illustrated below:

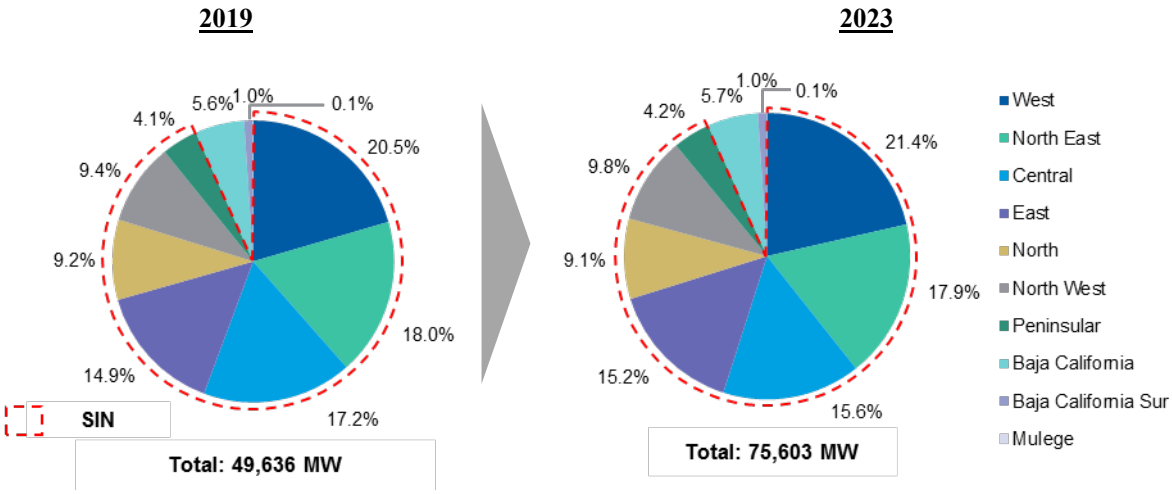
Historical and expected integrated maximum demand
(MW)



Source: SENER, CENACE, PAMNR Prodesen 2019-2033

In 2033, over 50% of the integrated demand is still expected to be concentrated among the Central, North East and West regions. The following charts illustrate the breakdown of integrated maximum demand by region in 2019 and the expected breakdown by 2033:

Integrated maximum demand (MW)



Source: SENER, CENACE, PAMNR Prodesen 2019-2033

Transmission Grid

The SEN's transmission network is composed of four isolated grids: the SIN, the BCS, the BCN and Mulege. The SIN is divided into seven interconnected control regions that share capacity, reserves and resources. This allows for energy exchanges across regions that improve the operation and efficiency of the overall energy system. The BCN grid is connected to the Western Electricity Coordinating Council in the U.S. through two 230kV transmission lines, La Rosita-Imperial Valley and Tijuana-Miguel, while, on the other hand, the BCS and Mulege grids operate independently.

Total SEN transmission line capacity for 2018 reached 76,744 MW, representing a 0.1% increase as compared to 2017. The SIN represents 97.6% of Mexico's transmission capacity, with the other regions composing the remaining 2.4%.

The map below shows the transmission control areas under the SEN and SEN's transmission line capacity (MW):

SEN transmission grid, 2018

Source: SENER

As illustrated above, Mexico's four grids operate independently and are isolated from each other. One of the major areas for improvement is the potential to improve the allocation of resources that results in inefficiencies from the separation in the grids, evident, for example, in the operation of the BCS and Mulege grids. The main consumption centers for the BCS grid are La Paz, Cabo San Lucas and San Jose del Cabo, all towns with predominant tourism industries. The Mulege grid, on the other hand, includes smaller towns towards the northern part of the state. Given the BCS grid has a relatively small electrical network for its energy demands, and that the Mulege grid cannot support the BCS grid's energy requirements, BCS grid must satisfy demand through internal combustion and other costly,

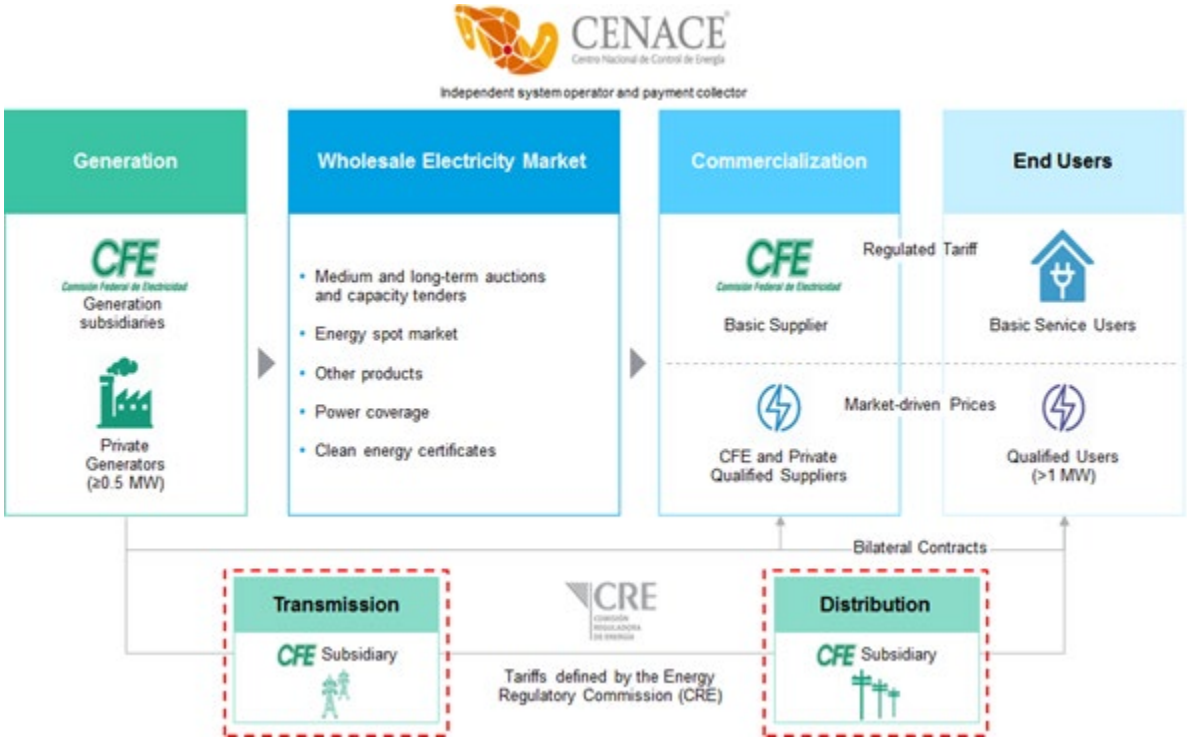
heavily polluting energy generation alternatives. Against the existing regulatory landscape, it is unlikely that the BCS grid will be able to install additional projects of this kind to support its energy needs.

System Operation

As part of the energy reform, the LIE called for the creation of the MEM, whose main objective is to provide transparency to transactions within the power industry, as well as guarantee competitive prices between market participants. The MEM is operated by CENACE.

The MEM operates through different mechanisms, which are classified according to their contractual duration: short-, medium- or long-term. For more information, see "—Short-Term Market/Spot Market."

Operation of the MEM



Source: SENER

Regulating Entities for the MEM

The Finance Ministry (*Secretaría de Hacienda y Crédito Público*) sets the Mexican government's economic policy. It is responsible for the economic and fiscal characteristics of contracts and tender/auctions designated by SENER.

SENER sets the Mexican government's policy relating to energy and plans national infrastructure projects and transmission & generation grid expansion. It also determines the clean energy portfolio minimums and oversees the CFE.

CRE is the regulator of the Mexican electricity and natural gas sector, overseeing the Mexican Electricity Market. In this function, it issues and applies tariff regulations for transmission and distribution of electricity, issues the form of interconnection agreement and generation, supply and marketing permits, registers qualified users in the market and issues CELs, verifying compliance with the requirements established by applicable regulations.

CENACE has operative control of the MEM and the SEN. CENACE determines the technical specifications for the interconnections of power plants as well as the connections of load centers to the national transmission and distribution grids. It supervises power auctions and registers short-term market/spot market transactions by allocating the relevant amount of electricity produced and injected into the system by generators to the supplier that has purchased it. The CENACE also monitors prices of electricity in the short-term market/spot market and ensures compliance from participants.

Participants in the MEM

Generators ("GenCos")— These are private generation companies or independent subsidiaries of the CFE that have been spun-off as independent holders of generation permits for power plants. GenCos compete with each other in the market and can produce electricity using different types of technology. They can sell electricity into the MEM through the CENACE. GenCos can also participate in long-term auctions ("LTAs") and enter into long-term contracts directly with qualified services suppliers, basic services suppliers, exclusively through energy auctions, and qualified users who are registered as market participants. In addition to electricity, GenCos can also, in some cases, sell capacity, CELs and financial transmission rights ("FTRs").

Each GenCo participating in the short-term market/spot market, like any generator, sets its price for electricity, which cannot exceed the variable costs of generation, but has to report its operating costs to the CENACE on a daily basis. The CENACE maintains a database of the operating costs of all generators to determine whether prices are being offered competitively.

CFE—As a result of the reform process, the CFE created its subsidiaries as independent market participants, which operate in generation, transmission, distribution and commercialization. In generation, CFE operates alongside other GenCos through its generation subsidiary and through third-party contracts with IPPs. In transmission, CFE operates and maintains the national transmission grid, under the instructions of CENACE with rates determined by CRE. It can hire third parties through bidding processes to expand and operate transmission projects. In distribution, CFE operates the general distribution grid, under the instructions of CENACE with rates determined by CRE. It also executes, under the instruction of SENER, the expansion and improvement of the distribution grid.

Services Suppliers (*Suministradores*)— Services suppliers are entities in the market who offer electricity supply to the end users. The type of services suppliers is determined by the type of users they supply. These entities drive demand in the market in accordance with consumption from end users.

Qualified Services Suppliers—Qualified services suppliers can purchase products in both the short-term market/spot market or through long-term contracts, but must only supply to qualified users (users with a peak demand of 1 MW or more), for which the supply has been open for competition (although the users can remain with a regulated provider if they wish). If products are purchased through long-term contracts, qualified services suppliers must execute non-regulated electricity hedge contracts with GenCos at negotiated prices and quantities to cover the price volatility risk of the products that are supplied to the clients. Additionally, they may also participate in regulated LTAs. In the short-term market/spot market, qualified services suppliers must purchase products in the Spot Market through the CENACE to satisfy the demand of its qualified users' clients. Qualified services suppliers may also buy and sell CELs and capacity.

Basic Services Suppliers—Basic services suppliers provide supply to basic users at regulated rates and as such they are required to purchase their products exclusively through electricity coverage contracts awarded at the LTAs. As of February 2020, although the CRE has granted four other basic services supply permits, CFE remains the only entity operating as an active basic services supplier.

Qualified Users—Qualified users are those with peak demand of 1 MW or more. By virtue of their size, bargaining power and electricity consumption, transactions between qualified services suppliers and qualified users are not regulated and as such can be negotiated freely. Alternatively, qualified users with more than 5 MW demand and more than 20 GW/h yearly consumption can also enter the market as participating qualified users and purchase products in the market or directly from GenCos, thus skipping the qualified services supplier intermediary.

Basic Users (*Usuario de Suministro Básico*)—Basic Users are retail and small-scale users of electricity with peak demand below 1 MW who purchase electricity from Basic Suppliers.

Market Products

The main product bought and sold in the Mexican Electricity Market is generated electricity. Additionally, capacity, CELs, FTRs and ancillary services are also exchanged.

Capacity— Capacity is a commercial product determined by the average capacity a GenCo has made available to the grid system during 100 critical hours throughout a year, in accordance with the calculations made by the CENACE at the end of the given year. All load-serving entities, including suppliers and market participating qualified users, are required to comply with annual capacity requirements established by the CRE during the same 100 critical hours.

CELs— Qualified and basic services suppliers and market participating qualified users, among others, are required to purchase a certain amount of CELs corresponding to a given percentage of the total amount of electricity that they supplied to the load points of their customers. CELs are transferrable title certificates that certify a given source of power generation as being a clean source satisfying the reporting and verification requirements established by the CRE in order to validate the title certificates.

FTRs—FTRs allow market participants to offset potential losses related to the price risk of delivering energy across the grid. FTRs are a financial contract entitling the FTR holder to a stream of revenues (or charges) based on the day-ahead hourly congestion price difference across an energy path. FTRs are a method to hedge congestion charges associated with locational marginal pricing. They give market participants the ability to increase price certainty when delivering energy across the grid.

Ancillary Services—Ancillary services include regulation reserves, spinning reserves and supplementary reserves.

Short-Term Market/Spot Market

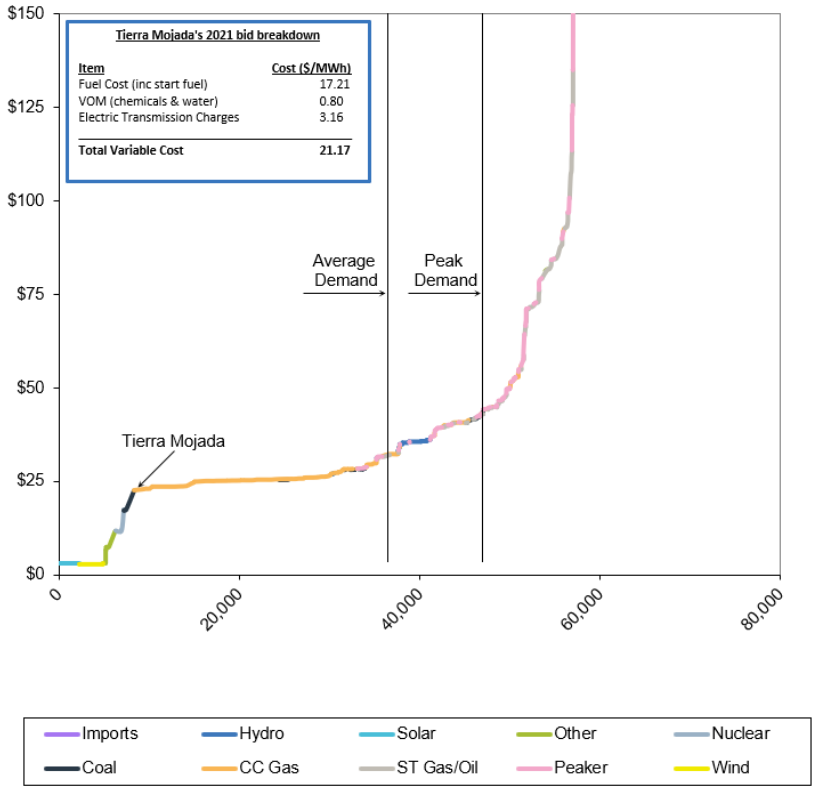
In Mexico, the short-term market/spot market is segmented into three markets: the day-ahead, real-time and hour-ahead.

The day-ahead market was first launched in late January 2016. LMPs are established in the grid, with nodal price calculations including energy, marginal congestion and marginal loss components. CENACE also reports hourly prices for several "distributed nodes" within the primary interconnection that represent average off-taker pricing around a given area. The day-ahead market has been the primary platform for price discovery so far and a baseline for auction and contract pricing. The real-time market first began reporting prices in January 2017. The hour-ahead market has not started yet; it will be part of the second phase of the MEM, and will act as an intermediate market it will be a market between the day-ahead market and the real-time market to adjust hourly supply and demand. For more information, see "—Spot Prices."

Dispatch Order in Short-Term Market/Spot Markets

In short-term markets/spot markets, power plants are dispatched through an economic model, where plants with the lowest generation costs are cleared and dispatched accordingly until the total demand is met at a given point in time (i.e., merit order dispatch). The last plant dispatched in order to cover demand sets the locational marginal price based on its variable costs, which vary according to the generation technology and fuel cost.

Variable Cost (US$/MWh)



Source: PA Consulting

Medium-Term Auctions

CENACE has organized medium-term auctions for existing capacity. The products available have been energy and capacity, with contract lengths ranging from one to three years. Energy offers are defined by total energy as a fraction of load per year, for given load blocks (peak, intermediate and base), for a given grouped load zone, at a given offer price. Capacity offers are defined by quantity, price, year and capacity zone.

Long-Term Auctions (LTAs)

To incentivize investments in new capacity and clean energy, CENACE organized LTAs that offered renewable energy, capacity and CEL products. Energy and capacity contracts had a 15-year term, while CEL contracts had 20-year terms. Bids had to be submitted as descending offer curves for each product, with maximum prices established in the bidding guidelines. CENACE then aggregated bids for each product and published an offer curve.

Bids in the LTAs must conform to a few guidelines. First, participants must clear a pre-qualification process that involves qualification with CENACE, a technical, legal and financial strength screen, and finally posting of guarantees along with the offer. Projects may submit offers for one or multiple products, subject to rules on minimum quantity and combinations of products offered.

Results of Recent Auctions

Since Mexico's energy reform, three energy auctions have taken place with the aim of generating competitive processes for contracting long-term supply agreements between generators and offtakers.

In the first two LTAs, the CFE (Basic Supply) was the only buyer, but beginning with the third auction, any market participant has been able to submit offers to buy. To facilitate the process in the third auction, CENACE contemplated a clearinghouse through which all buyers and sellers could operate a single contract, rather than potentially splitting up and having multiple contracts for every generator-supplier pair.

The first LTA concluded in March 2016 with 11 companies closing 18 secured long-term PPAs for a total of 5.4 million TWh, or 84.9% of the original energy demand offered by CENACE. The energy auctioned represented 1.9% of Mexico's total annual generation.

The second LTA concluded in September 2016. It had 23 winning bidders for a total of 56 energy projects, mainly solar, wind, and other types of renewables. As a result of the auction, 2.8 GW of new renewable energy capacity will be installed in the country.

The third LTA concluded in November 2017. It had ten winning bidders for a total of 16 energy projects. As a result of the auction, 2.7 GW of new renewable energy capacity will be installed in the country.

This auction was the first that allowed companies other than the CFE to come in as offtakers for energy, CELs and power.

The fourth LTA was ultimately cancelled on January 31, 2019.

Bilateral Contracting

In order to facilitate the realization of bilateral transactions in the Mexican Electricity Market, CENACE offers tools to market participants that allow the recording of amounts transacted between the market participants. CENACE does not need to be informed of the agreed price for these bilateral transactions, as only quantities must be reported for settlement purposes. CENACE specifies three types of transactions: (i) financial contracts for a fixed energy delivery schedule ("*TBFin fijos*"); (ii) financial contracts for a percentage of unit generation or supplier demand at a given node ("*TBFin referenciadas*"); and (iii) capacity contracts ("*TBPot*").

The generator must clear generation in the market or cover the cost associated with the transaction. TBFin fijo contracts may be issued in day-ahead or real-time, whereas TBFin referenciadas contracts may only bid in the real-time market. These contracts must be settled directly through their accounts with CENACE. Finally, TBPot contracts simply provide coverage for the supplier in the balancing capacity market, and are financially settled directly between parties and physically through CENACE. CFE basic supply, the regulated retail entity, cannot sign bilateral contracts outside of the medium and long-term auctions. However, qualified suppliers are allowed to sign bilaterally outside of the formal mechanisms.

CEL Market Dynamics

The 2012 General Law of Climate Change established a goal of 35% clean energy generation by 2024. In 2015, Mexico enacted the LTE to develop and implement legal, regulatory and tax conditions aimed at boosting energy efficiency, reducing emissions and replacing fossil fuels. This was supported by the creation of the CELs issued by the CRE as a method of accreditation for the generation of clean, renewable energy and as an incentive for the generation of such. For every 1 MWh of clean energy produced, generators receive 1 CEL. These will be subsequently tradeable on what is expected to become an open, spot market for CELs. One of the objectives of the constitutional energy reform is to stimulate investment in clean energy, accomplished by gradually increasing CEL requirements for covered entities, including suppliers, qualified market participant users, end users supplied through isolated supply and holders of legacy interconnection contracts that produce electric energy from non-clean energy sources. For 2020 and 2021, respectively, SENER has established the minimum CEL requirements for such covered entities at 7.4% and 10.9% of their total energy consumption. Failure to comply with these obligations by the covered entities may result in the imposition of fines.

While the supply of CELs depends on the amount of clean energy produced by any none-to-low-carbon emitting generator, demand will be imposed on obligated entities. These include suppliers (*suministradores)*, which buy

electricity on behalf of qualified and basic users and self-supply generators on isolated non-clean sources. Obligated entities will be required to purchase CELs equivalent to a predetermined minimum percentage of their total energy supplied or consumed. The requirement can either be met by purchasing CELs directly, if consuming conventional energy only, or by consuming renewable energy that blends in the CELs. The table below summarizes the schedule of CEL requirements from consumers as of 2019:

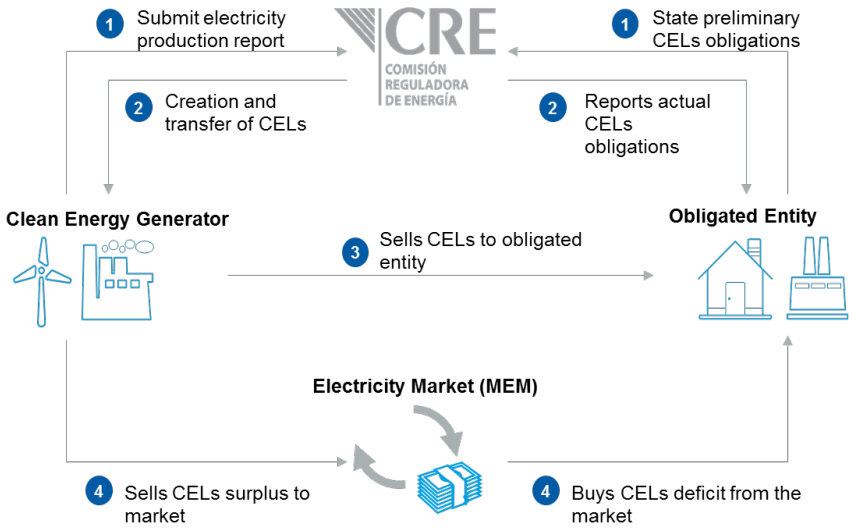
Mexico's CEL requirements

Year	CEL Requirement (% or Load Served)
2020	7.4%
2021	10.9%
2022	13.9%

Source: SENER

The requirements are established by SENER and are set by taking into consideration projected economic factors in the country and the 2024 clean energy generation government goal. Failure to meet these requirements by the obligated entities may result in fines, dependent on the CRE's judgment at the time, the number of CELs the consumer fell short by and the number, if any, of prior violations to the minimum requirement. The following diagram illustrates the operation of the CEL market.

CELs market simplified process



Source: CRE

Pursuant to the PPAs, Tierra Mojada does not have a legal obligation to register CELs. For more information, see "—CEL Market Dynamics."

Balancing Capacity

To ensure resource adequacy, CENACE has implemented annual capacity requirements for all load-serving entities. A balancing capacity market measures system capacity shortage or excess, and operates retroactively for the preceding year.

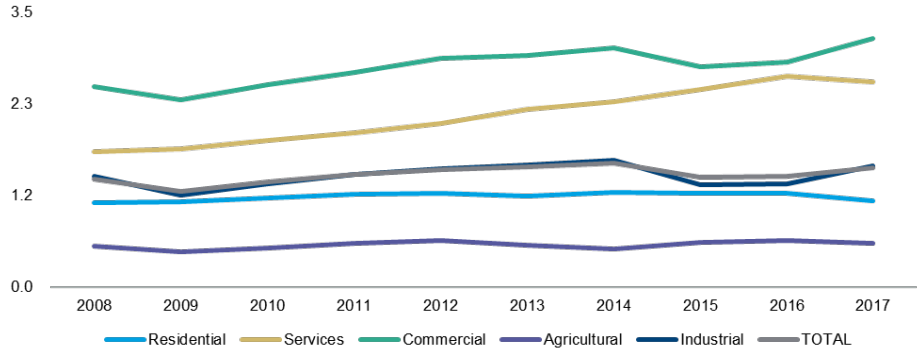
The capacity market centers on calculations of load and delivered capacity during 100 "critical hours" during the year. The critical hours are calculated at the conclusion of the year. For 2016 and 2017, the 100 critical hours were defined by the highest load hours; however, from 2018 onwards the critical hours are defined by the hours with lowest operating reserves, which consider not only the hourly demand level, but the capacity delivered (according to their declared unavailability). Hence, generators are credited according to the capacity deliveries to the SEN in the critical hours, providing an incentive to ensure availability in these critical moments.

Prices

CFE Reference Tariff

Historically, the CFE has published monthly tariffs for electricity. Beginning in 2018 after the 2013 energy reform and the introduction of the spot market, CRE sets the tariffs for regulated basic supply contracts. These tariffs are adjusted monthly using certain input factors to update previous prices, including changes in input (fuel) prices and inflation, among others. Additionally, different adjustment factors are applied depending on the sector to which the end-user belongs.

Average electricity price per segment (MXN per kWh)



Source: SENER, SIE

Spot Prices

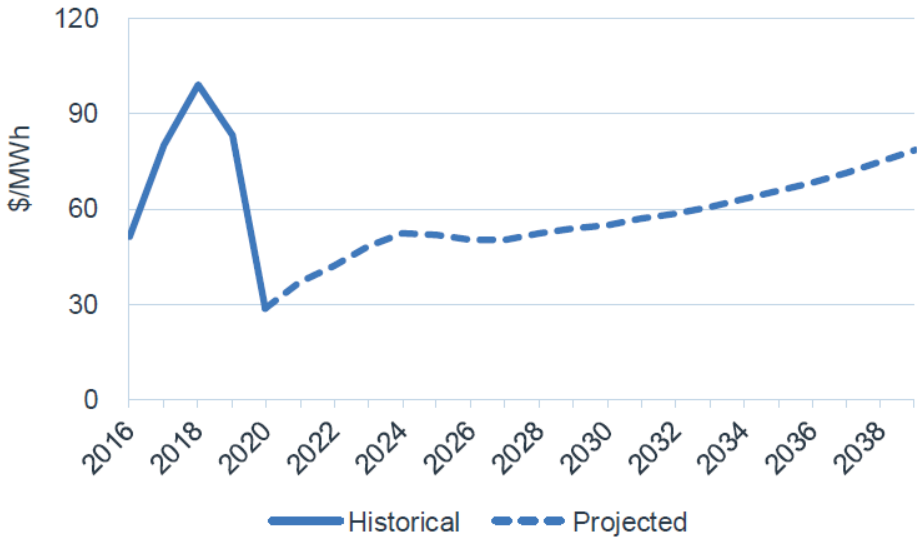
With the introduction of the day-ahead market in 2016, the spot prices have become a relevant reference in the market. In this market, energy purchase and sale orders are received in the morning of the previous day, after which they are run through the dispatch model, which distributes the generation responsibilities across the generators in the market. With the resulting dispatch curve, prices are calculated and subsequently published at the end of the same day. Prices in the Mexican Electricity Market are nodal prices, meaning they are calculated in each node of the system based on three components:

Energy component: accounts for the marginal cost of generating electricity

Marginal Congestion component: accounts for the level of saturation of the grid

Marginal Loss component: accounts for marginal transmission losses

Expected evolution of nominal On-Peak Market Power Prices for the Guadalajara Zone ($USD/MWh)



Source: PA Consulting

Natural Gas Sector Overview

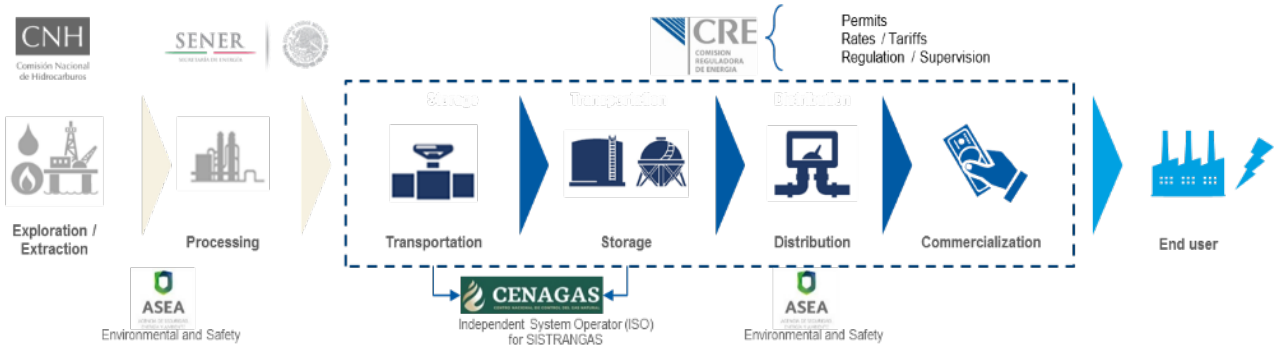
Complementary to the 2013 energy reform, Mexico launched the Natural Gas Supply Integrated Strategy as a way to incentivize the development of the national distribution and infrastructure of natural gas. Prior to the 2013 energy reform, the production and other activities related to natural gas were controlled by the Mexican government through PEMEX and its subsidiaries. Participation of the private sector formally was first allowed in 1995, although it was limited to transportation, storage and distribution activities. With the reform, in addition to storage, transportation, distribution, commercialization and sale of hydrocarbons and operating pipelines, liquefaction, regasification, compression and decompression stations or terminals, the private sector was invited to engage in the exploration and extraction of hydrocarbons. Concurrently, CENAGAS was created as an operator of the national natural gas pipeline transportation and storage system previously owned by PEMEX.

In 2015, SENER published the first version of the 2015–2019 Plan for the Tender of Hydrocarbon Exploration and Extraction Contracts, which was later complemented by the 2015-2019 Plan for Transportation and Storage of Natural Gas. In 2016, SENER published additional guidelines that would allow for the creation of an efficient and competitive natural gas market, seeking to incentivize investment in the sector and keep barriers to entry low. Complementary to the guidelines, the recently created CENAGAS launched a process with the National Transportation and Storage System of Natural Gas for the open reservation of transportation capacity. This fostered competition in the sector and allowed new players to enter the market, ultimately, to the benefit of consumers.

So far, SENER has published four revisions to the 2015–2019 Plan for Transportation and Storage of Natural Gas in what has been a transparent exchange with the public of the country's strategy around the sector. These publications have further increased competition in the sector as companies across the value chain are now participating in open markets.

The diagram below illustrates the value chain of natural gas in Mexico, and where the different players are located along the path:

Mexico's natural gas value chain

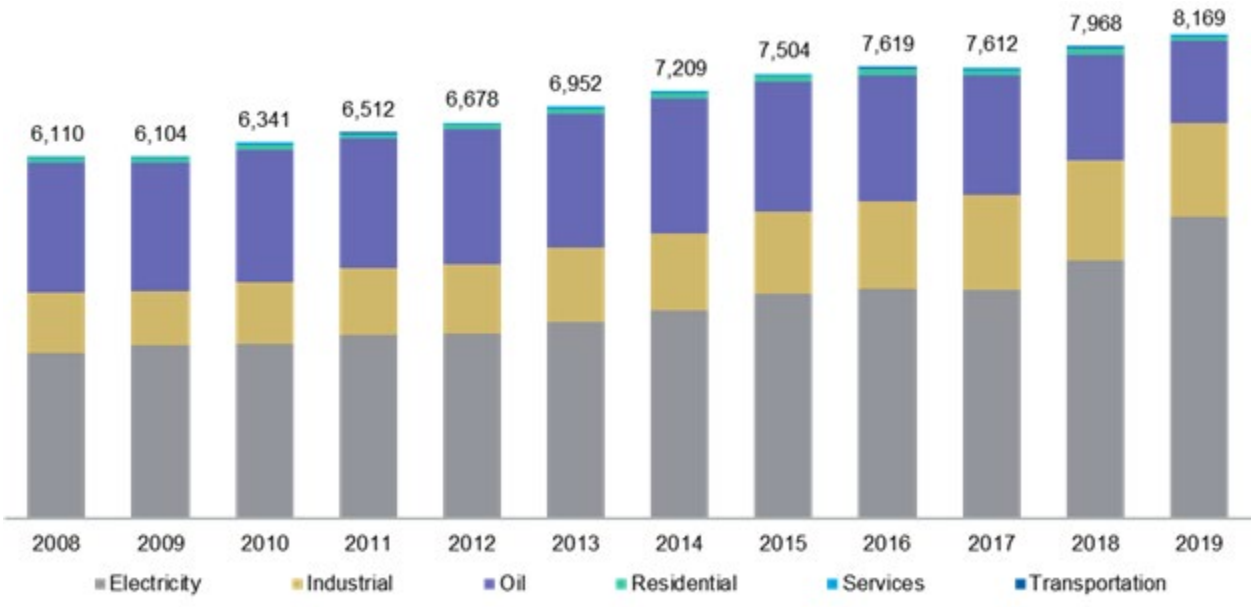


Source: SENER, Prospectiva de Gas Natural 2018 - 2032

The 2013 energy reform boosted demand for and participation in the natural gas sector in Mexico. In the ten-year period from 2008 to 2019, demand for natural gas has seen a 2.7% CAGR, reaching 8,169 MMCFD in 2019. The growth in demand for natural gas was mainly driven by the electricity sector, which represented 62.2% of the total natural gas demand in 2019.

The following charts illustrate the evolution of demand for natural gas by economic sector between 2008 and 2019:

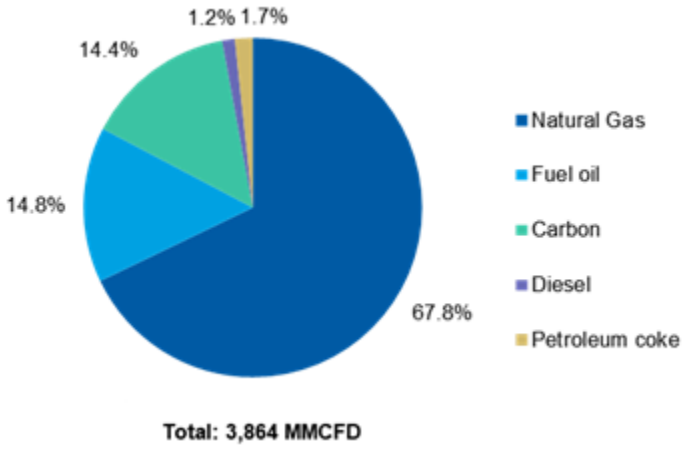
Natural gas demand by economic sector, 2008-2019
(MMCFD)



Source: SENER, SIE

Demand for natural gas has been mainly driven by the electricity sector, as natural gas is the most employed fossil fuel in electricity generation and primarily used in combined-cycle technologies, which accounted for 36.5% of Mexico' installed capacity for electricity generation in 2018. The chart below illustrates the electricity sector's demand for different types of fuels as of 2017, with natural gas representing approximately 67.8% of total fuel demand:

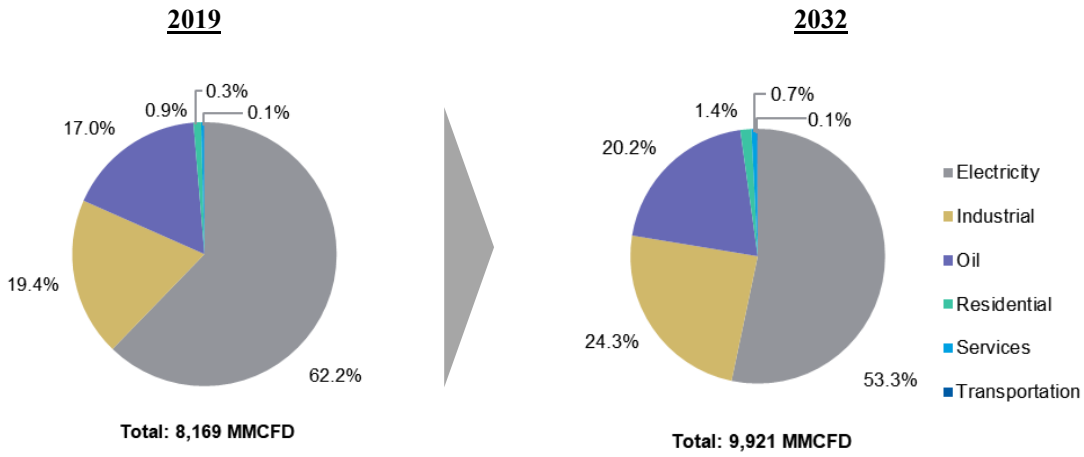
Electricity sector fuel demand by type, 2017
(MMCFD)



Source: SENER, Prospectiva de Gas Natural 2018 -2032

The electricity sector is expected to continue leading the demand for natural gas in the medium term, comprising 53.3% of national natural gas demand in 2032. This increase will be driven by infrastructure expansions and the entry of additional combined-cycle generators. The charts below illustrate the breakdown of natural gas demand by technology in 2019 and the expected breakdown in 2032:

Natural gas demand by sector (MMCFD)



Source: SENER, Prospectiva de Gas Natural 2018 - 2032

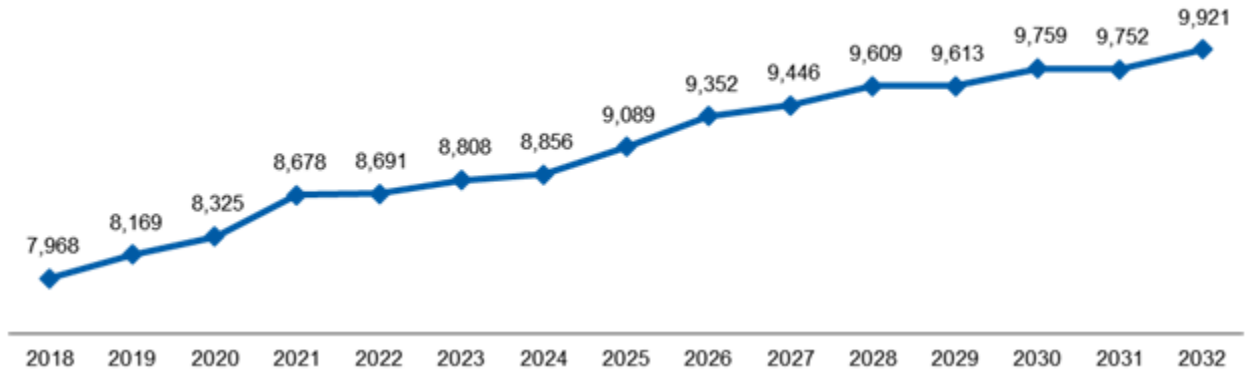
Currently, the Northeast region demands the most natural gas in the country. The map below illustrates the differences in demand for natural gas as of 2017 between regions in the country, with the Northeast region representing 32.8% of total demand:

Regional demand for natural gas, 2017
(MMCFD)

Source: SENER, Prospectiva de Gas Natural 2018 - 2032

Total demand for natural gas is expected to reach 9,921 MMCFD in 2032 representing a 1.6% CAGR from 2018 to 2032. The graph below illustrates the expected evolution in demand for natural gas between 2018 and 2032:

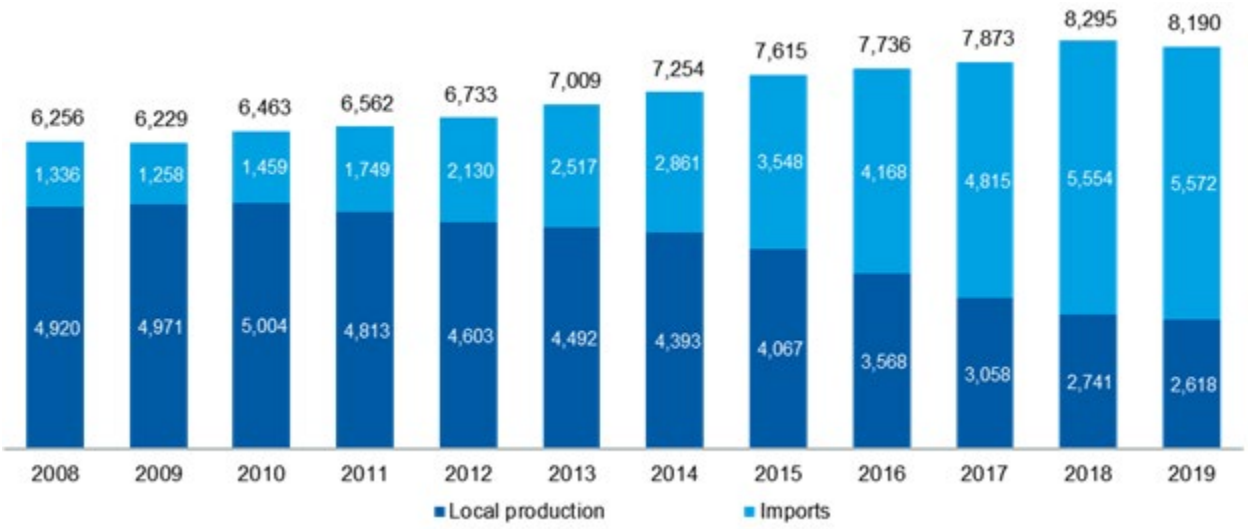
Expected demand for natural gas, 2018-2032
(MMCFD)



Source: SENER, SIE, Prospectiva de Gas Natural 2018 - 2032

Despite the increased demand over the past decade, local production has been unable to keep up. Hence, Mexico has shifted towards importing natural gas from the United States through pipelines. Natural gas imports to Mexico experienced a 13.9% CAGR between 2008 and 2019, as local production declined at a 5.6% CAGR during the same period. Imports increased given the gap between production and demand for gas in the country, as well as the low prices of gas in the United States compared to the local costs of natural gas extraction.

Evolution of natural gas production and imports, 2008-2019
(MMCFD)



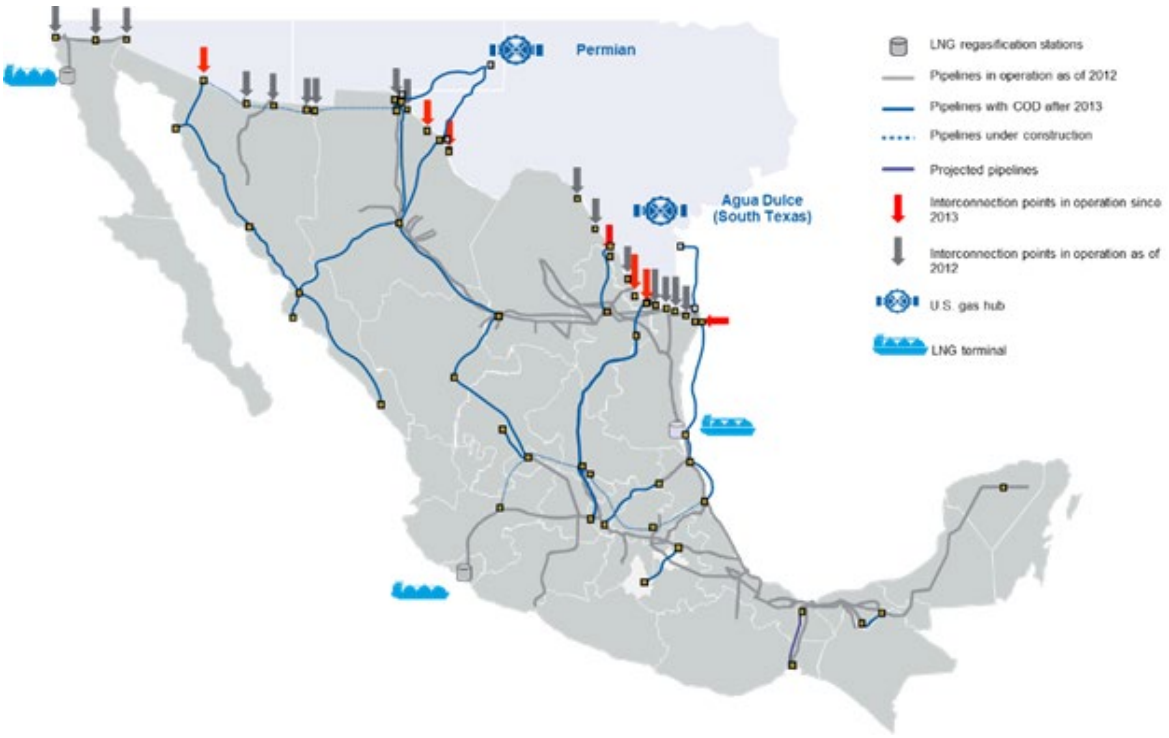
Source: SENER, CENACE, SIE

Natural gas imports to Mexico are carried out by PEMEX, the electricity sector and private companies.

Starting in June 2017, the CRE suspended the publication of the maximum first-hand sale, "VPM", of natural gas and decided that the price would be set by market conditions. Consequently, the CRE now publishes a monthly National Natural Wholesale Gas Prices Index, which shows the prices where all transactions took place in the market in the form of an average price index.

As part of the 2013 energy reform, CENAGAS was created in 2014 in order to independently manage the country's transportation and storage system for natural gas ("SISTRANGAS"), as well as operate the natural gas transportation infrastructure. The SISTRANGAS would be managed through Open-Access Pipeline Transportation Projects ("*Temporadas Abiertas*"), through which the CENAGAS would assign available transportation capacity to different players, fostering competitive markets and the number of natural gas customers. The map below illustrates the current natural gas infrastructure:

Mexico's natural gas infrastructure, 2019



Source: SENER, Prospectiva de Gas Natural 2018 - 2032

The liberalization of prices and market participants has also been accompanied by improvements in infrastructure. Between 2012 and October 2019, 5,863km of additional pipelines were added to the national network, growing Mexico's pipeline infrastructure by 51.6%.

The open-access awards by the CENACE will further improve the natural gas infrastructure in the country moving forward, creating an extensive pipeline network that will successfully satisfy the increasing demand for natural gas.

REGULATORY, PERMITS AND ENVIRONMENTAL MATTERS

All of Tierra Mojada's activities in Mexico are governed by the Mexican Constitution along with a diverse body of laws, rules, regulations, general administrative provisions, guidelines and official technical standards.

Tierra Mojada is subject to Mexican legislation governing the power generation activities of Tierra Mojada.

Electricity Generation

Given the amendment to the Mexican Constitution in December 2013 and the enactment of the Mexican Electricity Industry Law (*Ley de la Industria Eléctrica*), which repealed and replaced the former Mexican Power Public Service Law (*Ley del Servicio Público de Energía Eléctrica*), private entities are allowed to obtain permits for the generation and marketing of electricity in the MEM and for the sale of energy and associated products to other market participants (such as CFE and Ektria). The Mexican State continues to carry out the transmission and distribution of electricity through the CFE and its subsidiaries, known as productive subsidiaries (*empresas productivas subsidiarias*), but it may enter into ancillary contracts with private companies related to such activities, including contracts for the installation, maintenance, procurement, operation and expansion of the electric network infrastructure. Planning and control of the grid falls under the exclusive authority of the Mexican Federal government and is carried out through CENACE, the governmental body responsible for managing the SEN, acting as an independent system operator for the MEM.

In terms of the LIE and the Electricity Market Rules (*Bases del Mercado Eléctrico*), private generators of electricity may participate the Mexican Electricity Market, a new wholesale open market operated by CENACE, by selling energy and associated products to other market participants.

Under the Mexican Electricity Industry Law, power plants with an installed capacity of 0.5 MW or more, as well as those represented by a generator in the Mexican Electricity Market (regardless of the installed capacity) will require a power generation permit issued by the CRE. Power plants with an installed capacity of less than 0.5 MW will not require a permit but need a supplier acting on their behalf if they intend to sell their energy and associated products in the Mexican Electricity Market.

Power generators that are interconnected to the SEN are required to:

- sign interconnection contracts according to CENACE's requirements and operate and perform maintenance of their power plants complying with CENACE's instructions;
- notify CENACE of scheduled shutdowns; and
- in case of emergency, supply electricity according to CENACE's instructions.

Generators may have either clean energy or conventional power plants.

Mexican Energy Sector Coordinated Regulatory Agencies Law

The Mexican Energy Sector Coordinated Regulatory Agencies Law (*Ley de los Órganos Reguladores Coordinados en Materia Energética*) establishes the authorities of the CRE as well as its structure and internal organization. The CRE is an agency of the Mexican government that has technical, operating and management autonomy, and is the sole body responsible for granting permits for midstream and downstream activities to participants in the natural gas, LPG, LNG, oil products and petrochemicals sectors in Mexico, except for permits to import and export crude oil, condensates, natural gas, and refined products, which are granted by the SENER. Additionally, the CRE is responsible for granting power-related permits to generators and qualified suppliers, as well as permits for the importation and exportation of such energy, and for supervising, monitoring and inspecting such generators' and users' operations and full performance of the corresponding permits. The CRE is Tierra Mojada's primary regulatory and supervising authority.

Pursuant to the Mexican Energy Sector Coordinated Regulatory Agencies Law, the CRE has broad powers and authority to regulate natural gas, LPG, LNG, oil products and ethane storage, regasification, transportation, distribution, processing, liquefaction, compression, decompression, marketing, import and export activities, such as the issuance of terms and conditions that shall govern such services provided by the public and private sectors and the issuance of guidelines to calculate the rates applicable to such services. It also has the authority to oversee the operations in the Mexican Electricity Market and to issue regulations and general rules to foster the generation and use of clean energies.

Mexican Official Standards, Directives and General Rules

In addition to the laws and regulations mentioned above, the legal framework that regulates Tierra Mojada's activities also includes (1) the Mexican Official Standards issued by the SENER and CRE in connection with technical matters of Tierra Mojada's business, such as product quality and technical specifications related to the design, construction, safety, operation and maintenance of Tierra Mojada's Power Plant, (2) the directives issued by the CRE that regulate economic matters applicable to Tierra Mojada's business, such as prices, fees and rates and accounting and insurance matters, (3) the General Rules related to service provision issued by the CRE, and (4) public policy documents issued by the SENER regarding any of the activities of the power sector in which Tierra Mojada participates.

Other Authorizations

There are several other permits and licenses that may be required by the three different levels of government (municipal, state or federal) for the development, construction and operation of our Power Plant. These include civil protection, environmental permits, social permits, zoning permits, construction permits, concessions over and crossing of federal areas such as rivers and streams, among others.

Mexican Federal Economic Competition Commission

COFECE is an independent body of the Mexican government that has joint jurisdiction in the activities of natural gas and power concerning the prevention of, and enforcement against, monopolistic practices and economic concentrations. With the approval of COFECE, the CRE may issue new regulations to develop competitive markets in the power sector, which may include shareholder limitations, and caps in economic operators' participation in marketing activities.

General Law of Administrative Responsibility

On July 18, 2016, the legal framework that creates Mexico's National Anticorruption System was published in the Federal Official Gazette. This new legal framework implements the 2015 Constitutional Reform on anticorruption matters and is comprised of several laws, including the General Law of Administrative Responsibility (*Ley General de Responsibilidades Administrativas*, or "GLAR"). Although it was published in the Official Gazette on July 18, 2016, the GLAR became effective on July 19, 2017.

The aforementioned law establishes certain mechanisms for private parties to prevent corruption, such as (i) organizational guidelines establishing areas in charge of doing business with the government and their obligations and responsibilities; (ii) a code of conduct for their employees; (iii) recruiting policies addressed to detect potential liabilities and conflicts of interest when conducting business with governmental entities; and (iv) monitoring procedures and accountability for the company's personnel, as well as disciplinary procedures, penalties and sanctions for any employee who fails to comply with the company's policies and the applicable law.

Additionally, the GLAR sets forth certain rules and guidelines to prevent and sanction persons and companies for unlawful participation in administrative procedures, influence peddling, bribery, wrongful exercise of public funds, collusion in public tenders (including procedures called by foreign entities), use of false information when applying for an administrative permit, authorization or concession, among others.

In view of the above, Tierra Mojada is subject to the GLAR with respect to any activities that require the granting of a permit or a concession, public procurement processes, and any other administrative procedure carried out before a governmental entity.

The GLAR establishes the administrative procedures for the investigation of possible unlawful conduct and addressing claims. Pursuant to such law, the Ministry of the Public Function of the Federal Government (*Secretaría de la Función Pública*) and ministries of state governments are responsible for investigating and penalizing any minor offense, while the Federal Superior Audit Office (*Auditoría Superior de la Federación*) and the state audit offices will be responsible for investigating and penalizing major offenses.

Offenses committed by private parties will be subject to the jurisdiction of the Mexican Federal Administrative Court, which now has a special chamber in charge of judging severe corruption actions, and is entitled to impose the corresponding penalties and required sanctions.

As to the extent of the penalties that may be applied to a private company upon any unlawful action, the GLAR provides for the following: (i) fines up to two times the amount obtained by the company from any unlawful action or between 1,000 up to 1,500,000 times the unit of measure (*unidad de medida y actualización*); (ii) disqualification from participating in any public procurement procedure for at least 3 months and up to 10 years; (iii) suspension of all commercial activities of the private company, for at least 3 months and up to 10 years; (iv) dilution of the company; and (v) compensation for the damages caused to the federal public treasury, and federal, state or municipal entities.

Mexican Federal Environmental Liability Law

The Mexican Federal Environmental Liability Law (*Ley Federal de Responsabilidad Ambiental*) enacted on July 7, 2013 establishes judicial causes of action for the remediation of environmental damages caused by illegal acts or compensation when remediation is not possible. In the event of intentional and unlawful action or inaction, the responsible party may be fined. This liability regime is independent from administrative, civil or criminal liability regimes.

Environmental liability may be attributed to an entity for conduct carried out by its representatives, managers, directors, employees or officers who have an operational domain of their activities. The statute of limitations to claim environmental liability is 12 years from the generation of environmental damage and its effects. The law allows the interested parties to solve disputes by means of alternative dispute resolution mechanisms, provided the public interest or third-party rights are not affected.

Permits

We are required, under applicable federal, local and municipal laws and regulations, to seek governmental concessions, permits, authorizations and other approvals in connection with the construction and operation of the Power Plant, as follows:

Permits, licenses and authorizations required for the construction of the Power Plant

- Environmental Impact Authorization and Environmental Risk Study from the SEMARNAT;
- Social Impact Resolution from SENER;
- Approval and Release on archaeological vestiges and historical monuments from the INAH;
- Municipal Land Use License;
- Municipal Construction License;
- Permit for construction in water bodies and over federal zone under the administration of CONAGUA; and

- Municipal Civil Protection Approval for construction works.

Permits, licenses and authorizations required for the operation of the Power Plant

- a statement from CENACE confirming the commencement of Commercial Operation (*Declaración de Entrada en Operación Comercial*);
- Power Generation Permit from CRE;
- Accidents Prevention Program Approval from SEMARNAT;
- Registry as a Hazardous Waste Generator from SEMARNAT;
- Registry of the Hazardous Waste Management Plan from SEMARNAT;
- Registry of the Non-Hazardous Waste Management Plan from SEMADET;
- Concession for the Use and Exploitation of National Waters from CONAGUA;
- Wastewater Discharge Permit from CONAGUA;
- Comprehensive Environmental License from SEMARNAT (the "LAU");
- Municipal Construction Conclusion Notice;
- Municipal Approval of the Specific Program of Civil Protection; and
- Authorization for the operation of pressurized vessels and boilers from Ministry of Labor and Social Welfare (*Secretaría del Trabajo y Previsión Social*).

Obtaining the necessary governmental permits can be a complex and time-consuming process and may involve costly undertakings. The duration and success of permit applications are contingent on many factors that are outside our control. The governmental approval process may increase costs and cause delays, depending on the nature of the activity to be permitted. Failure to obtain, comply with the conditions and obligation of the relevant environmental permits, or renew a necessary permit or the subsequent suspension or revocation of a permit could result in our being unable to proceed with the development or continued operation which, in turn, may have a material adverse effect on our business and results of operations.

Environmental Matters

Environmental and Health and Safety Regulations

Our Mexican operations are subject to comprehensive federal, state and local environmental authorities, laws, regulations, Mexican Official Standards and other technical standards. Federal, state and municipal authorities have concurrent powers to regulate environmental matters. The distribution of jurisdiction over environmental matters among the three levels is based on a "residual formula" provided in the Mexican Constitution, which establishes that those matters that are not expressly reserved to the Mexican Federal government will fall under the jurisdiction of the local governments, referred to as concurrent jurisdiction. While energy projects mainly fall under the jurisdiction of the Mexican Federal government, some specific environmental matters such as the handling of special management or urban solid wastes and the opening of new access roads, land use and construction may fall under state or municipal jurisdiction. Therefore, Mexican state and municipal governments may issue specific environmental laws and regulations in matters that fall within their respective jurisdictions that are not expressly reserved to federal jurisdiction.

The primary federal environmental laws in Mexico applicable to Tierra Mojada's business are: the Mexican General Law on Ecological Equilibrium and Environmental Protection; the Mexican General Law for the Prevention and Comprehensive Management of Wastes (*Ley General para la Prevención y Gestión Integral de los Residuos*); the Mexican National Waters Law (*Ley de Aguas Nacionales*); the Mexican General Law for Sustainable Forestry Development (*Ley General de Desarrollo Forestal Sustentable*); the Mexican Federal Environmental Liability Law (*Ley Federal de Responsabilidad Ambiental*), the Mexican General Law of National Assets (*Ley General de Bienes Nacionales*) and the Mexican General Law on Climate Change (*Ley General de Cambio Climático*) and other relevant regulations, as applicable. Pursuant to these laws, rules and regulations have been issued concerning environmental impact and risk matters, forestry land use change, noise emissions, air emissions, water extraction and wastewater discharge, waste management, etc., to which Tierra Mojada's businesses are also subject. Tierra Mojada's businesses may also be subject to other laws, regulations and technical requirements relating to health and safety in the workplace or occupational safety such as the Mexican Federal Labor Law (*Ley Federal del Trabajo*), the Mexican Federal Regulations on Safety, Hygiene and Work Environment (*Reglamento Federal de Seguridad*, *Higiene y Medio Ambiente en el Trabajo*) and the General Regulations for Inspection and Penalties for Violations of Labor Legislation (*Reglamento General de Inspección del Trabajo y Aplicación de Sanciones*).

In Mexico, water is deemed a public property and industries not connected to a public service water supply must obtain a water concession from the Mexican National Water Commission ("*Comisión Nacional del Agua* or "CONAGUA"). The term of any water concessions may not be less than five years or more than thirty years, and such term will be determined by CONAGUA assessing conditions of supply source, priority of uses in the relevant region and expected demand growth of such uses. Likewise, the use of national bodies of water as wastewater-receiving bodies are regulated by CONAGUA under the National Waters Law. The wastewater discharges generated from Tierra Mojada's operations must be authorized by CONAGUA and must comply with guidelines set by the Mexican Official Standards or in the corresponding permit specifying the maximum permissible level of contaminants.

Tierra Mojada has all the necessary concessions for water usage for the operation of the Power Plant. Such concession titles cover the Power Plant's demand for water as a whole and are currently in full force and effect, pursuant to applicable laws and the terms and conditions set forth therein. Similarly, the Power Plant has the necessary permits to carry out wastewater discharges.

Under Mexican environmental laws, the Mexican state and municipal governments, have the power to bring civil, administrative and criminal proceedings against companies that breach applicable environmental laws and may halt a non-complying development. Environmental regulations in Mexico have become increasingly stringent over the last decade. Furthermore, the Mexican authorities have become more rigorous and stricter in enforcing Mexican environmental laws. We expect additional laws and regulations will be enacted over time enhancing the level of protection of the environment as well as human rights of individuals and communities.

Non-compliance with the applicable environmental laws, regulations and Mexican Official Standards may result in the imposition of administrative fines or sanctions; revocations of authorizations, concessions, licenses, permits or registries; administrative arrests; seizure of polluting equipment; and in certain cases, temporary or permanent closure of facilities and even imprisonment, when environmental violations are classified as criminal offenses as well as in remediation, reparation or compensation obligations in matters of environmental liability.

The Power Plant operates under licenses, permits, authorizations, concessions and registrations issued under these environmental laws. We believe that Tierra Mojada has all material environmental permits, licenses, registrations, concessions and authorizations for the facilities and projects that Tierra Mojada operates, and that Tierra Mojada is in substantial compliance with applicable environmental laws and the respective permits. There are currently no material legal or administrative proceedings pending against Tierra Mojada with respect to any environmental matters.

Tierra Mojada follows internal policies and procedures to ensure compliance with applicable laws, regulations and Tierra Mojada's permits. From time to time, Tierra Mojada will be required to update its permits, authorizations, licenses, concessions and registrations and makes periodic assessments in connection with their validity, including the amendment, renewal, extension or termination of such permits. If as a result of such assessments any action is needed to renew, maintain, transfer or obtain any permit, authorization, license or approval, Tierra Mojada will undertake the necessary actions to maintain the effectiveness thereof.

Environmental Certifications, Policies and Programs

Corporate Environmental Policies

Tierra Mojada conducts its business in compliance with its Environmental and Sustainability Policy (the "E&S Policy"). Tierra Mojada developed its project-specific E&S Policy to be aligned with international best practices and requirements, including the Equator Principles, a framework used by financial institutions to determine, assess and manage environmental and social risk in projects. In an effort to ensure compliance, Tierra Mojada's E&S Policy was signed by the EPC Contractors and all subcontractors involved in the construction of the Power Plant.

Additionally, training on the E&S Policy was provided to key internal stakeholders to ensure that the policy was understood and properly implemented onsite at the Power Plant. In connection with the E&S Policy, Tierra Mojada also developed and integrated into the E&S Policy several plans including (i) an emergency preparedness and response plan, (ii) a contractor's supervision procedure, (iii) vehicle safety inspection procedures, (iv) a noise monitoring program, (v) an emissions monitoring program, (vi) a water management and conservation program, (vii) a waste management program, (viii) a bat monitoring program and (ix) an environmental and social management system manual.

Environmental Programs for the Conservation of Biodiversity

Tierra Mojada has several ongoing environmental programs to conserve biodiversity as well as construction projects and operations that are focused on conservation, protection and restoration of species of flora and fauna, most of which have been designed and implemented as part of Tierra Mojada's environmental impact and forestry authorizations.

Tierra Mojada does not believe that it will incur material costs and liabilities related to environmental matters with respect to the Power Plant, the implementation of Tierra Mojada's corporate environmental policies and ongoing compliance monitoring programs. See "Risk Factors—Risks Relating to Our Business and Industry—We operate in a highly regulated environment and our profitability depends on our ability to comply with a number of laws and regulations on a timely and efficient basis" and "—We are subject to numerous environmental, health and safety regulations that may become more stringent in the future and may result in increased liabilities and increased capital expenditures."

DESCRIPTION OF CERTAIN MATERIAL AGREEMENTS

The following are summaries of the principal terms of the material agreements related to the Power Plant. These summaries should not be considered to be a full statement of the terms and provisions of such contracts. Accordingly, the following summaries are qualified in their entirety by reference to each contract. Copies of the contracts described below are available for inspection upon request to us at our address listed on the inside back cover page of this offering memorandum. Unless otherwise stated, any reference in this offering memorandum to any contract means such contract and all schedules, exhibits and attachments thereto as amended, supplemented or otherwise modified and in effect as of the date hereof. Spanish-language versions of any of the agreements described in this summary and governed by Mexican law are determinative.

Engineering, Procurement and Construction Agreement

EPC Agreement

On May 3, 2017, Tierra Mojada entered into the EPC Agreement for the engineering, construction, start-up, commissioning and testing of the Power Plant.

The EPC Contractors warrant any defects on design, manufacture, assembly (either its own or by subcontractors) for a period of two years as of the provisional acceptance date, which occurred on June 17, 2020. In order to secure its warranty obligation to Tierra Mojada, the Local Contractor provided a letter of credit for an amount equivalent to 5% of the contract price. This letter of credit will be in effect until the date on which final acceptance occurs, upon which it will be returned to the Local Contractor.

Final acceptance will occur when certain conditions are met.

EPC Guaranty

On May 3, 2017, the Foreign Contractor entered into the EPC Guaranty.

Power Purchase Agreements

CFEC PPA

On December 5, 2016, Tierra Mojada entered into the CFEC PPA for a 20-year term to begin on the Start Date on January 1, 2021. On June 2, 2020, Tierra Mojada and CFEC entered into the CFEC PPA First Amendment and agreed to (i) amend the Start Date of the CFEC PPA to begin on the first day of the month following COD and (ii) extend the Scheduled COD to July 1, 2020. Tierra Mojada achieved its Commercial Operation on October 28, 2020, which was acknowledged by CFEC by means of the CFEC PPA Side Letter. On November 9, 2020, Tierra Mojada and CFEC entered into the CFEC PPA Second Amendment pursuant to which the Start Date was amended to occur on January 1, 2021.See "Summary—Recent Developments—CFEC PPA Amendments."

Two years before the expiration of the CFEC PPA, Tierra Mojada may notify CFEC of its intention to extend operation of the Power Plant and offer the terms and conditions applicable to such extension which CFEC may choose to accept.

Under the CFEC PPA, Tierra Mojada sells the CFEC Contracted Capacity to CFEC and guarantees a specific monthly and annual availability of the Power Plant (the "Guaranteed Monthly Availability" and the "Guaranteed Annual Availability", respectively), which may be adjusted due to maintenance and other reasons as long as the average availability within a three-year rolling period remains consistent with the levels set in the CFEC PPA, which average approximately 95% over the 20-year term. As of the Start Date, Tierra Mojada agrees to sell to CFEC and CFEC agrees to purchase from Tierra Mojada an amount equal to the CFEC Contracted Capacity multiplied by the Guaranteed Annual Availability for the corresponding calendar year (the "Guaranteed Capacity"). Under the rules applicable to the balancing capacity market, the effective capacity of a power plant is the capacity delivered to the

grid during the 100 critical hours of the year (the "Effective Capacity"), as determined by CENACE at the beginning of the following year. In order for Tierra Mojada to sell the Guaranteed Capacity to CFEC under the CFEC PPA, the parties must enter into a bilateral capacity transaction ("TBPot") each year before the deadline established in the balancing capacity market rules. Upon CENACE's determination of the Effective Capacity, Tierra Mojada and CFEC must notify CENACE of the terms of each TBPot, in the amount of the lesser of (i) the Effective Capacity in a proportion equivalent to the Contracted Capacity with respect to the summer-designed capacity equivalent to 874 MW ("Attributable Credited Capacity"), and (ii) the Guaranteed Capacity. The TBPot allows the parties to settle surpluses and deficits in capacity transactions directly rather than make payments in the balancing capacity market.

From the Start Date, Tierra Mojada agreed to transfer to CFEC, and CFEC agreed to acquire from Tierra Mojada the financial responsibility for the "Guaranteed Energy" in an amount equal to (a) the energy generated associated with the CFEC Contracted Capacity multiplied by (b) the Guaranteed Monthly Availability. Tierra Mojada and CFEC must register with CENACE on a daily basis in the day-ahead market a bilateral financial transaction ("TBFin") in the amount of the lesser of (i) the energy allocated and delivered to the interconnection point equivalent to the Contracted Capacity with respect to the summer-designed capacity (the "Attributable Delivered Energy") or (ii) if the LMP for the Power Plant exceeds the guaranteed generating cost, the Guaranteed Energy.

In order to mitigate the risk to CFEC that Tierra Mojada might not be able to either (i) deliver the total monthly Guaranteed Energy due to causes attributable to Tierra Mojada and when the LMP for the Power Plant exceeds the current variable generating costs for a turbogas or (ii) provide the annual Guaranteed Capacity when the net capacity price determined by CENACE during the settlement of the balancing capacity market exceeds the net capacity price cap of 180,000 U.S. dollars/year MW (the "PNP Cap"), Tierra Mojada must maintain a FRAC Account, funded annually. If after the balancing capacity market is settled the Attributable Credited Capacity is higher than the Guaranteed Capacity, Tierra Mojada shall credit the extra revenue to the FRAC Account in a percentage determined by the CFEC PPA. If the Attributable Delivered Energy exceeds the Guaranteed Energy, the resulting revenues net of the generating costs shall be credited to the FRAC in a percentage determined under the CFEC PPA. Since the FRAC Account is for the benefit of CFEC, it will be excluded from the Collateral.

CFEC is obligated to make the following payments to Tierra Mojada:

- A monthly capacity fee consisting of the following:
    - a capacity charge consisting of the sum of the following U.S. dollars charges (i) principal payments on debt adjusted by changes in the financing cost, (ii) interest payments on debt adjusted by changes in the financing cost, each to the extent attributable to the acquisition, engineering, trial, start, operation and maintenance of the Power Plant and (iii) equity, return on equity, taxes and other fees related to ownership of equity;
    - an operations and maintenance charge consisting of (i) fixed U.S. dollar amounts adjusted for variations in certain labor and commodity metal indexes and (ii) fixed peso amounts adjusted for variations in certain pesos indexes, quotients and components;
    - a pass-through capacity charge in U.S. dollars, based on the guaranteed heat rate, for the reservation of natural gas transportation capacity; and
- A monthly energy fee consisting mainly of the following:
    - certain Peso amounts consisting of variable operation and management costs and water consumption charges (based on the CONAGUA approved rates for the State of Jalisco), each as adjusted for certain price indexes, quotients and components, *multiplied by* the lesser of the monthly Guaranteed Energy and the monthly Attributable Delivered Energy, plus transferable pass-through charges and regulated fees applicable to Tierra Mojada by CENACE and the CRE and other payments related to the Mexican Electricity Market;

- certain U.S. dollar amounts consisting of certain charges of other variable operation and maintenance costs, *multiplied by* each calculated based on the lesser of the monthly Guaranteed Energy and the monthly Attributable Delivered Energy plus the monthly fuel charge based on the technical consumption of guaranteed energy units as determined by the superior calorific power *multiplied by* Natural Gas Supply Agreement's unit price and the applicable TBFin; and

- Other fees, including annual charges for excess startups of the Power Plant as a result of CENACE's output orders.

The obligation to pay the monthly capacity fee under the CFEC PPA is a take-or-pay provision whereby Tierra Mojada receives payment for the CFEC Contracted Capacity regardless of whether CFEC requires such capacity.

Under the CFEC PPA, Tierra Mojada provides credit support in the form of an irrevocable letter of credit (the "Operational Guarantee") in favor of CFEC issued in the face value of US$35 million, which must be increased to US$45 million if Tierra Mojada does not maintain its force majeure insurance. If CFEC draws under this letter of credit, Tierra Mojada is required to reinstate the amounts drawn within 15 business days following receipt of notice of such drawing.

Upon the occurrence of an event of default by either party, after the applicable cure period has elapsed, the other party may terminate the CFEC PPA upon 30 days' written notice. Upon the occurrence of an event of default by Tierra Mojada, either Tierra Mojada or CFEC are required to provide notice to creditors. In this case, within the following 120 days, creditors have the option to either (i) initiate and follow any applicable action on behalf of Tierra Mojada to cure the event of default, or (ii) exercise their security rights against Tierra Mojada, in order to substitute the latter, and assume all Tierra Mojada's rights under the CFEC PPA, provided that (a) the substitute entity has equal or better technical, legal and financial capacity than Tierra Mojada as of December 5, 2016, and (b) the substitute entity delivers the Operational Guarantee in favor of CFEC.

CFEC may terminate the CFEC PPA with 30 days' notice if an event of default is triggered by Tierra Mojada and, in any case, after the Start Date, cannot terminate the agreement so long as Tierra Mojada compensates CFEC by (i) issuing the applicable TBPots or TBFins, (ii) paying for any foregone income derived from the TBFin net of the guaranteed generation costs or (iii) paying for the cost incurred by CFEC's inability to issue the applicable TBPot in an amount equal to the Operational Guarantee. Such events of default by Tierra Mojada include: (a) an abandonment or cessation of operation or maintenance of the facilities that remains uncured for 180 days; (b) failure to make a payment to CFEC that remains uncured for 30 banking business days; (c) failure to deliver, maintain, reinstate or extend the validity or failure to increase the Operational Guarantee that remains uncured for 30 banking business days; (d) a material error in any representation or warranty that remains uncured for 180 days; (e) insolvency; (f) failure to maintain the Power Generation Permit, the Interconnection Agreement or the Market Participant Agreement, unless Tierra Mojada successfully challenges the revocation or termination and/or obtains a new permit within the longest of the following terms: (x) 120 days after the revocation or termination; or (y) the term CRE definitely resolves the conflict on the revocation or termination of the permit; or (z) the date Tierra Mojada obtains a new permit or contract within the terms established in the applicable laws or (g) the termination of the Natural Gas Supply Agreement as result of Tierra Mojada's breach. If CFEC terminates the CFEC PPA as a result of an event of default triggered by Tierra Mojada, Tierra Mojada will be required to pay a termination fee equal to the value of the Operational Guarantee.

Tierra Mojada may terminate the CFEC PPA with 30 days' notice if an event of default is triggered by CFEC. Such events of default include: (i) failure to make a payment to Tierra Mojada that remains uncured for five banking business days; (ii) failure to comply with any obligations under the CFEC PPA that remain uncured for 30 days; (iii) a material error in any representation or warranty that remains uncured for 30 days; (iv) insolvency; (v) consolidation or merger with another entity; (vi) failure to deliver the CFEC PPA Guarantee and/or the Operational Guarantee or (vii) the cessation of CFEC's status as an affiliate of CFE or as an entity controlled by the Mexican Government.

If Tierra Mojada so terminates the CFEC PPA, CFEC must transfer to an account (the "Partial Termination Trust Account") held in a partial termination trust to be created by Tierra Mojada for such purposes (such amounts to then be immediately transferred to the Dollar Revenue Account for the benefit of the Secured Parties), the U.S. dollar equivalent of (i) the greater of (a) the capacity charges payable for the remaining months between the date of

termination and the next settlement of the balancing capacity market and (b) the sum of the capacity charges for the calendar year in question, *minus* any remaining FRAC funds attributable to CFEC as of the termination date.

Notwithstanding termination, from the beginning of the calendar year following the termination date and until maturity of the CFEC PPA, the parties will maintain the Partial Termination Trust Account wherein:

- Within 10 days after each settlement of the balancing capacity market, either (i) Tierra Mojada shall deposit an amount equivalent to the sum of: (a) the non-accredited attributable capacity *multiplied by* the lesser of the PNP Cap and the capacity net price, *plus* (b) the Attributable Credited Capacity *multiplied by* capacity net price in the balancing capacity market (the "Balancing Capacity Market Revenue"); or (ii) if the Balancing Capacity Market Revenue is less than the sum of the applicable capacity charges for the 12 months following settlement of the balancing capacity market, CFEC shall deposit the difference.

- To the extent Balancing Capacity Market Revenue is greater than the sum of the applicable capacity charges for the 12 months following the capacity balancing market settlement, CFEC may withdraw any excess; and

- Tierra Mojada may withdraw on a monthly basis the amount it would have received as capacity charges had the CFEC PPA not been terminated.

CFEC shall replenish the initial funds that are to be transferred to the Partial Termination Trust Account on a yearly basis by depositing the amounts withdrawn by Tierra Mojada during the previous year. Any remainder at the end of the period during which the CFEC PPA would have been in effect had it not been terminated shall be, after making all the applicable disbursements to Tierra Mojada and CFEC, delivered to CFEC. Additionally, within 30 days following the termination date, CFEC must grant, to the extent not done so already, credit support in the form of an irrevocable and unconditional letter of credit in favor of Tierra Mojada issued for the face value of the same amount of such guarantee provided by Tierra Mojada under the CFEC PPA equivalent to at least US$35 million (the "CFEC Operational Guarantee"), which will exist together with the CFEC PPA Guarantee. If the Base Funds payments or their applicable replenishments are not made, Tierra Mojada may use the CFEC Operational Guarantee without prejudicing CFEC's obligations to make the respective payments.

CFEC's monthly payment obligations will not be suspended or cease during a force majeure event. The party arguing force majeure must notify the other party as soon as is reasonably possible, but in any case, within 20 business days of notice of a force majeure event and within 40 business days of termination of a force majeure event. If the notification is not made within such term, such party will lose its right to invoke a specific force majeure event. If force majeure event reduces the net power output of the Power Plant by more than 50% of the capacity for a period of 180 consecutive days or 270 non-consecutive days in a three-year period, then the affected party will have the right to terminate the CFEC PPA.

Tierra Mojada shall be entitled to assign or encumber its collection rights, actual or future, and other rights in favor of: (i) creditors in connection with financing agreements; or (ii) third parties appointed by such creditors, through customary documentation applicable to the financing of similar projects. CFEC may assign its rights or obligations upon 15 days' written notice to any of its affiliates as long as CFE and the assignee entity deliver the CFEC PPA Guarantee and the Operational Guarantee, if applicable.

Tierra Mojada is responsible for arranging all fuel supply arrangements for base fuel required to test, commission and operate the Power Plant in accordance with the CFEC PPA and execute all necessary works for the construction, testing, placement in service and operation of the fuel supply system.

The CFEC PPA is governed by Mexican federal law. Any disputes thereunder must be submitted to final arbitration in accordance with the rules of the London Court of International Arbitration with the place of arbitration being Mexico City, Mexico.

CFEC PPA Guarantee

On May 17, 2017, CFE entered into the CFEC PPA Guarantee as required by the CFEC PPA. CFE's liability under the CFEC PPA Guarantee is uncapped. The CFEC PPA Guarantee is governed by Mexican federal law. Any disputes thereunder must be submitted to final arbitration in accordance with the rules of the London Court of International Arbitration with place of arbitration in Houston, Texas.

Ektria PPAs and the Offtaker PSAs

On November 4, 6 and 8, 2019, Tierra Mojada and Ektria, our affiliate that is indirectly owned by certain investment funds managed by Blackstone, entered into the Ektria PPAs. The Ektria PPAs support Ektria's obligations to supply a portion of the Remaining Contracted Capacity to each of the Offtakers under the Offtaker PSAs. On November 4, 6 and 8, 2019, respectively, Ektria entered into the Tyasa PSA, the Grupo Acerero PSA and the Cementos Moctezuma PSA. Under the Offtaker PSAs, Ektria has agreed to act as qualified supplier of energy and capacity consumed by certain facilities of such Offtakers that are considered qualified users under current regulations.On November 9, 2020, (i) Tierra Mojada and Ektria entered into the Ektria PPAs Amendments and (ii) Ektria and each corresponding Offtaker entered into the Offtaker PSAs Amendments.

The Financial Activation Date will occur on January 1, 2021, as agreed in the Ektria PPAs Amendments and the Offtaker PSAs Amendments. The Ektria PPAs and the Offtaker PSAs each expire on December 31 following the fourth anniversary of the Ektria Start Dates. We expect the Ektria Start Dates to occur in early 2021, in which case the Ektria PPAs and Offtaker PSAs will expire on December 31, 2025. Pursuant to the Offtaker PSAs, each Offtaker must provide credit support to guarantee its obligations under the corresponding Offtaker PSA in the form of a Performance Letter of Credit in favor of Ektria. If Ektria draws under any Performance Letter of Credit, the corresponding Offtaker is required to reinstate the amounts drawn within 15 days following receipt of notice of such drawing. In turn, to guarantee the performance of its obligations under the Ektria PPAs, Ektria has assigned to Tierra Mojada all its rights and accounts receivable under the Offtaker PSAs, including the accounts receivables derived from each Performance Letter of Credit.

The Ektria PPAs may be subject to early termination (i) after December 31, 2022, if an Offtaker terminates the corresponding Offtaker PSA and (ii) after December 31, 2023, if Ektria terminates the corresponding Offtaker PSA. Similarly, the Offtaker PSAs may be subject to early termination (i) after December 31, 2022, at the Offtaker's discretion upon three months advance notice to Ektria and (ii) after December 31, 2023, at Ektria's discretion upon six months advance notice to the Offtaker.

Natural Gas Supply Agreement

Natural Gas Supply Agreement

On March 30, 2017, Tierra Mojada entered into the Natural Gas Supply Agreement with CFEnergía for the sale and purchase of natural gas in connection with the Power Plant. The maximum daily amount to be delivered by CFEnergía is 133,500 if the agreed gas pressure conditions are met (and therefore there is no need to use compression equipment to increase such pressure) and 135,300 MMbtu if they are not for the duration of the delivery period ending January 1, 2041. CFEnergía is solely responsible for transporting the natural gas to the Delivery Point, using any gas pipeline routes it chooses, provided that the primary supply source is the Waha Header in Texas. CFEnergía guarantees that it has sufficient transportation capacity reserved on the primary gas pipeline, to meet its supply obligations, and must reserve transportation capacity in advance to use an alternative pipeline (or any other alternative supply) through the capacity allocation procedure season.

The price formula for natural gas is composed of a base price calculated according to the Waha Hub index, a monthly reservation capacity charge and certain variable charges. In addition to Tierra Mojada's right to issue notices of decreased or increased consumption, there is a mechanism in place to settle any imbalances generated in the daily gas nomination and confirmation procedures as follows:

- (a) If Tierra Mojada accumulates up to a 2% negative imbalance for taking more natural gas than the daily confirmed amounts, it would be entitled to settle the imbalance in kind by adding up to 100% of the accumulated imbalance to its daily nominations of natural gas, or (b) if the negative imbalance exceeds 2%,

it must settle the exceeding amount by paying CFEnergía the applicable charge for additional amounts delivered but not confirmed.

- (a) If Tierra Mojada accumulates up to a 2% positive imbalance for taking less natural gas than the daily confirmed amounts, Tierra Mojada would be entitled to settle the imbalance in kind by subtracting up to 100% of the imbalance to its daily nominations of natural gas, or (b) if the positive imbalance exceeds 2%, Tierra Mojada shall settle the exceeding amount by paying CFEnergía the applicable charge of additional amounts confirmed but not delivered.

Tierra Mojada is entitled to reject any natural gas that does not comply with the delivery conditions. The rejected gas is considered a deficit and will be settled as provided in the Natural Gas Supply Agreement.

For any gas nominated but not confirmed, confirmed but not delivered or nominated and delivered but rejected for not complying with the delivery conditions, CFEnergía shall pay a penalty equal to the following:

- (a) if Tierra Mojada is not able to obtain a substitute in the market on the day of the deficit, an amount equal to the deficit times 30% of the Waha Gas Daily Highpoint price, as published by Platts, or (b) if Tierra Mojada is able to obtain a substitute, an amount equal the deficit times the quotient of (x) the price paid for the substitute *divided by* (y) Waha Gas Daily Midpoint price, as published by Platts. If a deficit is caused by an intentional breach by CFEnergía's in order to sell the natural gas for a higher price, Tierra Mojada would be entitled to claim an amount equal to three times the amount of such penalties and Tierra Mojada shall have the right to pursue any applicable damages or losses.

CFEnergía may suspend the gas supply, with five days of prior notice, if Tierra Mojada fails to make any payment within thirteen days from the due date, or draw upon an irrevocable letter of credit in an amount of approximately US$25 million, adjusted yearly for the price of natural gas (the "Compliance Guarantee"). If Tierra Mojada fails to make a payment to CFEnergía due under the Natural Gas Supply Agreement, the Compliance Guarantee shall be increased in an amount equal to eighteen times the monthly reservation capacity charge. CFEnergía must deliver the same guarantee to Tierra Mojada if it fails to meet a payment obligation under the Natural Gas Supply Agreement.

Tierra Mojada shall be entitled to assign its rights and obligations under the Natural Gas Supply Agreement to any affiliate, upon fifteen business days' written notice, as long as to CFEnergía's satisfaction: (i) the Compliance Guarantee is maintained; or (ii) the assignee entity delivers a new Compliance Guarantee in the same terms in force at the time of the assignment. CFEnergía shall be entitled to assign its rights and obligations under the Natural Gas Supply Agreement to any productive subsidiary or to any affiliate of CFE, upon fifteen business days' written notice, as long as: (a) such assignee entity is an affiliate of CFE; and (b) the corporate guarantee is maintained to Tierra Mojada's satisfaction.

Upon the occurrence of an event of default by one party, the other party may terminate the Natural Gas Supply Agreement upon 30 days' written notice to the other party, without any arbitral or judicial resolution. Upon the occurrence of an event of default by Tierra Mojada, either Tierra Mojada or CFEnergía are required to provide notice to creditors. In this case, creditors have the option to either (i) initiate and follow any applicable action on behalf of Tierra Mojada to cure the event of default, or (ii) exercise their security rights against Tierra Mojada, in order to substitute the latter, and assume all Tierra Mojada's rights under the Natural Gas Supply Agreement, provided that (i) the substitute entity has equal or better technical, legal and financial capacity than Tierra Mojada, and (ii) the substitute entity delivers the Compliance Guarantee in favor of CFEnergía.

CFEnergía may terminate the Natural Gas Supply Agreement in the event of an event of default by Tierra Mojada, which includes (i) failure to comply with any material obligation thereunder that remains uncured for 30 days, (ii) failure to make payments that remains uncured for 30 days, (iii) failure to maintain the required Compliance Guarantee that remains uncured for 15 business days, (iv) insolvency, (v) consolidation or merger with another entity without prior written consent of CFEnergía, (vi) failure to comply with the assignment provision under the Natural Gas Supply Agreement and (vii) a material error in any representation or warranty that remains uncured for 30 days.

Tierra Mojada may terminate the Natural Gas Supply Agreement in the event of an event of default by CFEnergía, which includes (i) an accumulated deficit greater than 10% of the total required gas during 15 consecutive days or 30 non-consecutive days in one year, (ii) failure to comply with any material obligation under the Natural Gas Supply Agreement that remains uncured for 30 days, (iii) failure to make payments that remains uncured for 30 days, (iv) failure to maintain the required corporate guarantee or CFEnergía's Compliance Guarantee that remains uncured for fifteen business days, (v) insolvency of CFEnergía or CFE, (vi) consolidation or merger of CFEnergía or CFE with another entity without prior written consent of Tierra Mojada, (vii) having a supply availability of less than 90% in a contractual year, (viii) failure to comply with the assignment provision under the Natural Gas Supply Agreement, (ix) material error in any representation or warranty that remains uncured for 30 days, (x) failure to begin supplying natural gas at the Delivery Point within six months of the delivery period and (xi) if CFEnergía is no longer part of CFE or its corporate guarantee is no longer valid.

If the Natural Gas Supply Agreement is terminated by CFEnergía due to a default by Tierra Mojada, Tierra Mojada shall pay liquidated damages in an amount equal to 24 times the monthly reservation capacity charge. If the Natural Gas Supply Agreement is terminated by Tierra Mojada due to a default by CFEnergía, CFEnergía shall pay liquidated damages equal to: (i) US$30 million if CFEnergía assigns its transportation capacity rights over the whole primary pipeline to Tierra Mojada or its designee, or (ii) US$150 million if it does not. Other than these liquidated damages and except in cases of willful misconduct or bad faith, maximum liability of each party for non-compliance is capped at US$30 million.

In the event of a force majeure event affecting either party's performance, the other party may terminate the Natural Gas Supply Agreement upon 30 days' prior notice of the effective termination date if such terminating party has been affected by a force majeure event and such event continues for (x) a period of 180 consecutive days or (y) 270 non-consecutive days in a term of three years, provided that CFEnergía is unable to deliver, or Tierra Mojada is unable to take, at least 50% of the maximum daily amount within such period. Force majeure includes, but is not limited to, the following: (i) weather -related events; (ii) acts of war, civil disturbances and sabotage; (iii) transportation disasters; (iv) labor disputes in Mexico that do not arise from failure to comply with Tierra Mojada's labor agreements; (v) governmental actions or omissions; (vi) fires; (vii) impossibility to obtain any governmental authorization required under the Natural Gas Supply Agreement; (viii) operative restrictions to the primary gas pipeline; and (ix) operative restrictions to the Power Plant. Force majeure shall not include any or all of the following circumstances: (a) interruption or reduction of natural gas production and lack of natural gas to the extent it does not arise from a force majeure event, (b) a failure of the Power Plant, unless such failure is generated by a force majeure event, (c) lack of funds to comply with payment obligations under the Natural Gas Supply Agreement or (d) economic hardship, including, without limitation, CFEnergía's ability to sell gas at a higher or more advantageous price than the contract price or the capacity of Tierra Mojada to purchase natural gas at a lesser or more advantageous price than such contract price.

The Natural Gas Supply Agreement is governed by Mexican federal law. Any disputes thereunder not resolved by a mutually agreed-upon expert must be submitted to final arbitration in accordance with the rules of the London Court of International Arbitration with place of arbitration in Mexico City, Mexico.

Natural Gas Supply Agreement CFE Guarantee

On June 7, 2017, CFE entered into the Natural Gas Supply Agreement CFE Guarantee to guarantee CFEnergía's payment obligations under the Natural Gas Supply Agreement up to a cap of US$150 million. The Natural Gas Supply Agreement CFE Guarantee is governed by Mexican federal law. Any disputes thereunder must be submitted to final arbitration in accordance with the rules of the London Court of International Arbitration with place of arbitration in Houston, Texas.

The Contractual Service Agreement

On the CSA Effective Date, Tierra Mojada entered into the Contractual Service Agreement with the CSA Provider, under which the CSA Provider agreed to provide all services and parts for certain equipment, including base maintenance, unit repair work, additional required maintenance and elective maintenance, and will work to optimize the performance and maintenance of the corresponding Power Plant equipment. The CSA Provider's obligations

under the Contractual Service Agreement are backed by a parent guarantee from GE, while Tierra Mojada's obligations are backed by a letter of credit in an amount equal to US$4 million, which, if drawn, must be replenished. The amount of the letter of credit may be increased prior to the performance of each occurrence of additional required maintenance or elective maintenance, in accordance with GE's reasonable estimate of the anticipated price for such work, unless Tierra Mojada has paid in full the price of such additional required maintenance or elective maintenance, as applicable, prior to GE's performance of the work, in which case the letter of credit amount will not be increased.

Under the Contractual Service Agreement, the CSA Provider provides parts, optimization, repair work, major maintenance and services associated with the major maintenance of the Project's two GE 7HA.02 gas turbines, one steam turbine and auxiliary equipment and relayed systems, including each of its compressors (each, collectively, a "Covered Unit"). The CSA Provider further guarantees certain diligence, reliability and performance outcomes from the Covered Units and related equipment, subject to assumptions and conditions set forth in the Contractual Service Agreement.

The term of the Contractual Service Agreement commenced on the CSA Effective Date and expires when all Covered Units have reached the earlier of: (i) the date upon which the Covered Units reach their "Performance End Date" and (ii) 35 years from the CSA Effective Date. The Performance End Date for each Covered Unit is defined as the earlier of: (a) 210,000 FFH (as defined below) or (b) the later of (x) 25 years from COD and (y) completion of the second major maintenance inspection. An "FFH" is a weighted number of hours that a unit is operated, consisting of the actual number of fired hours of operation, with adjustments due to conditions applicable during those hours of operation.

Tierra Mojada must pay the CSA Provider on a quarterly basis a base price consisting of a fixed monthly fee and a variable fee calculated on the basis of the number of FFHs of each gas turbine in each month plus any applicable adjustments for performance bonuses given based on the reliability of the Power Plant or credits for liquidated damages. Unscheduled maintenance, additional work not provided for under the Contractual Service Agreement, and damage to Covered Units and related parts and equipment arising from use by Tierra Mojada in a manner inconsistent with its respective design and technical specifications must all be paid for separately by Tierra Mojada.

Prices for certain goods and services provided by the CSA Provider under the Contractual Service Agreement increase annually based on increases in the cost of labor and material price indexes. Following the second hot gas path inspection, if market prices have changed by more than 15%, Tierra Mojada may initiate a price revision request that will be reviewed by an expert in the event the parties cannot reach a mutual agreement.

The total liability of the CSA Provider on all claims of any kind arising during a calendar year is limited to the higher of US$8 million or the total amount of the payments made to the CSA Provider in such year. The CSA Provider's liability is further limited in the specific context of elective maintenance and additional required maintenance to the price paid for such services and for damages associated with failure to achieve performance guarantees. GE's liability for its indemnity obligations is limited during the term of the Contractual Service Agreement by maintaining the corresponding guarantee for the compliance of the CSA Provider's obligations.

The Contractual Service Agreement is governed by Mexican federal law. Any disputes thereunder shall be submitted to final arbitration in accordance with the rules of arbitration of the International Chamber of Commerce with place of arbitration in Mexico City, Mexico.

Interconnection Agreement

On February 27, 2017, Tierra Mojada entered into the Interconnection Agreement with CFE Transmisión, under standard terms approved by the CRE, in order to connect the Power Plant to the national transmission grid. The Power Plant was connected to the grid in July 2019, and the agreement matures on February 4, 2046. The agreement is scheduled to terminate on February 4, 2046, but may be terminated early for any of the following reasons: (i) Tierra Mojada fails to comply with the LIE and its regulations; (ii) Tierra Mojada assigns the Interconnection Agreement or encumbers any rights thereunder; (iii) the Power Plant suspends payments, is seized or is declared insolvent; (iv) legal or judicial incapacity of any party to comply with its obligations under the Interconnection Agreement; and (v) by

mutual agreement if either party requests so by six months' prior written notice and in accordance with applicable rules and regulations.

O&M Agreement

On June 12, 2017, Tierra Mojada entered into the O&M Agreement with NAES. Pursuant to the O&M Agreement, NAES received a pre-commercial fee and is entitled to receive, beginning on the date on which NAES initiates the provision of certain operational period services (the "Takeover Date"): (i) site costs, (ii) home office costs, (iii) labor costs, (iv) a yearly operational fee and (v) potential performance bonuses. If NAES fails to meet certain requirements, it will be required to pay certain liquidated damages to Tierra Mojada. The initial term of this agreement expires on the tenth anniversary of Tierra Mojada's Takeover Date and automatically renews for additional one-year terms, unless terminated by either party in writing at least six months prior to the scheduled termination.

Pursuant to the O&M Agreement, NAES provides planning and program implementation services, routine, preventive and predictive maintenance, maintenance and repairs, facility outages, facility administration, training and assistance to owner services, monitoring of compliance, site personnel and human resources, environmental support, and accounting, procurement and insurance management services. Tierra Mojada retains the ultimate authority and obligation to determine whether and to what extent the Power Plant operates. The O&M Agreement may be terminated early in the following circumstances: (i) bankruptcy of any of the parties, (ii) payment default by any of the parties, other than for disputed payments under the O&M Agreement, (iii) default of any material obligation under the O&M Agreement that is not cured within the terms provided in the O&M Agreement, or (iv) if NAES incurs the maximum liability for liquidated damages for two years.

The O&M Agreement is governed by Mexican federal law.

Management Services Agreement

On June 19, 2017, Tierra Mojada entered into the Management Services Agreement with the Management Service Providers for management, administrative and other support services in connection with the development, construction, operation and maintenance of the Power Plant and the day-to day business of Tierra Mojada. The initial term of the Management Services Agreement is five years, which automatically renews for one additional period of five years, unless Tierra Mojada provides notice of cancellation to the Management Service Providers at least six (6) months prior to termination of the initial term. The Management Service Providers have the option to terminate the Management Services Agreement upon a Change of Control.

Pursuant to the Management Services Agreement, the Management Service Providers had a right to receive a success fee up to a maximum amount of 3.406% of the estimated total Project costs (approximately US$714,285,205.40), payable after the Commercial Operation Date. After the Commercial Operation Date, the Management Service Providers will be paid on an annual basis as follows: (i) the Onshore Service Provider will receive an onshore management fee equal to (a) the amount of the yearly costs and expenses incurred in rendering the onshore services, plus (b) a 10% margin over such costs and expenses, and (ii) the Offshore Service Provider will receive an offshore management fee in a yearly amount of 0.350% of the estimated costs of the Project, which amounts to approximately US$2.5 million.

The Management Services Agreement is governed by Mexican federal law.

Market Participant Agreement

On December 11, 2018, Tierra Mojada, as a generator, entered into the Market Participant Agreement. The Market Participant Agreement is required in order to participate in the Mexican Electricity Market. The form of Market Participant Agreement is publicly available and all participants must enter such agreement in its standard terms approved by CENACE, whereby the participant agrees to comply with, and be subject to, the Electricity Market Rules (*Bases del Mercado Eléctrico*) and CENACE agrees to operate and maintain the Mexican Electricity Market pursuant to the Electricity Market Rules (*Bases del Mercado Eléctrico*). Tierra Mojada's principal obligation under the Market Participant Agreement is to maintain compliance guarantees for its payment and product and services delivery

obligations. These guarantees are provided in the form of a standby letter of credit in favor of CENACE that were issued under a letter of credit facility for an amount of up to approximately US$31 million (based on current peso to dollar exchange rates). The term of the Market Participant Agreement is indefinite, but it can be terminated if, among other reasons, (i) the parties agree to terminate it with 90 business days' advance notice, (ii) any of the parties breaches the terms of the LIE or the Electricity Market Rules (*Bases del Mercado Eléctrico*), (iii) any of the parties repeatedly, whether over three times within a year or over ten times within a five-year period, breaches any of its obligations under the Market Participant Agreement, (iv) Tierra Mojada is inactive for a period of more than 180 continuous calendar days without the corresponding notice to CENACE or, in any case, for a period of more than 360 continuous calendar days, (v) a change in Mexican law makes the Market Participant Agreement unsustainable and (vi) the Market Participant Agreement is terminated because Tierra Mojada, among others, assigns or encumbers the Market Participant Agreement, with the exception of its collection rights thereunder.

Owner's Engineer Agreement

On August 9, 2017, Tierra Mojada and Senermex entered into the Owner's Engineer Agreement upon which Senermex was appointed as the Owner's Engineer to supervise the EPC Contractors' activities during the term of the EPC Agreement. Pursuant to the Owner's Engineer Agreement, Senermex supervised the construction and start-up of the Power Plant and conducted inspections of the main equipment at the manufacturers' workshops. The Owner's Engineer Agreement was entered into for a total consideration of US$3.5 million and will expire upon the termination of the EPC Agreement.

MANAGEMENT

The Issuer

The Issuer's Board of Managers

The Issuer is managed by a board of managers (the "Issuer's Board of Managers"). As of the date of this offering memorandum, the Issuer's Board of Managers consists of one member of class A and two managers of class B (the "Issuer Managers"). The Issuer's shareholders, at a general meeting of the shareholders, appoint the Issuer Managers and determine their remuneration and term of office. The Issuer Managers may be removed from office at any time, with or without cause, by a collective decision of the Issuer's shareholders.

The following table sets forth information regarding the members of the Issuer's Board of Managers as of the date of this offering memorandum, in accordance with the designation carried out at the general meeting held on May 25, 2020:

Name	Position	Date Appointed	Age
John Sutherland	Class A Manager	May 25, 2020	55
Romain Jay	Class B Manager	May 25, 2020	36
Blackstone Capital Partners Holdings Director L.L.C.	Class B Manager	May 25, 2020	N/A

Below is a summary of the business experience, activities and areas of expertise of the Issuer Managers as of the date of this offering memorandum.

John Sutherland. John Sutherland serves as a Class A Manager on the Issuer's Board of Managers. Mr. Sutherland is a Managing Director of various Luxembourg corporate entities, including those owned or managed by Blackstone, Triton, and Nuveen/TH Real Estate. Previously, he was Head of Fund Administration at BNP Paribas Fund Services S.A. (formerly, Cogent Investment Operations Luxembourg S.A.). Prior to that, he was Director of Offshore Operations at Cogent Investment Operations Luxembourg S.A. (formerly, Henderson International Luxembourg S.A.). Mr. Sutherland has held numerous corporate and fund directorships over a 25-year period.

Romain Jay. Romain Jay serves as a Class B Manager on the Issuer's Board of Managers. Romain Jay is Vice President and Finance Director of BCP/BTO Management, a wholly owned subsidiary of Blackstone for private equity operations in Luxembourg, and Managing Director of various Luxembourg corporate entities, including those owned or managed by Blackstone. Previously, he was Senior Financial Controller at LVMH. Prior to that, he was an auditor at Deloitte. Mr. Jay holds a Master of Finance from Strasbourg University.

Robert Brooks. Robert Brooks is a representative of Blackstone, and was designated by Blackstone Capital Partners Holdings Director L.L.C., an entity controlled by Blackstone and serves as a Class B Manager on the Issuer's Board of Managers. Mr. Brooks serves as Managing Director and Head of Private Equity Finance at the Blackstone Group Inc. Prior to that, he served as Senior Vice President of Private Equity and Tactical Opportunities Groups at the Blackstone Group Inc. Before joining Blackstone in 2006, Mr. Brooks worked as an Associate at PricewaterhouseCoopers focused on the alternative asset management sector.

Actions of the Issuer's Board of Managers

According to the articles of association of the Issuer, *inter alia*:

- the Issuer's Board of Managers is vested with the broadest powers to act in the name of the Issuer and to take any actions necessary or useful to fulfil the Issuer's corporate purpose;
- the Issuer's Board of Managers may deliberate or act validly only if at least a majority of the managers are present or represented and at least one manager of class A and one manager of class B is present or represented at the meeting;

- decisions shall be taken by a majority vote of the managers present or represented (including an affirmative vote of at least one manager of class A and one manager of class B) at a meeting; and
- the Issuer's Board of Managers may unanimously pass resolutions by circular means when expressing its approval in writing, by facsimile, electronic mail or any other similar means of communication.

Compensation of the Issuer Managers

As of the Issue Date, the Issuer Managers have not received any compensation from us.

Tierra Mojada

Tierra Mojada's Board of Managers

Tierra Mojada is managed by a board of managers (*consejo de gerentes*) (the "Tierra Mojada's Board of Managers" and each a "Tierra Mojada Board Member"). As of the date of this offering memorandum, Tierra Mojada's Board of Managers consists of five members who are responsible for establishing general guidelines and policies for its business and operations on a day-to-day basis, and for monitoring the implementation of those guidelines. Tierra Mojada Board Members are appointed at Tierra Mojada's general partners' meeting for an unlimited term until such Tierra Mojada Board Member resigns or is removed from the Tierra Mojada's Board of Managers. Further, Tierra Mojada Board Members may be removed from the Tierra Mojada's Board of Managers at any time by a majority decision at the general partners' meeting. Tierra Mojada's Board of Managers is required to meet at least once a year, but can call additional meetings as necessary.

The following table sets forth information regarding the members of Tierra Mojada's Board of Managers as of the date of this offering memorandum, in accordance with the designation carried out at the general partners' meetings held on November 3, 2014 and March 20, 2018:

Name	Position	Date Appointed	Age
Juan Ramón Guzmán	Chairman	11/03/2014	53
Alberto Aguilar Cabrera	Secretary and Member	11/03/2014	46
Iván Furones Fartos	Member	11/03/2014	42
Bilal Khan	Member	11/03/2014	39
Kush Patel	Member	03/20/2018	37

Below is a summary of the business experience, activities and areas of expertise of the Tierra Mojada Board Members as of the date of this offering memorandum.

Juan Ramón Guzmán. Mr. Guzman is the Deputy Chief Executive Officer of Fisterra Energy where he develops such role since 2013. With over 23 years of experience in the energy field, Mr. Guzmán was the former Managing Director for EMEA and Latin America at Element Power was one of the co-founders of Helium Energy where he held the Managing Director position. Prior to Helium, Mr. Guzmán was the head of international activities of Iberdrola Renewables where he led the company's international expansion by entering into new markets throughout Europe, US, Latin America and China, developing or acquiring thousands of MW of renewable projects. Before, he acted as Business Development Director for the Latin American division of Iberdrola based in Mexico DF, where he managed the development and construction of more than 5,000 MW of combined-cycle power plants in Mexico including the PPA with state own entities and private customers and gas supply agreements. Prior to that, as Finance Director and Head of Structured Financings and Mergers and Acquisitions for the ACS Group, he managed several processes of acquisition and financing of international projects, as well as the creation of the division of Renewable Energies of this Group and the investing activity in diversification, mainly infrastructure concessions, transport, energy projects and waste management.

Alberto Aguilar Cabrera. Mr. Aguilar has over 25 years of experience in the energy sector. Since 2013, he has served as Development Director for FESL. Previously, he served as a Development Director for Element Power España S.L.U. where he developed his expertise in different markets including as Italy, Eastern Europe and Mexico. Prior to this role, he also served as a Development Manager for Helium Energy, S.L. and served as a Director at

Iberdrola Ingeniería y Construcción, S.A. where he led the T&D international business. Mr. Aguilar has managed the development and construction of more than 30 high voltage substations and 2.000 km of high voltage electrical lines and has established new branches in Mexico, Venezuela, Bulgaria, Albania and Qatar.

Iván Furones Fartos. With over 18 years of experience in the energy sector, Mr. Furones, currently serves as the Development Director for FESL and has served since 2013. Mr. Furones' experience includes the development of 650 MW of solar projects and 2,000 MW of GCCT in Mexico. Previously, he served as the Chief Development Officer and Director of Procurement & Construction at Element Power España S.L.U. and was responsible for leading the development, engineering, construction and operation of solar projects. While in this position, Mr. Furones developed an international portfolio of more than 800 MW in Chile, Italy, France, Mexico and Spain. Mr. Furones was also one of the co-founders of Helium Energy, S.L. Prior to his position, he was responsible for the engineering and construction of solar projects at Iberdrola Ingeniería y Construcción, S.A. where he was accountable for the construction of more than 200 MW of solar photovoltaic projects.

Bilal Khan. Mr. Khan is a Senior Managing Director in Blackstone's Private Equity Group. Since joining Blackstone in 2009, Mr. Khan has been involved in the execution of several Blackstone investments, including various Sithe Global investments, Fisterra Energy, PQ Energy, Transmission Developers, American Petroleum Tankers, Lightstone Generation, Lonestar Generation, Onyx Renewables, and Gen X. Before joining Blackstone, Mr. Khan was an Associate at GTCR Golder Rauner, where he was involved with the analysis and execution of private equity investments in a wide range of industries. Prior to that, Mr. Khan worked in the Mergers and Acquisitions department at Lazard Frères focused on power & utilities clients.

Kush Patel. Mr. Patel is a Principal in Blackstone's Private Equity Group. Since joining Blackstone in 2014, Mr. Patel has focused on investments in the power generation and transmission sector and has been involved in the execution of Blackstone's investments in Fisterra, Global Offshore Wind, Lightstone, Lonestar, PQ Energy, Sithe Global and Gen X. Mr. Patel serves as a Director of Fisterra, Lightstone and Lonestar. Before joining Blackstone, Mr. Patel served as a Senior Analyst at Kingsland Capital Management. Prior to that, he worked as an Analyst at Piper Jaffray Companies and as a Transactional Services Associate at PriceWaterhouseCoopers.

Actions of the Tierra Mojada's Board of Managers

Tierra Mojada's Board of Managers is authorized to take any action in connection with our operations not expressly reserved for the partners.

General board meetings of Tierra Mojada's Board of Managers will be validly convened and held if a majority of the Tierra Mojada Board Members are present. Resolutions at the meetings will be valid if approved by a majority of the Tierra Mojada Board Members present. Notwithstanding the authority of Tierra Mojada's Board of Managers, its partners (pursuant to decisions validly taken at a partners' meeting) may override any actions taken by the Tierra Mojada's Board of Managers.

Tierra Mojada Board Members shall hold their positions until a new director is appointed, or until his or her death, resignation or removal.

Tierra Mojada's Officers

Tierra Mojada has no officers of its own and is managed by the Tierra Mojada Board and certain managers of the Management Service Providers under the Management Services Agreement. See "Description of Certain Material Agreements—Management Services Agreement."

Compensation of the Tierra Mojada Board Members and Officers

The Tierra Mojada Board Members are not compensated for serving on the board of directors. During the nine-month period ended September 30, 2020 and the years ended December 31, 2019 and 2018, the Tierra Mojada Board Members did not receive any compensation from us.

PRINCIPAL EQUITY HOLDERS

The Issuer

As of the date of this offering memorandum, the Issuer's share capital stock is US$18,000, represented by 18,000 shares with a nominal value of US$1.00 each.

The following table sets forth certain information as of this offering memorandum, concerning the ownership of the Issuer's shares:

Equity Holders	Fixed Shares	Variable Shares	Preferred Shares	% of Preferred Shares	Total	% of Total
FEL V Sponsor	18,000	N/A	N/A	N.A	18,000	100%
Total.....	**18,000**	**N/A**	**N/A**	**N/A**	**18,000**	**100%**

Tierra Mojada

As of the date of this offering memorandum, the aggregate amount of Tierra Mojada's issued and outstanding capital stock is Ps. 1,226,486,798.00 (US$64,286,307 at the exchange rate applicable at the date of each corresponding capital contribution or capital increase), represented by three equity interests. For an explanation on how we recognize transaction in currencies other than the U.S. dollar (i.e. Tierra Mojada's functioning currency), see Note 2, paragraph (i) of the Audited Annual Financial Statements and Note 2, paragraph (i) of the Unaudited Interim Financial Statements.

The following table sets forth certain information as of this offering memorandum, concerning the ownership of Tierra Mojada's equity interests:

Equity Holders	Fixed Equity Interests	Variable Equity Interests	Value in Pesos Fixed Equity Interests	Value in Pesos Variable Equity Interests	Total Equity Interests	Total Value in Pesos	% of Total
FEM V Sponsor[(1)]……	1	0	1.00	--	1	1.00	>0.01%
Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero[(2)] ……	1	1	84,999	1,226,401,798	2	1,226,486,797	99.99%[(3)]
Total	**2**	**1**	**85,000**	**1,226,401,798**	**3**	**1,226,486,798**	**100%**

(1) Such equity interests are subject to a lien under the Equity Interest Pledge Agreement.

(2) Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero holds this equity interest in its capacity as Mexican Security Trustee under the Mexican Trust Agreement, which was established for the benefit of the lenders under the Construction Loan.

(3) FEM V Sponsor holds 99.5% of Tierra Mojada's equity interests and FEL V Sponsor holds 0.5% of Tierra Mojada's equity interests through the Mexican Trust Agreement.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a description of certain transactions since January 1, 2018 to which Tierra Mojada has been a party, in which one or more of Tierra Mojada's managers, the members of Tierra Mojada's senior management or our indirect controlling equity holder, or an affiliate or immediate family member thereof, had or will have a direct or indirect material interest. We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions described below were comparable to terms available or the amounts that would be paid or received, as applicable, from unaffiliated third parties. See Note 10 to the Unaudited Interim Financial Statements and Note 10 the Audited Annual Financial Statements.

In the ordinary course of our business we engage in a number of transactions with our indirect controlling equity holder and with companies that are owned or controlled, directly or indirectly, by our indirect controlling equity holder or an affiliate thereof.

Equity Contribution Agreement

On June 19, 2017, the Sponsors agreed to make base equity contributions in an aggregate amount of US$214,285,561.63 to enable Tierra Mojada to pay certain costs and expenses associated with the development and construction of the Power Plant. As of September 30, 2020, the Sponsors have made Contributed Equity contributions to Tierra Mojada for a total of approximately US$64,286,307.

For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Existing Project Indebtedness—Equity Contribution Agreement."

Subordinated Loan Agreement

On June 19, 2017, Tierra Mojada entered into the Subordinated Loan Agreement with FEL V Sponsor. As of September 30, 2020, the amount outstanding under the Subordinated Loan, including accrued interest, was US$158,731,524. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Existing Project Indebtedness—Subordinated Loan Agreement."

MIGA Loan Agreement

On October 19, 2017, Tierra Mojada, as lender, entered into a credit agreement (the "MIGA Loan Agreement") governed by the laws of Luxembourg with FEL V Sponsor, as borrower up to a maximum aggregate principal amount of US$40,000,000 (the "MIGA Loan"), the proceeds of which are used to pay certain expenses under our existing insurance policy with the Multilateral Investment Guarantee Agency (the "MIGA Policy"). We intend to terminate the MIGA Loan along with the MIGA Policy. As of September 30, 2020, the amount outstanding under the MIGA Loan Agreement, including accrued interest, was US$23,599,007.

Management Services Agreement

On June 19, 2017, Tierra Mojada entered into the Management Services Agreement with the Management Service Providers, our affiliates FEM and FESL, for management, administrative and other support services in connection with the development, construction, operation and maintenance of the Power Plant and the day-to-day business of Tierra Mojada. See "Description of Certain Material Agreements—Management Services Agreement."

DESCRIPTION OF PRINCIPAL FINANCE AGREEMENTS

In order to secure the full and punctual payment and performance of our obligations under the Indenture and the Notes and establish the intercreditor arrangements with respect to the Collateral, we will enter into, among others, the following financing agreements governed by New York and Mexican law. The following are summaries of the principal terms of our principal finance agreements. These summaries should not be considered to be a full statement of the terms and provisions of such contracts. Accordingly, the following summaries are qualified in their entirety by reference to each contract. Copies of the contracts described below are available for inspection upon request to us at our address listed on the inside back cover page of this offering memorandum. Unless otherwise stated, any reference in this offering memorandum to any contract means such contract and all schedules, exhibits and attachments thereto as amended, supplemented or otherwise modified and in effect as of the date hereof. Spanish-language versions of any of the agreements described in this summary and governed by Mexican law are determinative.

Existing Financing Arrangements

We intend to repay the Existing Project Indebtedness with the proceeds of this offering and intend to terminate or amend and restate the existing security documents and release the security interests created thereunder securing such Existing Project Indebtedness following the repayment thereof. See "Use of Proceeds." As of September 30, 2020, Tierra Mojada had a total of US$717,732,672 in outstanding debt and liabilities under the Existing Project Indebtedness.

Operating Credit Agreement

In connection with the Project, Tierra Mojada, as borrower (the "Borrower"), and the Issuer, FEN V and FEM V Sponsor, as guarantors, will enter into a New York-law governed credit agreement, dated on or about the Issue Date, with the lenders party thereto (the "Lenders"), the issuing banks party thereto (the "Issuing Banks") and the administrative agent party thereto for the Lenders and the Issuing Banks (the "Administrative Agent") (as amended, amended and restated, supplemented or otherwise modified or replaced from time to time, the "Operating Credit Agreement").

Pursuant to the Operating Credit Agreement, the Issuing Banks will make available to the Borrower certain letters of credit (the "Letters of Credit") pursuant to a letter of credit facility (the "Letter of Credit Facility"), the proceeds of which may be used by the Borrower (i) to satisfy its obligations under the Financing Documents to fund the Debt Service Reserve Account and (ii) for general corporate purposes. In addition, under the Operating Credit Agreement, certain Lenders (the "Working Capital Lenders") will make available to the Borrower working capital loans (the "Working Capital Loans") for general corporate purposes of the Borrower (the "Working Capital Facility"). The aggregate principal amount of the Letter of Credit Facility and the Working Capital Facility shall not exceed US$170 million.

Letters of Credit

The Letter of Credit Facility is expected to be available from the Issue Date until five Business Days prior to the date that is five years after the Issue Date (the "LC Availability Period"). Each Letter of Credit shall initially expire twelve months after issuance of such Letter of Credit, which period may be extended in 12-month increments during the LC Availability Period. The available amount of such Letters of Credit to be issued by the Issuing Banks may not exceed the aggregated unused Letter of Credit Facility commitments and after giving effect to an issuance, the Letter of Credit Facility exposure of all Lenders may not exceed the sum of all Letter of Credit Facility commitments. The issuing banks may be fronting banks for the Lenders with respect to the issuance of letters of credit under the Operating Credit Agreement.

Letters of credit issued under the Letter of Credit Facility can be drawn by the respective beneficiaries thereof upon the satisfaction of certain drawing conditions stated therein, and the resulting disbursements, if not repaid by the Borrower no later than 12:00 noon, New York City time, on the Business Day following the day that the disbursement is made, automatically and without further action by the Borrower or any other person, convert into loans in the amount

of the disbursements under the Operating Credit Agreement ("LC Loans" and, together with the Working Capital Loans, "Loans"). The failure to pay such reimbursement obligation is not a potential event of default to the extent such reimbursement obligation converts to a LC Loan under the Letter of Credit Facility.

Working Capital Facility

The Working Capital Facility is expected to be available from the Issue Date until the date that is five years after the Issue Date (the "Working Capital Facility Availability Period"). The Working Capital Loans provided by each Working Capital Lender will not result in (i) the Working Capital Loans of each Working Capital Lender, *plus* (ii) the available undrawn amount of any issued Letters of Credit, *plus* (iii) the outstanding amount of any LC Disbursements and LC Loans (as defined below) in respect of the Letters of Credit for such Working Capital Lender exceeding its Letter of Credit Facility commitments.

Interest Rate

The Loans bear interest, initially, at the sum of the alternate base rate plus the applicable margin and then, three business days after the relevant disbursement of the Loans, automatically convert to bearing interest at the sum of adjusted LIBOR plus the applicable margin.

Fees

A commitment fee of 0.35% of the average daily unused commitment of the Lenders in respect of the Letter of Credit Facility and the Working Capital Facility is payable semi-annually in arrears to the Administrative Agent for the account of each Lender. A participation fee of 1.00% of the average daily Letter of Credit exposure (excluding any portion thereof attributable to unreimbursed disbursements of Letters of Credit), if any, is payable semi-annually in arrears to the Administrative Agent for the account of each Lender. There are additional fees payable in respect of the Working Capital Facility.

Repayment; Prepayment

Optional Prepayment

The Borrower may prepay the principal balance, in whole or in part, at any time without premium or penalty; *provided* that the Borrower shall concurrently with such prepayment pay all accrued interest and break funding costs, if any, in respect of any Loan being prepaid.

Mandatory Prepayment

After the repayment in full of the Notes, any funded Additional Senior Indebtedness and any Interest Rate Hedges in respect of the foregoing, or if any prepayment amounts are declined by the holders of the Notes, the Borrower shall prepay the Loans and/or cash collateralize the Letters of Credit, on a ratable basis, in an aggregate amount equal to the amount of net available proceeds, if any, resulting from:

(i) the Borrower receiving net available proceeds in excess of US$15 million (or the equivalent in any other currency) from insurance, indemnification, condemnation or otherwise as a result of an Event of Loss (as defined in the Description of Notes), including an Expropriation Event (as defined in the Description of Notes) to all or a substantial portion of the Project and making a good-faith determination that such net available proceeds, together with any other amounts that are available to the Borrower, are insufficient for it to deliver an unqualified certificate of feasible repair; or

(ii) the Borrower or the Issuer, as the case may be, not reinvesting any net available proceeds from an Asset Sale (as defined in the Description of Notes) in assets useful in the business or operations of the Issuer and the Guarantors within 365 days of receipt (or, if committed to be reinvested within such 365-day period, within 180 days after any such commitment to make such reinvestment) and, as of the first day of

any calendar month, the aggregate amount of such net available proceeds resulting in at least US$15 million.

Covenants

Pursuant to the Operating Credit Agreement, the Borrower covenants with the Administrative Agent, the Issuing Banks and each Lender to perform certain obligations of the Issuer and the other Guarantors pursuant to the Indenture, which are incorporated into the Operating Credit Agreement by reference to the Indenture. Any reports, notices or other documents to be delivered to the initial purchasers, the Indenture Trustee or the Noteholders shall be delivered to the Administrative Agent, as well.

The Borrower is also subject to (i) an affirmative covenant to use each Letter of Credit and the proceeds of each disbursement or Loan thereunder solely for the corresponding purpose set forth in the Operating Credit Agreement, (ii) a negative covenant to not use the proceeds of any Letter of Credit or Loan in a manner that would violate anti-terrorism, anti-money laundering, anti-bribery and anti-corruption laws (including the FCPA) and (iii) maintain compliance with the insurance policy requirements set forth in a schedule to the Operating Credit Agreement.

Events of Default

Under the Operating Credit Agreement, each of the following events that occur and are continuing will constitute an event of default, unless waived or cured within the cure period and in the manner set forth in the Operating Credit Agreement:

(i) failure to pay principal, interest or any other amount payable under the Operating Credit Agreement, any fee letter entered into in connection with the Operating Credit Agreement, any Letter of Credit or any Security Document (collectively, the "Loan Documents");

(ii) failure to comply with the Borrower's covenants to use the proceeds of any disbursements under the Operating Credit Agreement or to maintain insurance in the manner contemplated by the Operating Credit Agreement;

(iii) failure to comply with each of the covenants incorporated into the Operating Credit Agreement by reference to the Indenture;

(iv) a Change of Control under, and as defined in the Indenture, has occurred;

(v) misrepresentation by any of the Issuer and the Guarantors under any Loan Document or any document executed pursuant to the Operating Credit Agreement;

(vi) (a) any "Event of Default" under, and as defined in the Indenture, or any "event of default" under any other Senior Debt Instrument (as defined in the Description of Notes) with an outstanding principal amount in excess of US$40 million (or the equivalent in any other currency) relating to, or arising from, any breach of the obligations under the Indenture relating to the U.S. Office of Foreign Assets Control or anti-terrorism, without giving effect to any amendment, waiver, modification or supplement thereto, or (b) any other "Event of Default" under, and as defined in the Indenture or any "event of default" under any other Senior Debt Instrument (as defined in the Description of Notes) with an outstanding principal amount in excess of US$40 million (or the equivalent in any other currency), in respect of which all obligations under the Indenture have been declared due and payable, has occurred and is continuing; and

(vii) invalidity of any Loan Document as determined by final judgment by a court of competent jurisdiction.

Collateral Agency and Intercreditor Agreement

The security over the Collateral and the rights of holders of the Issuer's and the OpCo Guarantor's indebtedness, respectively, including the Notes, the Operating Credit Agreement and the Permitted Hedging (as defined in the Description of Notes) (if any) (together, the "Senior Debt"), are subject to the provisions of the Collateral Agency and Intercreditor Agreement, dated on or about the Issue Date, by and between us, the Collateral Agents, the Administrative Agent, the Indenture Trustee and the other Senior Creditor Group Representatives (as defined in the "Description of the Notes") party thereto from time to time. The Collateral Agency and Intercreditor Agreement establishes, among other things: (a) the relative creditor rights of each class of creditors of the Senior Debt, the Administrative Agent, the Indenture Trustee and the other representatives of each class of creditors of Senior Debt, the Intercreditor Agent and the Collateral Agents (together with the Mexican Security Trustee, the "Secured Parties") with respect to payments, security, enforcement and recoveries of the Issuer and the Senior Debt and (b) the appointment of the Collateral Agents. The Collateral Agency and Intercreditor Agreement is governed by laws of the State of New York.

For a discussion of the material terms of the Collateral Agency and Intercreditor Agreement in relation to:

(i) the disposition of proceeds of the Notes and the priority of payments from the Project Accounts, see "Description of the Notes—Cash Waterfall;"

(ii) voting and decision-making, see "Description of the Notes—Voting and Decision-Making;"

(iii) modifications to the terms of the Collateral Agency and Intercreditor Agreement, see "Description of the Notes—Modification Approval Levels;"

(iv) waivers and amendments to the terms of any Senior Debt Instrument, see "Description of the Notes—Amendment, Supplement and Waiver;" and

(v) enforcement of security interests by the Intercreditor Agent and the Collateral Agents, see "Description of the Notes—Enforcement of Security Interests."

Agency Agreement

On or around the Issue Date, the Onshore Collateral Agent will enter into an agency agreement pursuant to Mexican law with the Senior Creditor Group Representatives on behalf of the Secured Parties and the Intercreditor Agent, in order to formalize the appointment of the Onshore Collateral Agent as an agency (*comisión mercantil*) under Mexican law pursuant to Articles 273 and 274 and other applicable provisions of the Commerce Code (Código de Comercio) and empower the Onshore Collateral Agent to, among other things: (i) act pursuant to the Collateral Agency and Intercreditor Agreement and (ii) execute the Security Documents and the respective Financing Documents, as applicable pursuant to the terms of the Collateral Agency and Intercreditor Agreement.

Collateral Structure

The obligations of the Issuer with respect to the Notes and the performance of all other obligations of the Issuer and the Guarantors under or relating to the Indenture and the other Senior Debt Instruments will be secured by the Collateral, pursuant to the following:

(i) Mexican law-governed trust, as described below;

(ii) Mexican or New York law-governed direct agreements with respect to the CFEC PPA, the Natural Gas Supply Agreement, the Contractual Service Agreement and the O&M Agreement;

(iii) Mexican law-governed pledges over (a) the one nominal equity interest of Tierra Mojada representing a *de minimis* portion of the equity interests in Tierra Mojada, and (b) the equity interests of FEM V Sponsor, each as not otherwise transferred into the Mexican law-governed trust;

(iv) a Mexican law-governed non-possessory pledge granted by Tierra Mojada to include certain movable assets, permits and rights of Tierra Mojada, not otherwise transferred to the Mexican law-governed trust;

(v) a Luxembourg law-governed share pledge over the shares of the Issuer; and

(vi) a Dutch law-governed deed of pledge over registered shares in the capital of FEN V.

Notwithstanding the foregoing, the Collateral does not include the Excluded Assets. See "Description of the Notes—Security—Security Interests."

Mexican Security Documents

Amended and Restated Mexican Trust Agreement

On June 19, 2017, Tierra Mojada entered into the Mexican Trust (*Contrato de Fideicomiso Irrevocable de Administración y Garantía Identificado Bajo el Número F/3189*; the "Mexican Trust Agreement") with the Sponsors, as settlors and second beneficiaries, the Mexican Security Trustee, the Construction Administrative Agent and the Construction Collateral Agent. On or around the Issue Date, the Issuer and the Guarantors will enter into an amendment and restatement to the Mexican Trust Agreement (*Convenio Modificatorio y de Reexpresión del Contrato de Fideicomiso Irrevocable de Administración y Garantía Identificado Bajo el Número F/3189*) (the "Amended and Restated Mexican Trust Agreement") with the Issuer, the Guarantors and FEL V Sponsor, as settlors and second beneficiaries, Société Générale, as the original collateral agent, the Mexican Security Trustee, as trustee, and the Onshore Collateral Agent, as first beneficiary. The Amended and Restated Mexican Trust Agreement has the purpose of securing the payment of obligations under the Financing Documents as well as managing the trust estate as a mean of payment of such obligations.

Pursuant to the Amended and Restated Mexican Trust Agreement, Tierra Mojada and the Sponsors will contribute certain assets and rights including (i) the Power Plant, (ii) the equity interests held at that time by each of the partners of Tierra Mojada (except for an equity interest with a face value of Ps.1.00), (iii) the rights derived from the existing project documents; (iv) the real estate properties where the Power Plant is located and to be used in connection with the Power Plant and the rights derived from certain easement agreements in connection therewith, (v) the Issuer's rights as creditor under the Shareholder Loan and (vi) payments received pursuant to insurance policies. The settlors will also agree to contribute any additional assets related to the project including rights derived from the Additional Material Project Documents. Furthermore, the trust estate will include the Project's revenues, the products, income or profits or any other asset that replaces any of the aforementioned assets and rights for any reason and any other asset and right that, for any reason or circumstance, is contributed to the trust.

The Amended and Restated Mexican Trust Agreement, among other issues, sets forth the banking accounts that shall be opened and maintained by the Mexican Security Trustee. The Mexican Security Trustee will establish and maintain in its own name (for the benefit of the Secured Parties) the following accounts: (i) the Dollar Revenue Account, (ii) the Peso Revenue Account, (iii) the FRAC Reserve Account, (iv) the FRAC Account, (v) the Dollar Operating Account, (vi) the Peso Operating Account, (vii) the OpCo Debt Service Accrual Accounts, (viii) Mexican HoldCo Debt Service Accrual Accounts, (ix) the Dutch HoldCo Debt Service Accrual Accounts, (x) the Issuer Debt Service Accrual Accounts, (xi) the Debt Service Reserve Account, (xii) the Lock-up Account, (xiii) the Distributions Account, (xiv) the Dollar Casualty and Compensation Proceeds Account, (xv) the Peso Casualty and Compensation Proceeds Account and (xvi) any additional accounts that may be required pursuant to Additional Indebtedness Documents, as is described in "Description of the Notes—Security—Accounts." Such agreement also provides the rules for the deposits to each account, the general procedure for withdrawals and transfers and the specific rules for withdrawals and transfers from each account. The Amended and Restated Mexican Trust Agreement is governed by Mexican federal law and any dispute shall be resolved by the federal courts located in Mexico City.

New Equity Interest Pledge Agreement

On June 19, 2017, with the consent of Tierra Mojada, FEM V Sponsor, as pledgor, entered into an equity interest pledge agreement (the "Equity Interest Pledge Agreement") with the Construction Collateral Agent, as pledgee. Upon repayment of the Construction Loan, the existing Equity Interest Pledge Agreement shall be terminated and immediately thereafter, on or around the Issue Date, with the consent of Tierra Mojada, FEM V Sponsor, as pledgor, will enter into the New Equity Interest Pledge Agreement (the "New Equity Interest Pledge Agreement") with the Onshore Collateral Agent, as pledgee and collateral agent for the benefit of the secured parties.

The New Equity Interest Pledge Agreement has the purpose of securing the payment of obligations under the Financing Documents. Pursuant to the New Equity Interest Pledge Agreement, the pledgor creates a non-possessory pledge in favor of the pledgee over (i) an equity interest of Tierra Mojada with a value of Ps.1.00, and (ii) dividends, cash distributions, cash equivalents, instruments, rights over such equity interest and any other asset or right to be paid to the pledgor or which the pledgor may have the right to receive in connection with such equity interest. In accordance with the terms of the New Equity Interest Pledge Agreement, the pledgor will have the right to exercise all and any corporate and economic rights related to the pledged equity interest as long as an event of default under the Financing Documents does not occur.

The New Equity Interest Pledge Agreement is governed by Mexican federal law and any dispute shall be resolved by the federal courts located in Mexico City.

FEM V Sponsor Equity Interest Pledge Agreement

On or around the Issue Date, with the consent of FEM V Sponsor, FEN V, as pledgor, will enter into the FEM V Sponsor Equity Interest Pledge Agreement (the "FEM V Sponsor Equity Interest Pledge Agreement") with the Onshore Collateral Agent, as pledgee and collateral agent for the benefit of the secured parties.

The FEM V Sponsor Equity Interest Pledge Agreement has the purpose of securing the payment of obligations under the Financing Documents. Pursuant to the FEM V Sponsor Equity Interest Pledge Agreement, the pledgor creates a non-possessory pledge in favor of the pledgee over (i) all the equity interests of FEM V Sponsor, and (ii) dividends, cash distributions, cash equivalents, instruments, rights over such equity interest and any other asset or right to be paid to the pledgor or which the pledgor may have the right to receive in connection with such equity interests. In accordance with the terms of the FEM V Sponsor Equity Interest Pledge Agreement, the pledgor will have the right to exercise all and any corporate and economic rights related to the pledged equity interest as long as an event of default under the Mexican Security Documents does not occur.

The FEM V Sponsor Equity Interest Pledge Agreement is governed by Mexican federal law and any dispute shall be resolved by the federal courts located in Mexico City.

New Borrower Pledge Agreement

On June 19, 2017, Tierra Mojada, as pledgor, entered into a borrower non-possessory pledge agreement (the "Borrower Pledge Agreement") with the Construction Collateral Agent, as pledgee. Upon repayment of the Construction Loan, the existing Borrower Pledge Agreement shall be terminated and immediately thereafter, on or around the Issue Date, Tierra Mojada, as pledgor, will enter into the New Borrower Pledge Agreement (the "New Borrower Pledge Agreement") with the Onshore Collateral Agent, as pledgee and collateral agent for the benefit of the secured parties under the Construction Loan.

The New Borrower Pledge Agreement has the purpose of securing the payment of obligations under the Financing Documents. Pursuant to the New Borrower Pledge Agreement, the pledgor created a non-possessory pledge agreement in favor of the pledgee over (i) its rights derived from the Power Generation Permit, (ii) the CENACE Accounts and (iii) (A) all existing, pending or future movable assets derived from the above-mentioned assets, (B) all assets that may result from the transformation of any of the above-mentioned assets, and (C) all assets that the pledgor may receive or has the right to receive for the sale of any of the above-mentioned assets or by any indemnification concept in the event of loss or reduction or any of the above-mentioned assets.

The New Borrower Pledge Agreement is governed by Mexican federal law and any dispute shall be resolved by the federal courts located in Mexico City.

Operating Direct Agreements

On June 19, 2017, Tierra Mojada entered into direct agreements with (i) CFEC with regard to the CFEC PPA (the "PPA Direct Agreement"), (ii) CFEnergía with regard to the Natural Gas Supply Agreement (the "Natural Gas Supply Direct Agreement"), (iii) the CSA Provider with regard to the Contractual Service Agreement (the "CSA Direct Agreement") and (iv) the O&M Contractor with regard to the O&M Agreement (the "O&M Direct Agreement"), pursuant to which these counterparties consented to the collateral assignment to the Mexican Security Trustee for the benefit of the Construction Collateral Agent (for the benefit of the secured parties thereunder) of all the rights under each Operating Direct Agreement and the guarantees set forth therein, as security for the payment and performance when due of all the obligations of Tierra Mojada under the Construction Loan and the related financing documents. In addition, certain counterparties agreed to assign the underlying agreements to a qualified third-party or replace the underlying agreements and accompanying guarantees with substantially similar agreements if the underlying agreements are rejected in a Mexican bankruptcy or insolvency proceeding.

On or around the Issue Date, Tierra Mojada expects to enter into separate letter agreements with each of the counterparties to the PPA Direct Agreement, the Natural Gas Supply Direct Agreement, the CSA Direct Agreement and the O&M Direct Agreement (collectively, the "Operating Direct Agreements"). Each letter agreement will (i) confirm the applicable Operating Direct Agreement continues to be in full force and effect from the Issue Date and thereafter for the benefit of the Onshore Collateral Agent for the Secured Parties (as defined in the "Description of the Notes") and (ii) provide for updated notice and bank account information. A delay in obtaining the separate letter agreements could adversely affect the ability of the Onshore Collateral Agent to enforce the Operating Direct Agreements.

Dutch Security Document

FEN V Pledge Agreement

On or around the Issue Date, the Issuer, as pledgor, will enter into the Dutch-law deed of pledge of shares (the "FEN V Pledge Agreement") with the Offshore Collateral Agent, as pledgee and collateral agent, and FEN V, as the company, pursuant to which the shares in FEN V will be pledged to the Offshore Collateral Agent. The FEN V Pledge Agreement will be governed by the laws of the Netherlands and any dispute shall be resolved by the courts located in the Netherlands. The shares in the capital of FEN V are currently subject to a pledge to secure certain payment obligations of FEL V Sponsor that are intended to be repaid in full and released on or around the Issue Date.

Luxembourg Security Document

Issuer Pledge Agreement

On or around the Issue Date, FEL V Sponsor, as pledgor, will enter into the Issuer Pledge Agreement (the "Issuer Pledge Agreement") with the Issuer, the Offshore Collateral Agent, as pledgee and collateral agent, pursuant to which the shares of the Issuer and rights thereunder will be pledged to the Offshore Collateral Agent. The Issuer Pledge Agreement will be governed by the laws of Luxembourg and any dispute shall be resolved by the courts located in Luxembourg.

Capital Contribution and Shareholder Loan Agreement

On or around the Issue Date, (i) the Issuer will contribute capital to Tierra Mojada in an estimated amount equal to approximately US$22,989,586 (the "Capital Contribution") and (ii) Tierra Mojada and the Issuer will enter into a subordinated credit agreement (the "Shareholder Loan Agreement"), under which Tierra Mojada will incur Intercompany Indebtedness provided by the Issuer for an estimated amount equal to approximately US$610,890,861, with a 6.43% interest rate, and a 20-year term (the "Shareholder Loan"). The proceeds of the Capital Contribution and the Shareholder Loan will be used by Tierra Mojada to (A) pay a portion of the transaction fees and expenses

accrued in connection with the issuance of the Notes, (B) repay and cancel the Construction Loan, including related interest, breakage costs, premia, fees, costs and other expenses, (C) repay and cancel the VAT Facility, including related interest, breakage costs, premia, fees, costs and other expenses, (D) unwind the Construction Hedging Agreements and (E) repay the Subordinated Loan with FEL V Sponsor for an amount of approximately US$137,094,060 (net of a US$23,774,962 set-off for amounts owed by FEL V Sponsor to Tierra Mojada under the MIGA Loan, which we intend to terminate along with the related MIGA Policy). For more information, see "Use of Proceeds."

The interest to be paid by Tierra Mojada to the Issuer under such loan will be subject to withholding tax in Mexico (currently at a 10% rate in terms of the Mexican income tax law (Ley del Impuesto sobre la Renta) (the "Mexican Income Tax Law") and the Convention between Mexico and Luxembourg for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital, and subject to the compliance with applicable requirements). The Shareholder Loan Agreement will be governed by the laws of Mexico.

DESCRIPTION OF THE NOTES

The following summary of certain provisions of the Indenture, the Notes (including the related Note Guarantee) and the Collateral is not complete and is subject to, and qualified in its entirety by reference to, all of the provisions of the Indenture, the Notes and the other Financing Documents, as applicable. The holders of the Notes will be entitled to the benefits of, be bound by, and be deemed to have notice of, all of the provisions of the Indenture, the Notes and the other Notes Documents, including, without limitation, the immunities and rights of the Indenture Trustee, the Intercreditor Agent and the Collateral Agents. Copies of the Indenture and the other Notes Documents will be on file at the corporate trust office of the Indenture Trustee and may be inspected upon request.

General

You can find the definitions of certain terms used in this description under the subheading "—Certain Definitions." In this "Description of the Notes," the term "Issuer" refers only to FEL Energy VI S.à r.l. on the date of issuance of the Notes, and thereafter any of its successors or permitted assigns, and not to any of its Subsidiaries.

The Issuer will issue US$953 million in aggregate principal amount of 5.750% Senior Secured Notes due 2040 (the "*Notes*," which, for the avoidance of doubt, excludes any Additional Notes (as defined below)) under an indenture (as amended or supplemented from time to time, the "*Indenture*") to be dated as of the Issue Date, among itself, each of the Issuer's direct and indirect Subsidiaries as the Guarantors, and Citibank, N.A., in its capacity as trustee (together with its successors and permitted assigns, the "*Indenture Trustee*"). The Guarantors will unconditionally and irrevocably guarantee, jointly and severally, on a senior basis the Issuer's payment obligations under the Notes (the "*Note Guarantees*") on the terms described further herein. The terms of the Notes include those expressly set forth in the Indenture. The Indenture will not be governed by the provisions of the Trust Indenture Act of 1939, as amended, including any requirements to deliver annual opinions with respect to perfection of security interests or opinions with respect to release of the Collateral in accordance with the Indenture, the Collateral Agency and Intercreditor Agreement or the other Security Documents. The Notes and the Note Guarantees will not be registered under the Securities Act of 1933, as amended, and will be subject to certain transfer restrictions, as further described in "Transfer Restrictions." The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

The Notes will have the benefit of, and shall be secured pursuant to the terms of the Security Documents. The Security Documents set forth the terms of the agreements in respect of the Collateral that will secure the Notes. Concurrently with the issuance of the Notes, the Indenture Trustee, as a representative of the holders of the Notes (the "*Noteholders*"), will enter into the Collateral Agency and Intercreditor Agreement, among the Issuer, the Guarantors, the Senior Creditor Group Representatives, the Administrative Agent, the Intercreditor Agent and the Collateral Agents. The following description is a summary of the material provisions of the Indenture, the Notes, the Note Guarantees, the Collateral Agency and Intercreditor Agreement and the other Security Documents. It does not restate those agreements in their entirety. We urge you to read the Indenture and the other Notes Documents because they, and not their description, define your rights as a Noteholder and the rights and obligations of the Indenture Trustee. For a further description of the Collateral Agency and Intercreditor Agreement and the other Security Documents, see "Description of Principal Finance Agreements—Collateral Structure."

Brief Description of the Notes and the Note Guarantees; No Recourse

The Notes

The Notes will:

- be general obligations of the Issuer;

- together with all other Senior Debt, rank (i) *pari passu* in right of payment with all other existing and future unsubordinated obligations of the Issuer (subject to any priority rights of such unsubordinated Indebtedness pursuant to Applicable Law) and (ii) effectively senior in right of payment to any unsecured obligations of

the Issuer to the extent of the value of the Collateral (subject to any priority rights of such unsecured obligations pursuant to Applicable Law);

- be guaranteed by each Guarantor on a senior basis; and

- be secured by a first-priority Security Interest (subject to Permitted Liens, the Collateral Agency and Intercreditor Agreement and the other Security Documents), which Security Interest will be shared on a *pari passu* basis with the Senior Creditors.

The Note Guarantees

The Issuer's payment obligations under the Indenture, the Security Documents and the Notes will be fully and unconditionally guaranteed by each Guarantor. The enforceability of each Note Guarantee will be subject to applicable bankruptcy, insolvency, *concurso mercantil*, *quiebra*, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and remedies or by general equity principles. As a result, a Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Note Guarantee. See "Risk Factors—Risks Relating to the Notes, the Note Guarantees, the Collateral and Our Corporate and Financing Structure —Fraudulent conveyance laws may void the Notes or the Note Guarantees or subordinate the Notes or the Note Guarantees."

The Note Guarantee of each Guarantor will:

- be a general obligation of such Guarantor;

- together with all other Senior Debt, rank (i) *pari passu* in right of payment with all other existing and future unsubordinated obligations of such Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to Applicable Law) and (ii) effectively senior in right of payment to any unsecured obligations of such Guarantor to the extent of the value of the Collateral (subject to any priority rights of such unsecured obligations pursuant to Applicable Law); and

- be secured by a first-priority Security Interest on the Collateral (subject to Permitted Liens, the Collateral Agency and Intercreditor Agreement and the other Security Documents), which Security Interest will be shared on a *pari passu* basis with the Senior Creditors.

Each Note Guarantee of any Guarantor will be automatically released (and thereupon terminated and be discharged and be of no further force and effect) (a) upon repayment in full of amounts outstanding under the Notes, (b) upon Legal Defeasance or Covenant Defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge," (c) upon the sale or disposition (including through merger, consolidation, amalgamation or other combination) or conveyance, transfer or lease of all or substantially all of the Capital Stock, or all or substantially all of the assets, of such Guarantor in a transaction made in compliance with the covenant described under the caption "—Certain Covenants—Merger, Consolidation or Sale of Substantially All Assets" or the provision described under the caption "—Substitution of the Issuer," or (d) as described under the caption "—Amendment, Supplement and Waiver."

Upon any occurrence giving rise to a release of any Note Guarantee as specified above, the Indenture Trustee, subject to receipt of (i) an Officer's Certificate from the Issuer or the applicable Guarantor, and (ii) an opinion of counsel each stating that all conditions precedent under the Financing Documents to any such release, discharge and termination or other release have been satisfied, will promptly execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Note Guarantee. Neither the Issuer nor the Guarantor will be required to make a notation on the Notes to reflect the Note Guarantee or any such release, termination or discharge.

Upon release of any Guarantor from its Note Guarantee, such Guarantor will also be released from its obligations under the Security Documents, as provided below under the caption "—Security—Release of Security." Upon any occurrence giving rise to a release of the Note Guarantee as specified above, each of the Indenture Trustee, the Intercreditor Agent and the Collateral Agents, as applicable, subject to receipt of (i) an Officer's Certificate from the Issuer or the applicable Guarantor, and (ii) an opinion of counsel each stating that all conditions precedent under the Financing Documents to any such release, discharge and termination or other release have been satisfied will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of the Note Guarantee or the release of the applicable Guarantor from its obligations under the Security Documents.

No Recourse

All obligations in connection with the Notes are solely obligations of the Issuer and the Guarantors, secured by a security interest, on a first-priority basis in substantially all of the assets of the Issuer and the Guarantors (other than Excluded Assets) and the Equity Interests in the Issuer and the Guarantors (subject to Permitted Liens, the Collateral Agency and Intercreditor Agreement and the other Security Documents), with no recourse to any other Person or entity. No Person nor any Eligible Sponsor or any other Affiliate of the Issuer, or any of their respective incorporators, stockholders, members, managers, representatives, partners, directors, officers or employees, has guaranteed or will guarantee the payment of the Notes or have any obligation or liability with respect to payment of the Notes or in respect of the Issuer's or the Guarantors' obligations under the Notes, the Note Guarantees and/or any of the other Financing Documents. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. This waiver may not be effective to waive liabilities under United States federal securities laws.

Interest, Amortization and Payment upon Maturity

Interest

Interest on the Notes will accrue at the rate of 5.750% per annum and will be payable in cash semi-annually in arrears on June 1 and December 1 of each year, beginning on June 1, 2021 (each such date, a "*Scheduled Payment Date*"). The Issuer will make each interest payment on each Scheduled Payment Date to the Noteholders who are registered as holders of record on the fifteenth calendar day immediately preceding such Scheduled Payment Date (each such date, a "*Record Date*").

Interest on the Notes (including Additional Notes, as described herein) will accrue from the date of original issuance or, if interest has already been paid, from the most recent Scheduled Payment Date for which an interest payment was last made. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Interest on overdue principal, premium and Additional Amounts, if any, and interest on the Notes will accrue at a rate that is 2.00% higher than the then-applicable interest rate on such Notes.

Amortization

The Issuer will pay installments on the outstanding principal of the Notes to the registered holders thereof on the immediately preceding Record Date in accordance with the Indenture on each Scheduled Payment Date, beginning on June 1, 2021 and ending on the Maturity Date (as defined below), in accordance with the following schedule:

Scheduled Payment Date	Principal Payment Amount (US$ in millions)
June 1, 2021	$5,129,982.90
December 1, 2021	$9,574,788.50
June 1, 2022	$11,535,623.30
December 1, 2022	$7,908,553.70

June 1, 2023	$2,078,876.20
December 1, 2023	$1,600,597.70
June 1, 2024	$15,650,283.90
December 1, 2024	$1,902,430.60
June 1, 2025	$20,958,402.60
December 1, 2025	$1,769,634.70
June 1, 2026	$24,557,806.50
December 1, 2026	$1,652,880.00
June 1, 2027	$25,597,855.50
December 1, 2027	$2,110,379.90
June 1, 2028	$21,115,581.90
December 1, 2028	$4,825,437.40
June 1, 2029	$25,428,848.60
December 1, 2029	$6,086,587.00
June 1, 2030	$26,397,332.80
December 1, 2030	$7,516,430.50
June 1, 2031	$28,705,886.80
December 1, 2031	$9,394,227.90
June 1, 2032	$27,765,423.50
December 1, 2032	$10,544,443.90
June 1, 2033	$31,945,550.40
December 1, 2033	$11,932,604.40
June 1, 2034	$33,587,846.10
December 1, 2034	$13,330,926.30
June 1, 2035	$35,331,111.00
December 1, 2035	$15,072,261.90
June 1, 2036	$35,569,146.30
December 1, 2036	$17,903,667.60
June 1, 2037	$41,369,292.70
December 1, 2037	$19,611,216.80
June 1, 2038	$46,234,489.70
December 1, 2038	$22,900,875.00
June 1, 2039	$43,427,138.30
December 1, 2039	$25,205,862.10
June 1, 2040	$27,562,695.70
December 1, 2040	$232,207,019.40
	$953,000,000

If any portion of the Notes are redeemed as described under the caption "—Redemption of the Notes" or repurchased as described under the caption "—Certain Covenants—Limitation on Asset Sales" and "—Change of Control Offer" below, the principal payment amounts listed in the table above will be reduced by the Issuer by an amount proportionate to the proportion of the principal amount of Notes redeemed or repurchased to the aggregate principal amount of Notes outstanding immediately prior to such redemption or repurchase or, at the Issuer's election, the redemption or repurchase payment may be applied to principal payments at the Issuer's discretion so long as the Projected Debt Service Coverage Ratio for each 12-month period from the date of such redemption or repurchase to the Maturity Date (but excluding the Maturity Date) is at least 1.05:1.00; *provided* that, if any portion of the Notes are redeemed as described in the first paragraph under the caption "—Redemption of the Notes—Optional Redemption without Make-Whole Amount" the principal payment amounts listed in the table above will be reduced by the Issuer in the inverse order of maturity based upon the respective then remaining principal amounts thereof (including the installment due on the Maturity Date). Within 30 days following the date of any partial redemption or repurchase of the Notes, the Issuer will send the Indenture Trustee an Officer's Certificate setting forth the amended amortization schedule for the Notes.

Payment upon Maturity

The remaining outstanding principal amount of the Notes, plus any accrued and unpaid interest, will be paid at 100% of the then-outstanding principal amount on December 1, 2040 (the "*Maturity Date*").

Form of Notes; Payments on the Notes

The Notes are being offered and sold in the United States or to, or for the account or benefit of, U.S. persons (within the meaning of Regulation S) ("*U.S. persons*") solely to investors that are "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act, which are deemed to have made the representations set forth in "Transfer Restrictions," in transactions meeting the requirements of Rule 144A (the "*Rule 144A Notes*").

The Notes also may be offered and sold outside the United States to persons that are not U.S. persons or persons acting for the account or benefit of U.S. persons which are deemed to have made the representations set forth in "Transfer Restrictions," in Offshore Transactions (within the meaning of Rule 902 of Regulation S) pursuant to Regulation S (the "*Regulation S Notes*").

Each of the Notes will be issued on the Issue Date in fully registered form, without interest coupons, only in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. No Notes will be issued in bearer form.

Each of the Rule 144A Notes and the Regulation S Notes will be initially issued in the form of one or more registered notes in global form, without interest coupons (the "*Global Notes*"), registered in the name of a nominee of DTC or another designated clearing system. The terms of the Indenture will provide for the issuance of definitive registered Notes only in certain limited circumstances. For more information, see "Book-Entry, Delivery and Form."

The Issuer will make all payments, including principal of, and premium and Additional Amounts, if any, and interest on, the Notes, to the Indenture Trustee through the Mexican Security Trustee. Initially, the Indenture Trustee will act as paying agent and registrar for the Notes, unless the Issuer elects to make interest payments by check mailed to the Noteholders at their address set forth in the register of Noteholders. The Issuer may change the paying agent or registrar without prior notice to the Noteholders, and the Issuer or any of the Guarantor may act as paying agent or registrar.

The Issuer will make all payments on the Notes in same day funds. Payments on the Global Notes will be made to the DTC or its nominee as the registered holder of the Global Notes.

No service charge will be made for any registration of transfer, exchange or redemption of the Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection with any such registration of transfer or exchange.

Subject to any applicable abandoned property law, the Indenture Trustee and the paying agents will pay to the Issuer upon its request any monies held by them for the payment of principal or interest that remains unclaimed for two years, and, thereafter, holders entitled to such monies must look to the Issuer for payment as its general creditors. After the return of such monies by the Indenture Trustee or the paying agents to the Issuer, neither the Indenture Trustee nor the paying agents shall be liable to the holders in respect of such monies.

Transfer and Exchange

A holder may transfer or exchange Notes in accordance with the provisions of the Indenture. The registrar and the Indenture Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes, including as discussed in "Book-Entry, Delivery and Form" herein. Noteholders will be required to pay all taxes due on transfer. Neither the Issuer nor the Indenture Trustee will be required to (a) transfer or exchange any Note selected for redemption or (b) exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

The Notes will be subject to certain additional restrictions on transfer and certification requirements, as further described under "Transfer Restrictions."

Further Issues

The Indenture is unlimited in aggregate principal amount, although the issuance of Notes in this offering will be limited to US$953 million in aggregate principal amount. Subject to the terms of the Indenture (including but not limited to those described under the heading "Description of the Notes—Certain Covenants—Limitation on Indebtedness"), the Issuer may from time to time, without the consent of the Noteholders, create and issue an unlimited principal amount of additional notes having the same terms and conditions, and with the same CUSIP numbers, as the Notes, other than the issue date, the issue price, the first Scheduled Payment Date and the first date from which interest will accrue (the "*Additional Notes*"), so that such issue will be consolidated and form a single series with the outstanding Notes; *provided* that if any Additional Notes are not fungible with the Notes for United States federal income tax purposes, such Additional Notes will have a separate CUSIP number and ISIN from the Notes. There is no limit on the aggregate principal amount of Notes that may be outstanding at any time. In connection with the issuance of Additional Notes, the Issuer will send the Indenture Trustee an Officer's Certificate setting forth the amended amortization schedule for the Notes (including such Additional Notes).

The Notes and any Additional Notes subsequently issued under the Indenture will be substantially identical other than the issue date, the issue price, the first Scheduled Payment Date and the first date from which interest will accrue. Unless the context otherwise requires, for all purposes of the Indenture and this "Description of the Notes," references to the Notes include any Additional Notes actually issued. The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including without limitation, waivers, amendments, redemptions and offers to purchase.

Security

Overview

The obligations of the Issuer and the Guarantors under the Indenture, the Notes and the Note Guarantees (as applicable) will be secured by a Security Interest, on a first-priority basis, in substantially all of the assets of the Issuer and the Guarantors (other than Excluded Assets) and the Equity Interests in the Issuer and the Guarantors (subject to Permitted Liens, the Collateral Agency and Intercreditor Agreement and the other Security Documents), whether owned on the date of the Indenture or thereafter acquired, which Security Interest will be shared on a *pari passu* basis with the Senior Creditors. The Non-Mexican Collateral will be pledged to the Offshore Collateral Agent and the Mexican Collateral will be either transferred to the Mexican Security Trustee or pledged to the Onshore Collateral Agent, as applicable, in each case for the benefit of the Secured Parties. See "—Security Interests" below.

No appraisals of the Collateral on behalf of the Issuer or the Guarantors have been prepared in connection with this offering of the Notes. There can be no assurance that the proceeds of any sale of the Collateral, in whole or in

part, pursuant to the Indenture and the applicable Security Documents following an Indenture Event of Default, would be sufficient to satisfy amounts due on the Notes, the Note Guarantees and the other Senior Debt. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral would be sold in a timely manner or at all. Furthermore, the Collateral may be reduced or diluted under certain circumstances, including the issuance of Additional Notes or other Permitted Pari Passu Secured Indebtedness and the disposition of assets comprising the Collateral, subject to the terms of the Indenture and the Security Documents. See "—Release of security", "Risk Factors—Risks relating to Notes, the Note Guarantees, the Collateral and Our Corporate and Financing Structure—The Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes" and Risk Factors—Risks relating to Notes, the Note Guarantees, the Collateral and Our Corporate and Financing Structure—We may incur additional indebtedness that could adversely affect holders of the Notes."

Neither the Indenture Trustee nor the Noteholders may, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents but may only act through the applicable Collateral Agent (acting at the direction of the Intercreditor Agent). See "—Enforcement of Security Interests."

Release of Security

Subject to the Collateral Agency and Intercreditor Agreement, the Collateral will be automatically released (and thereupon terminated and be discharged and be of no further force and effect) and each Collateral Agent (acting at the direction of the Intercreditor Agent) will take any action required to effectuate any release of the Collateral granted upon (a) repayment in full of amounts outstanding under the Notes and the other Senior Debt Obligations, (b) Legal Defeasance or Covenant Defeasance or satisfaction and discharge of the Indenture and the other Senior Debt Instruments as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge," (c) certain dispositions by the Issuer or the Guarantors of assets forming part of the Collateral in accordance with any of the covenants under the captions "—Certain Covenants—Limitation on Asset Sales" and "—Certain Covenants—Merger, Consolidation or Sale of Substantially All Assets" or the provision described under the caption "—Substitution of the Issuer."

Additionally, the Collateral Agents (acting at the direction of the Intercreditor Agent) may take additional action to effectuate the release of the Collateral in the circumstances described under the caption "—Amendment, Supplement and Waiver." Any such release will be effected by the Collateral Agents (acting at the direction of the Intercreditor Agent) without the need for the consent of the Noteholders.

Upon request by the Issuer or any applicable Guarantor to effect any release of Collateral, the Issuer shall cause to be delivered to the Intercreditor Agent and each applicable Collateral Agent (upon which they may conclusively rely) an Officer's Certificate from the Issuer or the applicable Guarantor stating that all conditions precedent under each Financing Documents to any such release, discharge and termination or other release have been satisfied.

Intercreditor Agent and Collateral Agents

Citibank, N.A. will act as Intercreditor Agent and as Offshore Collateral Agent and CIBanco, S.A., Institución de Banca Múltiple will act as Onshore Collateral Agent, in each case, under the Collateral Agency and Intercreditor Agreement and the other Security Documents, until such time, if any, that a new Intercreditor Agent, Onshore Collateral Agent or Offshore Collateral Agent, as the case may be, is appointed under the relevant provisions of the Collateral Agency and Intercreditor Agreement and the other Security Documents.

None of the Indenture Trustee, the Administrative Agent, the Intercreditor Agent and the Collateral Agents nor any of their respective officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any Property securing the Notes or any Note Guarantee, for the legality, enforceability, effectiveness or sufficiency of the Security Documents, for the creation, perfection, priority, sufficiency or protection of any Liens on the Collateral, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Liens or Security Documents or any delay in doing so.

Permitted Pari Passu Secured Indebtedness

The Issuer or any Guarantor may incur Indebtedness (in addition to other Senior Debt) that is secured by Liens on the Collateral (such Indebtedness and any guarantees of such Indebtedness, "*Permitted Pari Passu Secured Indebtedness*"); *provided* that:

(1) the Issuer or such Guarantor was permitted to incur such Indebtedness under the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness";

(2) the creation of any Lien on the Collateral securing such Indebtedness was permitted under the covenant described under the caption "—Certain Covenants—Limitation on Liens";

(3) the holders of such Permitted Pari Passu Secured Indebtedness (or their representative) accede to the Collateral Agency and Intercreditor Agreement; and

(4) the Issuer delivers to the Indenture Trustee an Officer's Certificate with respect to compliance with the conditions stated immediately above.

Subject to certain intercreditor arrangements set forth under the caption "—Modification Approval Levels" below, the Indenture Trustee and the Intercreditor Agent will be permitted and authorized, without the consent of any Noteholder, to enter into any amendments to the Security Documents or the Indenture and take any other action necessary to permit the creation and registration of Liens on the Collateral to secure Permitted Pari Passu Secured Indebtedness in accordance with this paragraph.

Collateral Agency and Intercreditor Agreement

On or prior to the Issue Date, the Issuer, the Guarantors, the Intercreditor Agent, the Collateral Agents, the Administrative Agent and the Indenture Trustee will enter into the Collateral Agency and Intercreditor Agreement with each Senior Creditor Group Representative, for its own benefit and the benefit of each such representative's respective Senior Creditor Group, which provides for, among other things: (a) the framework for, together with the Amended and Restated Mexican Trust Agreement, as well as remedies relating to, the grant of Collateral by the Issuer and the Guarantors to the Collateral Agents for the benefit of the Secured Parties (including Noteholders), (b) the appointment of each of the Intercreditor Agent and the Collateral Agents by the Senior Creditors and (c) intercreditor arrangements between the Secured Parties with respect to security, payments, recoveries and certain decisions.

Security Interests

The Issuer's and the Guarantors' obligations under the Notes, the Indenture and the other Senior Debt Instruments will be secured by a *pari passu* ranking security interest, on a first-priority basis, in substantially all of the tangible and intangible assets of the Issuer and the Guarantors (other than Excluded Assets), and pledges of all of the Equity Interests in the Issuer and Guarantors (subject to Permitted Liens, the Collateral Agency and Intercreditor Agreement and the other Security Documents) for the benefit of the Secured Parties, including the following:

(1) all of the Equity Interests in, and including any shareholder loans to, the Issuer and each of the Guarantors;

(2) all Material Project Documents (other than the Interconnection Agreement) and any Additional PPAs;

(3) interests in and to the CENACE Accounts and each Project Account, other than (a) the Distributions Account, (b) the Additional Senior Debt Accounts, (c) the FRAC Account and (d) the VAT Account (collectively, the "*Pledged Accounts*");

(4) Subordinated Indebtedness and Intercompany Indebtedness;

(5) the Net Available Proceeds of any payment under any insurance policies; and

(6) all proceeds of the foregoing and all other tangible and intangible assets of the Issuer and each of the Guarantors, including real and personal Property, whether owned on the Issue Date or thereafter acquired, but excluding Excluded Assets.

Notwithstanding anything to the contrary in the foregoing paragraph or in any Financing Document, none of the Issuer and the Guarantors will be required to grant a security interest in any of the following assets, whether now owned or hereafter acquired (collectively, the "*Excluded Assets*"):

(1) the Distributions Account;

(2) the Additional Senior Debt Accounts;

(3) the VAT Account;

(4) the FRAC Account;

(5) any account of the Issuer or the Guarantors other than (a) the Pledged Accounts, (b) the Distributions Account, (c) the Additional Senior Debt Accounts, (d) the FRAC Account and (e) the VAT Account (the "*Other Accounts*");

(6) secondary beneficiary rights of the Issuer and the Guarantors under the Amended and Restated Mexican Trust Agreement;

(7) the Interconnection Agreement;

(8) any Property to the extent the grant or maintenance of a Lien on such Property:

(a) is prohibited by law;

(b) could reasonably be expected in the sole discretion of the Issuer to result in material adverse tax consequences to the Issuer or any Guarantor; or

(c) is prohibited by, or constitutes a breach or default under or results in the termination of or requires any consent not obtained under, any contract, license, agreement, instrument or other document evidencing or giving rise to such Property, except to the extent that such term in such contract, license, agreement, instrument or other document or shareholder or similar agreement providing for such prohibition, breach, default or termination or requiring such consent is ineffective under Applicable Law (including pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the UCC);

(9) any Property as to which the applicable Collateral Agent (acting at the direction of the Intercreditor Agent) and the Issuer agree in writing that the costs of obtaining a security interest in, or Lien on, such Property, or perfection thereof, are excessive in relation to the value to the Secured Parties of the security interest afforded thereby;

(10) any equipment that is subject to a capitalized lease or a Lien securing purchase money obligations of the Issuer or any Guarantor that are, in each case, permitted to be incurred under the Notes Documents, to the extent that the contract or other agreement in which such lien is granted (or in the documentation providing for such capitalized lease) prohibits or requires the consent of any Person other than the Issuer or a Guarantor as a condition to the creation of any other Lien on such equipment, but only, in each case, to the extent, and for so long as, the obligations secured by the applicable Lien or the capitalized lease have not been repaid in full or the applicable prohibition (or consent requirement) has not otherwise been removed or terminated; or

(11) cash collateral securing letters of credit, to the extent permitted by clause (17) of the definition of "Permitted Indebtedness", in an aggregate amount outstanding not to exceed US$10 million at any time.

Security interests in the Equity Interests in the Issuer will be documented by the Luxembourg Security Documents, which are further described in "Description of Principal Security Documents—Luxembourg Security Documents."

Security interests in the Equity Interests in the Dutch HoldCo Guarantor will be documented by the Dutch Security Document, which is further described in "Description of Principal Security Documents—Dutch Security Document." Under Dutch law, it is uncertain as to whether security interests can be granted to a party other than the creditor of the claim that is purported to be secured by such security interests. As a consequence, the Financing Documents will provide for the creation of parallel debt (the "*Parallel Debt*") obligations in favor of the Offshore Collateral Agent mirroring the obligations of the Issuer and the Guarantors towards the Senior Creditors under or in connection with the Financing Documents ("*Corresponding Debt*"). Consequently, the Issuer and the Guarantors will irrevocably and unconditionally undertake to pay to the Offshore Collateral Agent an amount equal to the amount of their respective payment obligations to the Secured Parties under the Financing Documents as and when those amounts are due. The Dutch law security interests will be granted to the Offshore Collateral Agent as security for the Parallel Debt and will not directly secure the Corresponding Debt. The Parallel Debt will be at all times in the same amount and payable at the same time as the Corresponding Debt. Any payment in respect of the Corresponding Debt shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the Corresponding Debt. The Parallel Debt concept has not been tested under Dutch law and, to the extent that the security interests in the Collateral created to secure the Parallel Debt are successfully challenged by other parties, the Secured Parties will not (directly) receive any proceeds from an enforcement of such security interests in the Collateral under the Dutch Security Document.

Security interests in the Equity Interests in, and in the assets owned by, the OpCo Guarantor and Mexican HoldCo Guarantor, respectively, will be documented by the Mexican Security Documents, which are further described in "Description of Principal Security Documents—Mexican Security Documents."

The Collateral Agency and Intercreditor Agreement provides that (except as otherwise permitted under the Collateral Agency and Intercreditor Agreement) the release of all or substantially all of the Collateral, Security Interests or the Note Guarantees from the Lien of any Security Document requires a direction to the Collateral Agents from the Intercreditor Agent acting on the direction of each Senior Creditor Group Representative representing those Senior Creditors that benefit from such relevant Collateral, Security Interest or Note Guarantees, subject to certain limited exceptions.

Accounts

The Mexican Security Trustee will establish and maintain in its own name (for the benefit of the Secured Parties) the following accounts (collectively, the "*Project Accounts*"):

(1) a U.S. Dollar-denominated revenue account (the "*Dollar Revenue Account*") into which all U.S. Dollar-denominated revenues generated from the Project, as well as certain other income or amounts payable to the OpCo Guarantor in U.S. Dollars (excluding amounts to be deposited into other Project Accounts) shall be deposited;

(2) a Peso-denominated revenue account (the "*Peso Revenue Account*" and, together with the Dollar Revenue Account, the "*Revenue Accounts*" and each, a "*Revenue Account*") into which all Peso-denominated revenues generated from the Project, as well as certain other income or amounts payable to the OpCo Guarantor in Pesos shall be deposited (excluding amounts to be deposited into other Project Accounts);

(3) a U.S. Dollar -denominated reserve account for compensation payments under the CFEC PPA (the "*FRAC Reserve Account*") to be used to deposit and withdraw U.S. Dollar-denominated funds for transfer to the FRAC Account in amounts required by the CFEC PPA and, to the extent of excess above the amount required to be transferred to the FRAC Account and at the Issuer's discretion, to the Dollar Revenue Account, as set forth below under the caption "—Cash Waterfall";

(4) a U.S. Dollar-denominated account for satisfying the OpCo Guarantor's obligation under the CFEC PPA to establish the "*Fondo de Reserva de Abonos por Compensación*" (the "*FRAC Account*");

(5) a U.S. Dollar-denominated operating account (the "*Dollar Operating Account*") into which amounts will be transferred from the Revenue Accounts for the payment of Operating Expenses in U.S. Dollars and transfers to secured local checking and customs payment accounts for the payment of Operating Expenses in U.S. Dollars;

(6) a Peso-denominated operating account (the "*Peso Operating Account*" and together with the Dollar Operating Account, the "*Operating Accounts*" and each, an "*Operating Account*") into which amounts will be transferred from the Revenue Accounts for the payment of Operating Expenses in Pesos and transfers to secured local checking and customs payment accounts for the payment of Operating Expenses in Pesos;

(7) (i) a U.S. Dollar-denominated debt service accrual account for the OpCo Guarantor (the "*OpCo Dollar Debt Service Accrual Account*") to be used solely to deposit and withdraw U.S. Dollar denominated funds for dividends, capital redemptions or payments or repayments in respect of Intercompany Indebtedness or for direct application to debt service as set forth below in level "fourth" under the caption "—Cash Waterfall—Dollar Revenue Account" and (ii) a Peso-denominated debt service accrual account for the OpCo Guarantor (the "*OpCo Peso Debt Service Accrual Account*" and together with the OpCo Dollar Debt Service Accrual Account, the "*OpCo Debt Service Accrual Accounts*") to be used solely to deposit and withdraw Peso-denominated funds for dividends, capital redemptions or payments or repayments in respect of Intercompany Indebtedness or for direct application to debt service as set forth below in level "fourth" under the caption "—Cash Waterfall—Dollar Revenue Account";

(8) (i) a U.S. Dollar-denominated debt service accrual account for the Mexican HoldCo Guarantor (the "*Mexican HoldCo Dollar Debt Service Accrual Account*") to be used for dividends, capital redemptions or payments or repayments in respect of Intercompany Indebtedness or for direct application to debt service as set forth below in level "fourth" under the caption "—Cash Waterfall—Dollar Revenue Account" and (ii) a Peso-denominated debt service accrual account for the Mexican HoldCo Guarantor (the "*Mexican HoldCo Peso Debt Service Accrual Account*" and together with the Mexican HoldCo Dollar Debt Service Accrual Account, the "*Mexican HoldCo Debt Service Accrual Accounts*") to be used for dividends, capital redemptions or payments or repayments in respect of Intercompany Indebtedness or for direct application to debt service as set forth below in level "fourth" under the caption "—Cash Waterfall—Dollar Revenue Account";

(9) (i) a U.S. Dollar-denominated debt service accrual account for the Dutch HoldCo Guarantor (the "*Dutch HoldCo Dollar Debt Service Accrual Account*") to be used for dividends, capital redemptions or payments or repayments in respect of Intercompany Indebtedness or for direct application to debt service as set forth below in level "fourth" under the caption "—Cash Waterfall—Dollar Revenue Account" and (ii) a Peso-denominated debt service accrual account for the Dutch HoldCo Guarantor (the "*Dutch HoldCo Peso Debt Service Accrual Account*" and, together with the Dutch HoldCo Dollar Debt Service Accrual Account, the "*Dutch HoldCo Debt Service Accrual Accounts*", together with the Mexican HoldCo Debt Service Accrual Accounts, the OpCo Debt Service Accrual Accounts and the Issuer Debt Service Accrual Accounts, each a "*Debt Service Accrual Account*" and collectively, the "*Debt Service Accrual Accounts*") to be used for dividends, capital redemptions or payments or repayments in respect of Intercompany Indebtedness or for direct application to debt service as set forth below in level "fourth" under the caption "—Cash Waterfall—Dollar Revenue Account";

(10) (i) a U.S. Dollar-denominated debt service accrual account for the Issuer (the "*Issuer Dollar Debt Service Accrual Account*") to be used solely to deposit and withdraw funds for dividends, capital redemptions or payments or repayments in respect of Intercompany Indebtedness or for direct application to debt service as set forth below in level "fourth" under the caption "—Cash Waterfall—Dollar Revenue Account" and (ii) a Peso-denominated debt service accrual account for the Issuer (the "*Issuer Peso Debt Service Accrual Account*" and, together with the Issuer Dollar Debt Service Accrual Account, the "*Issuer Debt Service Accrual Accounts*") to be used solely to deposit and withdraw Peso-denominated funds for dividends, capital redemptions or payments or repayments in respect of Intercompany Indebtedness or for direct application to debt service as set forth below in level "fourth" under the caption "—Cash Waterfall—Dollar Revenue Account";

(11) a U.S. Dollar-denominated debt service reserve account (the "*Debt Service Reserve Account*") to be used solely to deposit and withdraw funds for debt service as set forth below under the caption "—Cash Waterfall";

provided that, for purposes of determining the initial Debt Service Reserve Requirement, the six-month period used in the calculation thereof shall be the six-month period that includes the initial Scheduled Payment Date;

The Debt Service Reserve Account can be funded in cash in Dollars or, in lieu of such funding in cash, the Issuer or the OpCo Guarantor may provide or cause to be provided a letter of credit from an Acceptable Issuer in favor of the Onshore Collateral Agent. The Issuer expects to obtain such a letter of credit on the Issue Date in lieu of funding the Debt Service Reserve Account in cash on the Issue Date.

(12) a U.S. Dollar-denominated lock-up account (the "*Lock-up Account*") into which amounts may be transferred from the Revenue Accounts and from which the Issuer shall: (i) *first*, to the extent necessary to effect any mandatory redemption as set forth below under the caption "Mandatory Redemption—Cash Sweep", pay the Target Debt Balance Cash Sweep; and (ii) *second*, after the application of the amounts set forth in the preceding clause *first*, have the right to (a) subject to the satisfaction of the Distribution Conditions, make Distributions, including payments by the Mexican Security Trustee on behalf of the OpCo Guarantor to repay Subordinated Indebtedness, (b) voluntarily redeem any of the Notes with, if applicable, any Make-Whole Amount or (c) remedy shortfalls in any other Project Account;

(13) a U.S. Dollar-denominated distribution account (the "*Distributions Account*") into which any VAT Reimbursements transferred from the VAT Account and certain amounts transferred from the Lock-up Account and the Debt Service Reserve Account shall be deposited and from which the Issuer shall have the right (but not the obligation) to apply freely any amount (or any portion thereof) towards any lawful purpose, including the making of any Distribution, the voluntary redemption of any Notes or otherwise to meet any other costs or liabilities of Issuer and the Guarantors;

(14) a U.S. Dollar-denominated casualty and compensation proceeds account (the "*Dollar Casualty and Compensation Proceeds Account*") into which the OpCo Guarantor must transfer all Net Available Proceeds denominated in U.S. Dollars that it receives from any Asset Sale or any Event of Loss;

(15) a Peso-denominated casualty and compensation proceeds account (the "*Peso Casualty and Compensation Proceeds Account*") into which the OpCo Guarantor must transfer all Net Available Proceeds denominated in Pesos that it receives from any Asset Sale or any Event of Loss; and

(16) any accounts (including any Additional Required Debt Service Reserve Accounts) established in accordance with the terms of any Additional Indebtedness Document (the "*Additional Senior Debt Accounts*").

The Issuer will procure that all amounts due to the OpCo Guarantor be deposited in the respective Pledged Accounts until the Discharge Date as security for all Senior Debt Obligations.

In addition to the Project Accounts, each of the Issuer and the Guarantors shall be permitted to maintain one or more secured local checking and customs payment accounts pledged to the Onshore Collateral Agent for the benefit of the Secured Parties, the CENACE Accounts, the VAT Account, the Cash Collateral Accounts and one or more Other Accounts for operational or other purposes (including, without limitation, for the payment of taxes, overhead or other expenses); *provided*, *however*, that such Other Accounts shall only be permitted to be funded with funds either (a) contributed to the Issuer as equity by one or more Affiliates or (b) which are distributed from the Dollar Revenue Account in compliance with the provisions set forth under the caption "—Cash Waterfall" below.

Cash Waterfall

Disposition of Proceeds

The proceeds of the Notes (after payment of Initial Purchasers' fees and expenses related to the issuance of the Notes on the issue date thereof) shall be applied in the following order of priority, in accordance with the Funds Flow Memorandum:

(1) *first,* on a *pari passu* basis, to pay any fees, interest, default interest, costs and expenses, breakage or premia and to repay any principal amount due and payable under the Construction Loan, to unwind the Construction Hedging Agreements and to pay any principal and interest due and payable under the VAT Facility;

(2) *second*, to the *pro rata* payment of all fees and moneys then due and payable to any of the Administrative Agent, Indenture Trustee, the Intercreditor Agent, the Collateral Agents, Mexican Security Trustee and any other agents under the Financing Documents relating to services rendered in their respective capacities as agents, in each case in accordance with the Financing Documents;

(3) *third*, to repay any interest and principal amount due under the Subordinated Loan and any Equity Contributions;

(4) *fourth,* to fund the Debt Service Reserve Account in an amount equal to the Debt Service Reserve Requirement in the event a letter of credit from an Acceptable Issuer is not available on the Issue Date; and

(5) *fifth,* to the extent of any remaining funds, to the equity holders of the Issuer, as a Distribution, without reference to any limitations on Distributions set forth in the Notes Documents.

Payments under (1) and (3) above shall constitute disbursements by the Issuer to the OpCo Guarantor under the Shareholder Loan Agreement.

From the Revenue Accounts

On or about the Issue Date, the amounts then on deposit in the Dollar Revenue Account may be applied for payment of (i) fees and other costs and expenses incurred in connection with such issuance under the Indenture and the transactions contemplated thereby, (ii) any fees, interest, default interest, costs and expenses, breakage or premia and to repay any principal amount due and payable under the Construction Loan, (iii) amounts to unwind the Construction Hedging Agreements, (iv) any principal and interest due and payable under the VAT Facility and (v) payment of a distribution to the FEL V Sponsor, in each case, in accordance with the Funds Flow Memorandum.

In addition, as from the Issue Date, on a monthly basis, balances standing to the credit of the Revenue Accounts shall be transferred from the applicable Revenue Account to make the following payments and fund the following accounts in the following order of priority, to the extent of available funds:

Peso Revenue Account

(1) *first*, if funds are insufficient in the FRAC Reserve Account to pay the amounts then required under the CFEC PPA, after conversion to U.S. Dollars, to the FRAC Account in the amount of such deficiency;

(2) *second,* after conversion to U.S. Dollars, to the FRAC Reserve Account to fund the Monthly FRAC Reserve Amount;

(3) *third*, to the Peso Operating Accounts or any secured local checking and customs payment accounts until the balance therein, together with the balance in the Dollar Operating Account, equals an amount that is sufficient to discharge any Operating Expenses then due and payable or, at the Issuer's discretion, projected to become due and payable during up to the next 90 days; and

(4) *fourth*, after conversion to U.S. Dollars, to the Dollar Revenue Account.

Dollar Revenue Account

(1) *first*, if funds are insufficient in the FRAC Reserve Account to pay the amounts then required under the CFEC PPA to fund the FRAC Account, to the FRAC Account in the amount of such deficiency;

(2) *second,* to fund the Monthly FRAC Reserve Amount to the FRAC Reserve Account;

(3) *third*, to the Dollar Operating Account or any secured local checking and customs payment accounts until the balance therein, together with the amount on the deposit in the Peso Operating Account, equals an amount sufficient to discharge any Operating Expenses then due and payable or, at the Issuer's discretion, projected to become due and payable during up to the next 90 days;

(4) *fourth*, on a *pari passu* basis, to reserve for, pay and discharge the following (in the order of priority set out below):

(a) *first*, fees, costs, indemnities, charges, disbursements, liabilities and expenses (including reasonable and documented legal fees and expenses) and all other amounts due and payable (except any net amounts under any Permitted Hedging Instrument) to the Intercreditor Agent, the Collateral Agents, the Mexican Security Trustee, the Administrative Agent or the Indenture Trustee, as applicable, and to any Senior Creditor Group Representative, in each case, that are required to be paid by the Issuer or any Guarantor in accordance with the terms of the Financing Documents;

(b) *second*, (i) accrued but unpaid interest under the Financing Documents and (ii) Ordinary Course Settlement Payments under Interest Rate Hedges shall be transferred to the applicable OpCo Debt Service Accrual Account (after conversion to Pesos to the extent applicable); and

(c) *third*, (i) Hedging Termination Amounts due and payable pursuant to Interest Rate Hedges and (ii) scheduled principal repayments of the outstanding Notes or any Loans (including unreimbursed LC Disbursements) shall be transferred to the applicable OpCo Debt Service Accrual Account (after conversion to Pesos to the extent applicable); *provided* that, on a monthly basis, the Issuer shall transfer, or shall cause to be transferred, an amount not less than the product of one-sixth *times* the number of months since the immediately preceding Scheduled Payment Date *times* the amount of the principal payment on the outstanding Notes or any Loans (including unreimbursed LC Disbursements) due and payable on the next Scheduled Payment Date ((i) and (ii), collectively, the "*Monthly Accrual Amount*"); *provided, further*, that, if the Monthly Accrual Amount is on deposit in the Debt Service Accrual Accounts prior to any transfer under this level "third", no additional amount shall be required to be transferred in such month;

provided that at the discretion of the Issuer and the Guarantors, in connection with the application of any amounts from the Dollar Revenue Account in accordance with this level "fourth", and application of any amounts from any Debt Service Accrual Account, the Issuer and the Guarantors may direct the Mexican Security Trustee to cause funds on deposit in the Dollar Revenue Account to be transferred to one or more of the other Debt Service Accrual Accounts of the Guarantors and the Issuer (including, after conversion to Pesos, to any Peso-denominated Debt Service Accrual Accounts of the Guarantors and the Issuer) including as dividends, capital redemptions or payments or repayments in respect of Intercompany Indebtedness for further application as provided in this level "fourth" and, for the avoidance of doubt, any such transfer shall not be, and shall not be deemed to be, Debt Service Application in respect of the Notes without limiting the obligation of the Issuer and the Guarantors to make or cause to be made the transfers and payments set forth in this level "fourth";

(5) *fifth*, to (i) *first*, repay any previous LC Disbursements in respect of DSR Letters of Credit or corresponding Loans arising from such LC Disbursements, in each case, to the extent required by the applicable Financing Documents under which such DSR Letters of Credit were issued, and (ii) *second*, fund the Debt Service Reserve Account to the extent necessary (after giving effect to the repayment established in clause (i) above) to cause the balance therein (including amounts credited thereto) to equal the Debt Service Reserve Requirement;

(6) *sixth,* (i) to payment of any fees, interest, principal and other amounts payable under Permitted Indebtedness (other than capitalized leases, purchase money obligations, Subordinated Indebtedness and the Target Debt Balance Cash Sweep) to the extent required pursuant to the terms thereof (after conversion to Pesos to the extent applicable) and (ii) to fund any Additional Required Debt Service Reserve Account pursuant to the terms of the applicable Additional Indebtedness Documents; *provided* that at the discretion of the Issuer and the Guarantors, in

connection with the application of any amounts from the Dollar Revenue Account in accordance with this level "sixth", the Issuer and the Guarantors may direct the Mexican Security Trustee to cause funds on deposit in the Dollar Revenue Account to be transferred to one or more of the other Debt Service Accrual Accounts of the Guarantors and the Issuer (including, after conversion to Pesos, to any Peso-denominated Debt Service Accrual Accounts of the Guarantors and the Issuer) including as dividends, capital redemptions or payments or repayments in respect of Intercompany Indebtedness for further application as provided in this level "sixth";

(7) *seventh,* to the extent of any funds remaining in the Revenue Accounts, at the discretion of the Issuer, towards voluntary prepayments of Permitted Indebtedness in accordance with the Financing Documents; and

(8) *eighth*, to the extent of any funds remaining in the Revenue Accounts, to the Lock-up Account.

With respect to each level and sub-level of the cash waterfall set forth above, if the amounts available for payment of Senior Debt Obligations required to be paid at such level or sub-level of the cash waterfall, is insufficient to pay all amounts then required to be paid, such payments will be made on a *pari passu*, *pro rata* basis to the Secured Parties entitled to a payment at such level or sub-level of the cash waterfall.

Voting and Decision-Making

Subject to the limitations set forth below under this section, each Senior Creditor Group may agree to a Modification under or to its own Senior Debt Instruments in accordance with the terms of such Senior Debt Instruments. All action by the Senior Creditors (acting through their respective Senior Creditor Group Representatives) in respect of any Security Document will be taken on a "block voting" basis whereby each Senior Creditor Group Representative will, with respect to the matters on which it has the right to vote, act as a unanimous block in respect of all of the outstanding principal amount of the Senior Debt held by the Senior Creditors it represents.

By Noteholders

Subject to the terms of the Indenture, all Noteholders will act as one Senior Creditor Group and will be represented by the Indenture Trustee acting as the Senior Creditor Group Representative.

The Indenture will address the manner in which Noteholders may instruct the Indenture Trustee to vote on their behalf, including in respect of the provision of instructions or votes to the Indenture Trustee in accordance with the applicable procedures of DTC to facilitate such vote (including causing any notice to be processed through the DTC's Automated Tender Offer Program procedures or any successor thereto). The Indenture Trustee will have no responsibility or liability for the terms or requirements of any such systems or procedures offered by DTC, or any unavailability thereof. The Indenture will also address the manner in which the Indenture Trustee will vote (or otherwise provide directions to the Intercreditor Agent) without the consent, direction, instruction or any other notice from Noteholders. Except in circumstances expressly provided in the Indenture and the Collateral Agency and Intercreditor Agreement, the Indenture Trustee may refrain from voting (or otherwise providing directions to the Intercreditor Agent) and shall have no liability for any such failure to provide such vote to the Intercreditor Agent (or otherwise providing directions to the Intercreditor Agent).

By Hedging Banks

Notwithstanding anything to the contrary in the Collateral Agency and Intercreditor Agreement or any other Financing Document, any Senior Creditor Group Representative representing a Hedging Bank for Interest Rate Hedges (in its capacity as Senior Creditor Group Representative of such Hedging Bank) will not be entitled to vote on or consent to Decisions on any matter under the Collateral Agency and Intercreditor Agreement or any other Financing Document or to instruct the Intercreditor Agent except with respect to the exercise of rights under, or Modifications of, its respective Permitted Hedging Instruments; *provided* that (i) no Modification will be made to certain enumerated provisions of the Collateral Agency and Intercreditor Agreement without the written consent of each Hedging Bank; and (ii) no Modification will be made to any Financing Document, which Modification would impact the rights of a Hedging Bank in a manner materially and adversely different from the impact on any other Secured Party (that is not itself a Hedging Bank), without the written consent of such Hedging Bank.

Following delivery of a Security Enforcement Action Initiation Request by the Intercreditor Agent pursuant to the Collateral Agency and Intercreditor Agreement, each Senior Creditor Group Representative representing a Hedging Bank for Interest Rate Hedges (in its capacity as Senior Creditor Group Representative of such Hedging Bank) will be entitled to vote on any Decision to be taken in accordance with the Collateral Agency and Intercreditor Agreement.

Where permitted to vote or to consent in accordance with the above, (i) the rights of any Senior Creditor Group Representative representing Hedging Banks will be determined by reference to the net positive Hedging Termination Amounts, if any, due and unpaid from the Issuer or any Guarantor, as applicable, to such Hedging Banks at such time as calculated pursuant to the Permitted Hedging Instruments (or, if no Hedging Termination Amount is then due and payable under the relevant Permitted Hedging Instrument, then by reference to the estimate of such due and unpaid Hedging Termination Amount, if any, by relevant Senior Creditor Group Representatives for such Hedging Banks, assuming termination or close-out on or about the date of such vote) (each such amount, a "*Hedging Bank Voting Amount*"), and (ii) the outstanding principal amount of Senior Debt Obligations will be deemed to include all applicable Hedging Bank Voting Amounts.

By the Issuer and its Affiliates

The Issuer and its Affiliates will have no right to consent (or not consent), otherwise act or direct or require the Intercreditor Agent, any Collateral Agent or any Senior Creditor Group Representative to take (or refrain from taking) any action, and all Senior Debt held by the Issuer and its Affiliates will be deemed to be not outstanding for all purposes of calculating whether a required voting threshold has been met, but will be considered outstanding for all other purposes.

Modification Approval Levels

Except as provided below, Modifications to the Collateral Agency and Intercreditor Agreement and the other Security Documents may be made by the Collateral Agents (acting at the direction of the Intercreditor Agent) with the prior consent of the Issuer, the Guarantors, the Intercreditor Agent (solely with respect to Modifications to the Collateral Agency and Intercreditor Agreement) and Senior Creditor Group Representatives representing a Majority in Interest of the Senior Creditors entitled to vote with respect thereto. Notwithstanding anything herein to the contrary, none of the Indenture Trustee, the Intercreditor Agent or the Collateral Agents shall be required to enter into any Modification directly affecting its own rights, duties, liabilities or immunities.

The following Modifications to the Collateral Agency and Intercreditor Agreement may not be made without the consent of each Senior Creditor Group Representative of any materially adversely affected Senior Creditor (subject to section "—Voting and Decision-Making—By Hedging Banks" above) that is then party thereto, including the Indenture Trustee on behalf of the Noteholders:

(a) Modifying the ranking of Senior Debt Obligations;

(b) Modifying any Pro Rata Payment extending the expiration date or date of payment of any amount due or reducing the amount of any payment of principal, interest fees or other amounts payable (not including waiver of the right to receive a Pro Rata Payment or repayment) as set forth in the Collateral Agency and Intercreditor Agreement;

(c) Modifying the order of payments in any cash waterfall provided under "—Security—Cash Waterfall" above and the order of payments upon a Security Enforcement Action, as provided under "—Enforcement of Security Interests—Order of Application" below, in each case in a manner that adversely affects the rights of any Senior Creditor;

(d) Modifying this list of creditor actions in any way adverse to any Senior Creditor Group or Modifying any other term of the Collateral Agency and Intercreditor Agreement that expressly requires the consent or agreement of all Senior Creditor Group Representatives;

(e) Modifying the definition of "Majority in Interest of the Senior Creditors" as used in the Collateral Agency and Intercreditor Agreement; and

(f) Modifying any other thresholds for voting among Senior Creditor Groups in the Collateral Agency and Intercreditor Agreement in any way adverse to any Senior Creditor Group.

Except as provided in the Collateral Agency and Intercreditor Agreement, no Collateral Agent will, and the Intercreditor Agent will not instruct any Collateral Agent to, release or surrender all or substantially all of the Collateral, Security Interests or the Note Guarantees, or agree to the termination of any Security Document or the modification of any Security Document, in each case, that has the effect of releasing or surrendering all or substantially all of the Collateral, Security Interests or the Note Guarantees or modifying the priority of the Security Interests except upon the Intercreditor Agent's receipt of a direction to that effect from each Senior Creditor Group Representative representing those materially adversely affected Senior Creditors that benefit from such relevant Collateral, Security Interest or Note Guarantee.

Enforcement of Security Interests

Initiation of Security Enforcement Action

Subject to the restrictions imposed on Hedging Banks set forth under the caption "—Voting and Decision-Making—By Hedging Banks" above, and when permitted under the terms of the relevant Senior Debt Instrument, any Senior Creditor Group Representative who represents a Senior Creditor Group that previously has declared an Event of Default under its Senior Debt Instrument that is Continuing, may instruct the Intercreditor Agent to deliver to, with respect to the Non-Mexican Collateral, the Offshore Collateral Agent and, with respect to the Mexican Collateral, the Onshore Collateral Agent, a written direction to initiate a Security Enforcement Action (a "*Security Enforcement Action Initiation Direction*").

Except as provided in the following paragraph, the applicable Collateral Agents will be authorized to initiate the directed Security Enforcement Action under the Collateral Agency and Intercreditor Agreement, the Amended and Restated Mexican Trust Agreement or any other Security Document only if and when it has received a Security Enforcement Action Initiation Direction from the Intercreditor Agent acting at the direction of the Majority in Interest of the Senior Creditors.

Conduct of Security Enforcement Action

After receipt of a Security Enforcement Action Initiation Direction from the Intercreditor Agent acting at the direction of the Majority in Interest of the Senior Creditors, the applicable Collateral Agents will take the directed Security Enforcement Action. In addition to stating that the Security Enforcement Action is permitted in the circumstances under the relevant Security Documents and that the applicable Collateral Agents are thereby instructed to take, such Security Enforcement Action Initiation Direction shall include all necessary instructions (in form satisfactory to the applicable Collateral Agent):

(1) enabling the applicable Collateral Agents to enforce the Collateral Agency and Intercreditor Agreement and any other Financing Documents (including instructing the Mexican Security Trustee to enforce the Amended and Restated Mexican Trust Agreement), either by judicial or extra-judicial proceedings for the enforcement of the payment of Senior Debt Obligations and the enforcement of the Security Interests created under the Security Documents, the sale of the Collateral or any part thereof or otherwise or by the exercise of the power of entry and/or sale conferred pursuant to the Security Documents; and

(2) directing the time, method and place of conducting any proceeding for any remedy available to the applicable Collateral Agents or exercising any trust or power conferred upon the applicable Collateral Agents under the Collateral Agency and Intercreditor Agreement or under any other Security Document; *provided* that: (A) no Security Enforcement Action Initiation Direction will be in conflict with Applicable Law or the Collateral Agency and Intercreditor Agreement; (B) the applicable Collateral Agents may take any other action reasonably incidental to carrying out any instruction to take any Security Enforcement Action, and (C) each Collateral Agent shall be entitled

to receive indemnity or security from the Secured Parties to its satisfaction against all fees, expenses and any other amounts and liabilities in acting upon any such Security Enforcement Action Initiation Direction.

Without limiting the generality of the foregoing, a Security Enforcement Action by a Collateral Agent may include the right, subject to Applicable Law and in accordance with the terms of the Security Documents, to take any other action as the holder of a Security Interest may be entitled to take under the laws in effect in any jurisdiction where any rights or remedies under the Collateral Agency and Intercreditor Agreement may be asserted, including:

(1) requiring the Issuer or any Guarantor (directly or indirectly as permitted by the corresponding Security Document, including without limitation, through the Mexican Security Trustee in relation to the Mexican Trust Agreement) to assemble all or part of the Collateral as directed by the applicable Collateral Agent and make it available to such Collateral Agent at a place to be designated by such Collateral Agent that is reasonably convenient to such Collateral Agent and the Issuer or any Guarantor, as the case may be;

(2) without notice, except as specified under any relevant law applicable in any jurisdiction where the Collateral is located, sell, assign, lease, license (on an exclusive or non-exclusive basis) or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, at the applicable Collateral Agent's offices or elsewhere, as applicable, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as such Collateral Agent may deem commercially reasonable, in each case, in accordance with the corresponding Security Document; and

(3) exercising any other right or remedy of a secured creditor under Applicable Law and all other rights under any Security Document.

Other than pursuant to a Security Enforcement Action properly taken in accordance with the Collateral Agency and Intercreditor Agreement, and to the extent permitted under Applicable Law, no Secured Party will have the right in respect of the Senior Debt Obligations owed to it or otherwise under the Collateral Agency and Intercreditor Agreement to commence any Bankruptcy, judicial or otherwise, against the Issuer, any Guarantor or any of their Affiliates.

Other than pursuant to a Security Enforcement Action properly taken in accordance with the Collateral Agency and Intercreditor Agreement and the Amended and Restated Mexican Trust Agreement or to the extent required to be permitted under non-waivable Applicable Law, no Secured Party shall have the right to commence any proceeding, judicial or otherwise, to enforce any judgment obtained by it in respect of the Senior Debt Obligations or otherwise under the Financing Documents against any of the Issuer or any of the Guarantors or any of their Affiliates or their assets or Properties or to enforce any provision of the Collateral Agency and Intercreditor Agreement, the Amended and Restated Mexican Trust Agreement or any other Financing Document or the Security Interests created under or pursuant to any such document, it being understood and intended that no Secured Party shall have any rights in any manner whatsoever to affect, disturb or prejudice the Security Interests created under the Security Documents or the rights of any of the other Secured Party, or to obtain or seek to obtain priority or preference over any other Secured Party or to enforce any rights under the Collateral Agency and Intercreditor Agreement, the Amended and Restated Mexican Trust Agreement or any other Financing Document except in the manner provided under the Collateral Agency and Intercreditor Agreement.

Order of Application

Upon the authorization to commence a Security Enforcement Action as set forth under the caption "—Initiation of Security Enforcement Action" above, the Intercreditor Agent will establish and thereafter maintain in its name a segregated bank account in the United States (the "*Enforcement Proceeds Account*") for the purpose of depositing therein the proceeds received from any Collateral Agent of any Security Enforcement Action (net of costs and expenses of such action) and all proceeds otherwise received for satisfaction of the Senior Debt Obligations; *provided* that, notwithstanding anything in this Agreement to the contrary, the Intercreditor Agent (in the manner provided in a Senior Creditor Group Proceeds Transfer Notice) shall transfer or direct the transfer of all such proceeds attributable to the Debt Service Reserve Account or any Additional Required Debt Service Reserve Account, as applicable, to the appropriate Senior Creditor Group Representative with respect to the Senior Debt Obligations to which such Debt

Service Reserve Account or such Additional Required Debt Service Reserve Account relates for application in accordance with the caption "—From the Debt Service Reserve Account and Additional Required Debt Service Reserve Accounts" below. All proceeds collected by the Collateral Agents in connection with any Security Enforcement Action shall be held in trust by the Collateral Agents and promptly delivered to the Intercreditor Agent for deposit into the Enforcement Proceeds Account.

From the Enforcement Proceeds Account

All monies held in the Enforcement Proceeds Account will be trust funds held by the Intercreditor Agent for the benefit of the Secured Parties for the purpose of making payments in the following order of priority:

(1) *first*, to the payment of that portion of the Secured Party Fees then due and payable to the Intercreditor Agent, the Collateral Agents, the Mexican Security Trustee, the Indenture Trustee, the Administrative Agent or any other Senior Creditor Group Representative, in their respective capacities as such or any of their respective agents and to reimbursement of any such fees paid by way of indemnity by any Secured Party;

(2) *second*, to the payment of that portion of any fees, costs, indemnities, charges, disbursements, liabilities and expenses (including reasonable and documented legal fees and expenses) and all other amounts due and payable to any other Secured Party not paid in clause (1) above;

(3) *third*, to the Pro Rata Payment among the holders thereof, of that portion of the Senior Debt Obligations constituting unpaid interest (including default interest and any Ordinary Course Settlement Payments under any Permitted Hedging Instrument);

(4) *fourth*, to the Pro Rata Payment among the holders thereof, of that portion of the Senior Debt Obligations constituting unpaid principal and Hedging Termination Amounts;

(5) *fifth*, to the Pro Rata Payment among the holders thereof, of other Senior Debt Obligations (including the amount by which the Make-Whole Amount exceeds par plus accrued interest); and

(6) *sixth,* to the Issuer and each Guarantor, or as otherwise required by Applicable Law.

From the Debt Service Reserve Account and Additional Required Debt Service Reserve Accounts

Upon the occurrence of (as specified in a notice by the applicable Senior Creditor Group Representative to the Intercreditor Agent (a "*Senior Creditor Group Proceeds Transfer Notice*") (x) any payment default under the Indenture or any Additional Indebtedness Document in respect of any interest expense or any regularly scheduled repayment of the outstanding principal amount of the indebtedness thereunder or (y) any Event of Default under the Indenture or any Additional Indebtedness Document, the acceleration of the Senior Debt Obligations thereunder and the initiation of any Security Enforcement Action, the applicable Senior Creditor Group Representative may instruct the Intercreditor Agent to instruct the Onshore Collateral Agent to instruct the Mexican Security Trustee to (and, in any event, prior to the exercise of remedies by the applicable Secured Parties) apply (or cause to be applied) all or a portion of amounts on deposit in, or credited to, the Debt Service Reserve Account and any Additional Required Debt Service Reserve Account at any time, as follows (in each case as such amounts are notified by the applicable Senior Creditor Group Representative to the Intercreditor Agent):

(i) *first*, on to payment of Debt Service then due and payable under the corresponding Senior Debt Instruments for the Debt Service Reserve Account and the Additional Required Debt Service Reserve Account, respectively, with interest at the rates specified in the corresponding Senior Debt Instruments;

(ii) *second*, to the payment of all other Senior Debt Obligations outstanding under the corresponding Senior Debt Instruments for the respective Debt Service Reserve Account and any Additional Required Debt Service Reserve Account; and

(iii) *third*, any remaining amounts to the Enforcement Proceeds Account for application as set forth under the caption "—From the Enforcement Proceeds Account" above.

Additional Amounts

All payments made of, or in respect of, principal, interest or premium, if any, under or with respect to the Notes or the Note Guarantees will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, levies, imposts, assessments or other governmental charges of whatever nature (including related penalties, interest and other liabilities) ("*Taxes*") imposed or levied by or on behalf of the government of Mexico, the Netherlands, the Grand Duchy of Luxembourg, or any political subdivision or any authority or agency therein or thereof having power to tax, or any other jurisdiction in which the Issuer or any Guarantor is organized, incorporated or is otherwise resident for tax purposes, or any jurisdiction from or through which payment is made (each, a "*Relevant Taxing Jurisdiction*"), unless the Issuer or such Guarantor is required to withhold or deduct Taxes by law or by regulation or governmental policy having the force of law or by the interpretation or administration thereof.

If the Issuer or any Guarantor is so required to withhold or deduct any amount for or on account of Taxes imposed by a Relevant Taxing Jurisdiction from any payment made under or with respect to the Notes and the Note Guarantees, the Issuer or the Guarantor, as the case may be, will pay such additional amounts ("*Additional Amounts*") as may be necessary so that the net amount received by the Noteholders and beneficial owners of the Notes (including Additional Notes) after such withholding or deduction will not be less than the amount the Noteholders and beneficial owners would have received if such Taxes had not been withheld or deducted; *provided*, *however*, that the foregoing obligation to pay Additional Amounts does not apply to:

(1) any Taxes that would not have been so imposed but for:

(a) the existence of any present or former connection between the Noteholder or beneficial owner of such Note or Note Guarantee (or between a fiduciary, settlor, beneficiary, member or shareholder of such holder, if such holder is an estate, a trust, a partnership, or a corporation) and the Relevant Taxing Jurisdiction other than solely holding such Note or Note Guarantee, including such Noteholder or beneficial owner being or having been a national, domiciliary or resident of or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(b) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, or interest or premium, if any, on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Noteholder or beneficial owner thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

(c) the failure of the Noteholder or beneficial owner to comply with any certification, identification or other reporting requirement concerning nationality, residence, identity or connection with the Relevant Taxing Jurisdiction of the Noteholder or beneficial owner of such Note if compliance is required by law, regulation or by an applicable income tax treaty to which the Relevant Taxing Jurisdiction is a party, as a precondition to exemption for, or reduction in the rate of tax, assessment or other governmental charge and the Issuer or the relevant Guarantor, if applicable, has given any such Noteholder reasonable advance notice to comply with such certification, identification or other reporting requirement; or

(d) the failure of the Noteholder or beneficial owner of such Note to respond to a timely request of the Issuer, any Guarantor, the Indenture Trustee or the paying agent addressed to the Noteholder or beneficial owner to furnish information to the Issuer, any Guarantor, the Indenture Trustee or the paying agent, as the case may be, concerning such Noteholder's or beneficial owner's nationality, residence or identity, in each case, if and to the extent that furnishing such information to the Issuer, any Guarantor, the Indenture Trustee or the paying agent, as the case may be, would have reduced or eliminated any taxes as to which Additional Amounts would have otherwise been payable to such Noteholder or beneficial owner, but

only if and to the extent that furnishing such information would have reduced or eliminated any Taxes as to which Additional Amounts would have otherwise been payable to such Noteholder or beneficial owner; *provided* that, for this purpose, the Noteholder or beneficial owner will be deemed to have furnished such information to the Issuer, any Guarantor, the Indenture Trustee or the paying agent, as the case may be, upon facsimile (or other electronic) transmission of such information to the Issuer;

(2) any estate, inheritance, gift, sales, transfer, personal property Tax or similar Tax;

(3) any Taxes which are payable otherwise than by deduction or withholding from payments of (or in respect of) principal of, or any premium or interest on, the Notes or the Note Guarantees;

(4) any payment under or with respect to a Note or Note Guarantee to any Noteholder who is a fiduciary or partnership or any Person other than the sole beneficial owner of such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of such payment would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual holder of such Note or Note Guarantee;

(5) where such withholding or deduction is imposed on or in respect of any Note pursuant to Sections 1471 to 1474 of the Code, any successor law or regulation implementing or complying with, or introduced in order to conform to, such sections or any intergovernmental agreement or any agreement entered into pursuant to Section 1471(b)(1) of the Code ("*FATCA*");

(6) any Taxes arising as a result of the entry into force of the Dutch Withholding Tax Act 2021 (*Wet Bronbelasting 2021*) on January 1, 2021, substantially in the form as published in the Official Gazette (*Staatsblad*) Stb. 2019, 513 of December 27, 2019; or

(7) any combination of clauses (1) through (6) above.

Notwithstanding the foregoing, the limitations on the obligation to pay Additional Amounts set forth in clauses (1)(c) and (1)(d) above shall not apply if the provision of the certification, identification, information, documentation, declaration or other evidence described in such clauses (1)(c) and (1)(d) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a holder or beneficial owner of the Notes, after taking into account any relevant differences between the laws of the United States and the applicable Relevant Taxing Jurisdiction, regulation or administrative practice, than comparable information or other applicable reporting requirements imposed or provided for under United States federal income tax law, including any applicable income tax treaty, proposed regulations and administrative practice, for example IRS Forms W-8, W-9 and 6166.

In addition, the limitations on the obligation to pay Additional Amounts set forth in clauses (1)(c) and (1)(d) above shall not apply with respect to payments made by any Guarantor or other Person that is a resident of Mexico for tax purposes regardless of whether Subsection a) of Section II of Article 166 of the Mexican Income Tax Law is in effect or is applicable to payments under the Notes.

In addition, clauses (1)(c) and (1)(d) above shall not be construed to require a non-Mexican pension or retirement fund, a non-Mexican tax-exempt organization, a non-Mexican financial institution or any other holder or beneficial owner of a note to obtain registration or make any other filing with the Mexican Ministry of Finance and Public Credit for the purpose of establishing eligibility for an exemption from or reduction of withholdings or deductions for Mexican Taxes.

If the Issuer or any Guarantor will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or the Note Guarantees, respectively, the Issuer or such Guarantor, as applicable, will deliver to the Indenture Trustee notice of payment in the form of an Officer's Certificate. In either circumstance, the Officer's Certificate must state that Additional Amounts will be payable and the amount so payable. The Officer's Certificate must also set forth any other information necessary to enable the paying agent to pay Additional Amounts to Noteholders and beneficial owners on the relevant payment date.

The Issuer will provide the Indenture Trustee with official receipts or other documentation satisfactory to the Indenture Trustee evidencing the payment of the Taxes with respect to which Additional Amounts are paid. Copies of such documentation will be made available to the Noteholders, beneficial owners of the Notes or the paying agent, as applicable, upon request therefor.

Whenever there is mentioned, in any context, the payment of principal, interest, premium or Additional Amounts, if any, or any other amount payable on or with respect to any of the Notes, that reference will be deemed to include payment of Additional Amounts provided for in this section to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Issuer or the Guarantors will pay any present or future stamp, issue, registration, court or documentary taxes or any other excise or property Taxes, charges or similar levies that arise in any jurisdiction from the execution, issue delivery, enforcement or registration of the Notes, the Note Guarantees, the Indenture or any other related document or instrument, or the receipt of any payments with respect to the Notes or the Note Guarantees, excluding taxes, charges, duties or similar levies imposed by any jurisdiction outside of a Relevant Taxing Jurisdiction, the United States, the jurisdiction of incorporation of any successor of the Issuer or any jurisdiction in which a paying agent is located, except for any Luxembourg registration duties (*droits d'enregistrement*) payable in case of voluntary registration in respect to the Notes, Note Guarantees, the Indenture or any other related document or instrument with the *Administration de l'Enregistrement, des Domaines et de la TVA* in the Grand Duchy of Luxembourg where such registration is not required to maintain, preserve, or enforce the rights of the Noteholders.

The above obligations will survive following any termination, defeasance or discharge of the Indenture, any transfer by a Noteholder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is then organized, incorporated or is otherwise resident for tax purposes or any jurisdiction from or through which payment is made, or any political subdivision or any authority or agency therein or thereof having power to tax.

Redemption of the Notes

Optional Redemption with Make-Whole Amount

At any time prior to December 1, 2037, the Issuer will have the right, at the Issuer's option, to redeem any of the Notes, in whole at any time or in part from time to time, on at least 10 days' but not more than 60 days' notice, at a redemption price equal to the greater of (1) 100% of the principal amount of such Notes and (2) the sum of the present value of each remaining scheduled payment of principal and interest on the Notes to be redeemed (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate *plus* 50 basis points (the "*Make-Whole Amount*"), plus, in each case, accrued and unpaid interest on the principal amount of the Notes up to, but not including, the date of redemption (subject to the right of the holder of record on the relevant Record Date to receive interest due on the relevant interest payment date), plus Additional Amounts, if any, payable in respect of the Notes. Unless the Issuer defaults in payment of the redemption price on and after the redemption date, interest will cease to accrue on the Notes or portions thereof called for redemption. The Issuer will calculate the Make-Whole Amount and the Indenture Trustee shall have no duty to determine or verify the Make-Whole Amount.

For purposes of this section:

"*Comparable Treasury Issue*" means, with respect to Notes to be redeemed, the U.S. Treasury security selected by the Quotation Agent as having a maturity comparable to the Average Life of the Notes being redeemed that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity; *provided* that if such period is less than one year, then the U.S. Treasury security having a maturity of one year will be used.

"*Comparable Treasury Price*" means, with respect to any redemption date:

(1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations; or

(2) if the Quotation Agent obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations as determined by the Issuer.

"*Quotation Agent*" means the Reference Treasury Dealer selected by the Issuer to act as "Quotation Agent" for purposes of the Indenture.

"*Reference Treasury Dealer*" means each of five primary U.S. Government Securities dealers in New York City (each a "*Primary Treasury Dealer*") selected by the Issuer, and their respective successors; *provided*, *however*, that if such firm or any such successor, as the case may be, will cease to be a primary U.S. Government Securities dealer in New York City, the Issuer will substitute therefor another Primary Treasury Dealer.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date:

(1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(159)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within six months before or after the stated maturity, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined, and the Treasury Rate will be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month); or

(2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated on the third Business Day preceding the redemption date.

Optional Redemption without Make-Whole Amount

At any time prior to the first anniversary of the Issue Date, the Issuer may, at its option and on one or more occasions, on at least 10 days' but not more than 60 days' notice, redeem up to US$200 million in aggregate amount of the Notes at a redemption price equal to 105% of the aggregate principal amount of the Notes to be redeemed, plus accrued and unpaid interest thereon up to, but not including, the date of redemption.

At any time on and after December 1, 2037, the Issuer may, at its option and on one or more occasions, on at least 10 days' but not more than 60 days' notice, redeem all or a part of the Notes at the redemption prices (expressed as percentages of principal amount of the Notes to be redeemed) set forth below, plus accrued and unpaid interest thereon up to, but not including, the date of redemption.

Year	Percentage
December 1, 2037	102%
December 1, 2038	101%
December 1, 2039 and thereafter	100%

Redemption for Changes in Withholding Taxes

At any time on or after the Issue Date, upon the occurrence of any of the following:

(1) any change in, repeal of, or amendment to, the laws or treaties (or any regulations, protocols or rulings promulgated thereunder) of Mexico, the Grand Duchy of Luxembourg or any other Relevant Taxing Jurisdiction affecting taxation (including any announced prospective changes), which change or amendment becomes effective on or after the date of the Indenture (or, if the Relevant Taxing Jurisdiction has changed since the date of the Indenture, the date on which the then-current Relevant Taxing Jurisdiction became the applicable Relevant Taxing Jurisdiction under the Indenture) to the extent not publicly announced before the date of the Indenture;

(2) any change in the existing official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction), which change, amendment, application or interpretation becomes effective on or after the date of the Indenture (or, if the Relevant Taxing Jurisdiction has changed since the date of the Indenture, the date on which the then-current Relevant Taxing Jurisdiction became the applicable Relevant Taxing Jurisdiction under the Indenture) to the extent not publicly announced before the date of the Indenture; or

(3) the issuance of definitive Notes due to the notification by DTC (or each of Euroclear and Clearstream) that it is unwilling or unable to continue to act as, or ceases to be, a clearing agency in respect of the Notes, if no successor is able to be appointed by the Issuer within 120 days of the notification;

then, the Issuer (excluding any Substitute Issuer appointed pursuant to the terms of the Indenture, and any other successor or permitted assign) may, at its option, redeem all, but not less than all, of the then-outstanding Notes upon giving prior written notice to the Indenture Trustee and giving not less than 10 nor more than 60 days' notice to the Noteholders, at a redemption price equal to 100% of the aggregate outstanding principal amount thereof, plus accrued and unpaid interest and Additional Amounts thereon, if any, to, but excluding, the date fixed by the Issuer (excluding any Substitute Issuer appointed pursuant to the terms of the Indenture, and any other successor or permitted assign) for redemption, if the Board of Directors of the Issuer determines in good faith that the Issuer has become obligated, or on the occasion of the next Scheduled Payment Date in respect of the Notes will be obligated, to pay Additional Amounts. Notwithstanding the foregoing, the Issuer shall not be entitled to redeem the Notes pursuant to the preceding provisions of this section if the obligation to pay such Additional Amounts could be avoided by the Issuer taking commercially reasonable measures available to it as determined by the Issuer in its reasonable discretion (including, without limitation, making payment through a paying agent located in another jurisdiction). For the avoidance of doubt, reasonable measures do not include changing the jurisdiction of incorporation of the Issuer or any successor to the Issuer (including the Substitute Issuer).

The notice of redemption may not be given earlier than 180 days prior to the earliest date on which the Issuer would be obligated to pay Additional Amounts if a payment in respect of the Notes were then due. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Indenture Trustee:

(1) an Officer's Certificate stating that the Issuer is entitled to effect such redemption in accordance with the terms of the Indenture and setting forth in reasonable detail a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem have occurred and the Issuer has determined in its reasonable discretion that there are no commercially reasonable measures available to it which could be taken to avoid such obligation to pay such Additional Amounts; and

(2) an opinion of counsel and/or written advice of a qualified tax expert, such counsel or tax expert being from an internationally recognized law or accounting firm, that the Issuer has or will become obliged to pay Additional Amounts in accordance with this "—Redemption for Changes in Withholding Taxes" as a result of the occurrence of one or more of the circumstances referred to in the first paragraph of this section.

The Indenture Trustee will accept and will be entitled to conclusively rely upon the Officer's Certificate and opinion or such written advice as sufficient evidence of the satisfaction of the conditions precedent described above.

Mandatory Redemption

The Notes will be subject to mandatory redemption prior to maturity, up to the maximum amount of the Notes that can be redeemed at a redemption price equal to 100% of the outstanding principal amount of the Notes being redeemed, plus accrued and unpaid interest to the redemption date, plus Additional Amounts, if any (but without payment of any Make-Whole Amount or any premium), in the following circumstances:

(1) *Events of Loss and Expropriation Events*:

(a) If (i) all or a substantial portion of the Project is subject to an Event of Loss, including an Expropriation Event, (ii) the Issuer receives Net Available Proceeds in excess of US$15 million (or the equivalent in any other currency) from insurance, indemnification, condemnation or otherwise as a result of such Event of Loss, and (iii) the Issuer makes a good-faith determination that such Net Available Proceeds from insurance, indemnification, condemnation or otherwise, together with any other amounts that are available to the Issuer, are insufficient for it to deliver a Feasible Repair Certificate without any exceptions or qualifications that are reasonably likely to have a Material Adverse Effect or the Independent Engineer does not agree in any material respect with the Issuer's conclusions in any Feasible Repair Certificate delivered in connection with such Event of Loss.

(b) The Issuer's determination as to whether the Issuer is required to effect a mandatory redemption of the Notes following receipt of Net Available Proceeds from an Event of Loss shall be evidenced by an Officer's Certificate of the Issuer filed with the Indenture Trustee not more than 90 days after it receives such Net Available Proceeds. The Issuer shall deliver to the Indenture Trustee, within 30 days after the time the Issuer delivers the Officer's Certificate referred to above, a Feasible Repair Certificate and a certificate of the Independent Engineer confirming that, based upon reasonable investigation and review of the determination made by the Issuer, the Independent Engineer believes the determination set forth in the Feasible Repair Certificate is supported by the damage assessments and restoration cost estimates provided by the Issuer to support the Feasible Repair Certificate.

If the Issuer is required to effect the mandatory redemption of Notes in accordance with the foregoing provisions, the Net Available Proceeds from any such Event of Loss shall be applied to redeem all or a portion of the Notes, as applicable, at a redemption price equal to 100% of the principal amount of the Notes being redeemed, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes being redeemed to the date of redemption as described below on a ratable basis.

(2) *Redemption Upon Foreclosure on the Collateral*. If the maturity of the Notes has been accelerated and if any Collateral Agent (acting at the direction of the Intercreditor Agent) forecloses or sells substantially all of the Collateral at any time pursuant to the terms of the Financing Documents, all proceeds realized in connection therewith must be applied to redeem the Notes and all other Senior Debt in accordance with the Collateral Agency and Intercreditor Agreement and the other Security Documents.

(3) *Cash Sweep*. Upon each Scheduled Payment Date, the Issuer will redeem the Notes in an amount (the "*Target Debt Balance Cash Sweep*") equal to the lesser of: (i) 100% of Available Cash (if any) and (ii) the total outstanding principal of the Notes as of such Scheduled Payment Date less the applicable Target Debt Balance corresponding to such Scheduled Payment Date; *provided* that if, following the redemption of a portion of a Note, the remaining principal amount of such Note outstanding immediately after such redemption would be less than US$200,000 and multiples of US$1,000 in excess thereof, then the portion of such Note so redeemed shall be reduced so that the remaining principal amount of such Note outstanding immediately after such redemption is not less than US$200,000 and multiples of US$1,000 in excess thereof. For the avoidance of doubt, once the total outstanding principal of the Notes is equal to the Target Debt Balance, the Issuer's obligations in respect of the Target Debt Balance Cash Sweep will be fulfilled, and the Noteholders will not receive additional Target Debt Balance Cash Sweep in such period. The Target Debt Balance Cash Sweep for each Scheduled Payment Date shall be applied in inverse order of

maturity to each remaining scheduled redemption of principal due in respect of the Notes as of such Scheduled Payment Date and in connection with any Target Debt Balance Cash Sweep, the Issuer will deliver to the Indenture Trustee an Officer's Certificate setting forth the amended amortization schedule for the Notes reflecting such application. The Issuer, the Guarantors and the Indenture Trustee acknowledge and agree that the Issuer's failure to have any Available Cash on any Scheduled Payment Date in order to pay the Target Debt Balance Cash Sweep will not give rise to any Default or Indenture Event of Default.

Notwithstanding anything in this section to the contrary, in the event that the terms of any other Financing Document require the prepayment (or cash collateralization) thereof with amounts or proceeds otherwise required pursuant to this section to be applied to the redemption of the Notes, such amounts or proceeds shall be applied *pro rata* to so redeem the Notes and to prepay (or cash collateralize, as applicable) any such other Senior Debt, as applicable. All mandatory redemptions shall be applied without penalty or premium (except for breakage costs, if any and as otherwise provided in the Collateral Agency and Intercreditor Agreement) and, prior to acceleration or maturity of the Notes, shall be applied *pro rata* to remaining scheduled amortization payments in accordance with the cash flow waterfall.

Selection and Notice

Notwithstanding any provision to the contrary, if less than all of the Notes are to be redeemed or prepaid at any time, the Indenture Trustee will select Notes and portions thereof for redemption by lot, on a *pro rata* basis or by any other method as the Indenture Trustee will deem fair and appropriate. In the case of Notes in global form, the depositary in respect thereof will select beneficial interests in such Global Note to be redeemed or prepaid in accordance with its applicable procedures. Notes may only be selected for redemption in amounts of US$200,000 or integral multiples of US$1,000 in excess thereof. Notice of any redemption of the Notes set forth above under the caption "—Redemption of the Notes" may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion or occurrence of a refinancing or other debt or equity offering, as the case may be. In addition, if such redemption is subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition, and if applicable, shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date as so delayed, or such notice may be rescinded at any time in the Issuer's discretion if in the good-faith judgment of the Issuer any or all of such conditions will not be satisfied. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

Open Market Purchases

Except as otherwise provided above under the caption "—Mandatory Redemption," the Issuer is not required to make any mandatory redemption or sinking fund payments with respect to the Notes. To the extent permitted under Applicable Law, the Issuer, any Guarantor or any of their respective Affiliates may at any time and from time to time purchase Notes by means other than a redemption, whether by tender or exchange offer, in the open market, negotiated transactions or otherwise at any price.

Repurchase upon a Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event, each Noteholder will have the right to require the Issuer to purchase all or any part of such Noteholder's Notes at the Change of Control Offer Price; *provided*, *however*, that notwithstanding the occurrence of a Change of Control Triggering Event, the Issuer shall not be obligated to purchase the Notes pursuant to this "—Repurchase upon a Change of Control Triggering Event" covenant in the event that it has exercised its right to redeem all of the Notes in accordance with provisions under the captions "—Redemption of the Notes—Optional Redemption with Make-Whole Amount," "—Redemption of the Notes—Optional Redemption without Make-Whole Amount" or "—Redemption of the Notes—Redemption for Changes in Withholding Taxes."

In the event that, pursuant to the preceding paragraph, the Issuer is required to commence a Change of Control Offer, the Issuer will follow the procedures specified below.

The Change of Control Offer will remain open for a period of 20 Business Days following its commencement, except to the extent that a longer period is required by Applicable Law (the "*Change of Control Offer Period*"). No later than five Business Days after the termination of the Change of Control Offer Period (the "*Change of Control Offer Date*"), the Issuer will purchase all notes validly tendered in response to the Change of Control Offer at a purchase price in cash equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to but excluding the date of repurchase (subject to the right of Noteholders of record on the relevant Record Date to receive interest on the relevant Scheduled Payment Date), *plus* Additional Amounts, if any, but without the payment of any premium (the "*Change of Control Offer Price*"). Payment for any Notes so purchased will be made in the same manner as interest payments on the Notes are made.

If the Change of Control Offer Date is on or after a Record Date and on or before the related Scheduled Payment Date, any accrued and unpaid interest up to but excluding the Change of Control Offer Date shall be paid to the Person in whose name a Note is registered at the close of business on such Record Date.

Upon giving prior written notice to the Indenture Trustee and within 30 days following any Change of Control Triggering Event or, at the Issuer's option, at any time prior to a Change of Control Triggering Event but following the public announcement thereof, the Issuer shall mail a notice to each of the Noteholders or otherwise deliver such notice in accordance with the applicable procedures of the depositary, with a copy to the Indenture Trustee (the "*Change of Control Offer*"). The notice shall contain all instructions and materials necessary to enable such Noteholders to tender Notes pursuant to the Change of Control Offer. The Change of Control Offer shall be made to all Noteholders. The notice, which will govern the terms of the Change of Control Offer, will state:

(1) that a Change of Control Triggering Event has occurred and that such Noteholder has the right to require the Issuer to repurchase all or a portion of such Noteholder's Notes at the Change of Control Offer Price;

(2) the circumstances and relevant facts regarding such Change of Control Triggering Event;

(3) the Change of Control Offer Price and the Change of Control Offer Date;

(4) if a Change of Control Triggering Event has been publicly announced but has not occurred at the time such notice is mailed, the Change of Control Offer is conditioned on the consummation of such Change of Control Triggering Event occurring prior to or concurrent with the repurchase;

(5) that, unless the Issuer defaults in making the payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on and after the Change of Control Offer Date;

(6) that Noteholders electing to have a Note purchased pursuant to any Change of Control Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" attached to such Note completed, to the paying agent specified in the notice at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Offer Date;

(7) that Noteholders shall be entitled to withdraw their election if the Issuer, the depositary or the paying agent, as the case may be, receives at the address specified in the notice, not later than the expiration of the Change of Control Offer Period, a telegram, facsimile transmission or letter setting forth the name of the Noteholder, the principal amount of the Notes the Noteholder tendered for purchase and a statement that such Noteholder is withdrawing its tendered Notes and its election to have such Note purchased;

(8) that Noteholders whose Notes were purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (the unpurchased portion of the Notes must be equal to US$200,000 or an integral multiple of US$1,000 in excess thereof); and

(9) the other procedures, as determined by the Issuer, consistent with this "—Repurchase upon a Change of Control Triggering Event" that a Noteholder must follow.

On or before the Change of Control Offer Date, the Issuer will, to the extent lawful, accept for payment the Notes or portions thereof validly tendered and not properly withdrawn pursuant to the Change of Control Offer in in amounts of US$200,000 and multiples of US$1,000; *provided* that if, following repurchase of a portion of a Note, the remaining principal amount of such Note outstanding immediately after such repurchase would be less than US$1,000, then the portion of such Note so repurchased shall be reduced so that the remaining principal amount of such Note outstanding immediately after such repurchase is US$1,000. The Issuer will deliver, or cause to be delivered, to the Indenture Trustee the Notes so accepted and an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof so accepted and that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this "—Change of Control Offer."

The paying agent or the Issuer, as the case may be, will promptly, but in no event later than five Business Days after termination of the Change of Control Offer Period, mail or deliver to each tendering Noteholder, as the case may be, an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Noteholder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note, and the Indenture Trustee, upon receipt of an authentication order, will authenticate and mail or deliver (or cause to be transferred by book-entry) such new Note to such Noteholder (it being understood that, notwithstanding anything in the Indenture to the contrary, no opinion of counsel or Officer's Certificate is required for the Indenture Trustee to authenticate and mail or deliver such new Note) in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount of US$200,000 or an integral multiple of US$1,000 in excess thereof. In addition, the Issuer will take any and all other actions required by the agreements governing the other Senior Debt (if applicable). Any Note not so accepted will be promptly mailed or delivered by the Issuer to the Noteholder thereof. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Offer Date.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Offer provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control Offer provisions of the Indenture by virtue of such compliance.

Each registered Noteholder (except as otherwise required by law) will be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, writing on, or theft or loss of, the definitive Note issued in respect of it) and no Person will be liable for so treating the Noteholder.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. The Issuer shall not be required to effect more than one Change of Control Offer, including repurchasing all Notes validly tendered and not withdrawn under such Change of Control Offer, for each Change of Control Triggering Event.

Priority of Payments upon Foreclosure on the Collateral

If the maturity of the Notes has been accelerated and if the Collateral Agents (acting at the direction of the Intercreditor Agent) foreclose on or sell substantially all of the Collateral at any time pursuant to the terms of the Security Documents, all proceeds realized in connection therewith must, subject to the terms of the Collateral Agency and Intercreditor Agreement, be applied to pay the Noteholders for the Notes and other required amounts in accordance with the priority set forth in the Indenture, irrespective of whether such proceeds are sufficient to pay all amounts then due under the Notes and other Senior Debt.

Certain Covenants

For so long as any Notes are outstanding, the Issuer and the Guarantors (through the terms of the Indenture, the Notes and the Note Guarantees, as applicable) will be subject to certain covenants as further described below.

Limitation on Indebtedness

None of the Issuer or any Guarantor will, directly or indirectly, create, incur, assume or guaranty, or otherwise become or remain directly or indirectly liable with respect to any Indebtedness, except that the Issuer and any Guarantor may incur, create, assume or be liable directly or indirectly for the following items of Indebtedness (collectively, "*Permitted Indebtedness*"):

(1) Indebtedness incurred under instruments and agreements in existence on the Issue Date; *provided*, that cash collateralized letters of credit under the Construction Loan may remain outstanding from and after the Issue Date if cash from Distributions permitted under the caption "—Certain Covenants—Limitations on Distributions" is applied to provide such cash collateral;

(2) Indebtedness incurred under the Indenture and the Notes (excluding Additional Notes);

(3) Subordinated Indebtedness and the Intercompany Indebtedness;

(4) trade liabilities incurred in the ordinary course of business and not overdue by more than 180 days or that are being contested in good faith;

(5) Indebtedness for working capital purposes not exceeding US$35 million at any time outstanding;

(6) Indebtedness under the Operating Credit Agreement outstanding from time to time, in a principal amount not to exceed US$170 million;

(7) letters of guarantee, performance, bid or other bonds and similar obligations issued in the ordinary course of the OpCo Guarantor's business;

(8) Indebtedness with respect to capitalized leases and purchase money obligations to finance the purchase, repair or improvement of fixed or capital assets, not to exceed US$10 million outstanding, in the aggregate, at any time;

(9) Additional Senior Indebtedness not exceeding US$100 million at any time outstanding;

(10) Indebtedness in respect of non-speculative hedging arrangements designed to hedge against fluctuations in interest rates, currency exchange rates or relating to commodities (including energy, capacity, fuel storage, transportation, transmission, emissions, environmental attributes and any derivatives or by-products of the foregoing) other than the Construction Hedging Agreement;

(11) Refinancing Debt in respect of the Indebtedness described in clauses (3), (5), (6), (7), (8), (9) and (10); *provided* that:

(a) the Average Life of such Refinancing Debt shall not be shorter than the Average Life of the Indebtedness being refinanced; and

(b) the aggregate principal amount (or initial accreted value, if applicable) of such Refinancing Debt as of the date of such proposed refinancing does not exceed the aggregate principal amount (or accreted value as of such date, if applicable) of the Indebtedness being refinanced (*plus* the amount of any premium required to be paid under the terms of the instrument governing such Indebtedness and the amount of reasonable expenses incurred by the Issuer or applicable Guarantor in connection with such refinancing);

(12) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds; *provided* such debt is extinguished within five Business Days of receipt of notice of insufficient funds;

(13) Indebtedness in respect of severance payments, workers' compensation, unemployment insurance and similar items;

(14) contractual obligations incurred in the ordinary course of business constituting Indebtedness other than debt for borrowed money;

(15) Indebtedness consisting of the financing of insurance premiums incurred in the ordinary course of business and not in connection with the borrowing of money;

(16) Indebtedness in respect of capital expenditures that are reasonably necessary to permit the Issuer or any Guarantor to (a) operate or maintain the Project in accordance with Prudent Industry Practices or (b) comply with Applicable Law; *provided*, in each case, that the Independent Engineer confirms the reasonable necessity of the capital expenditures in a certificate to the Indenture Trustee;

(17) other Indebtedness in an aggregate principal amount outstanding not to exceed US$15 million at any time; and

(18) any unsecured letter of credit, bond, guaranty, counterguaranty or other instrument for the benefit of any counterparty to the Material Project Documents collateralized by the Letters of Credit.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness incurred pursuant to and in compliance with, this "—Limitation on Indebtedness" covenant:

(a) in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness above, whether at the time of incurrence or issuance or upon the application of all or a portion of the proceeds thereof or subsequently, the Issuer will be permitted to classify such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant;

(b) Indebtedness permitted to be incurred by the Issuer or any Guarantor need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(c) the Notes (excluding any Additional Notes) and any Indebtedness incurred under the Operating Credit Agreement on the Issue Date will be deemed to be incurred pursuant to clause (1) above.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest on any such Indebtedness in the form of additional Indebtedness with the same terms and the reclassification of preferred stock, commitments or obligations as Indebtedness due to a change in accounting principles will not be deemed to be an incurrence of Indebtedness for purposes of the covenant described under this "—Limitation on Indebtedness." The amount of any Indebtedness outstanding as of any date will be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

For purposes of determining compliance with any U.S. Dollar- denominated restriction on the incurrence of Indebtedness, the U.S. Dollar-equivalent principal amount of Indebtedness denominated in a foreign currency will be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred; *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. Dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. Dollar- denominated restriction will be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed

(i) the principal amount of such Indebtedness being refinanced *plus* (ii) the aggregate amount of fees, underwriting discounts, defeasance costs, premiums (including tender premiums) and other costs and expenses (including original issue discount, upfront fees or similar fees) incurred in connection with such refinancing.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be incurred pursuant to this covenant will not be deemed to be exceeded solely as a result of fluctuations in exchange rates, currency values or inflation rates.

Limitation on Distributions

Except in the case of the Distribution to be made on or about the Issue Date with amounts then on deposit in the Dollar Revenue Account and proceeds of the Notes, in each case, as set forth below under the caption "—Cash Waterfall" or Distributions from the Other Accounts, Distributions Account or any Additional Senior Debt Account, in each case, in accordance with the terms of the Mexican Trust Agreement, the Issuer will not make any Distribution unless such payment is made on a date (a "*Distribution Date*") that the following conditions have been satisfied (collectively, the "*Distribution Conditions*"):

(1) such Distribution is made only with funds available in the Lock-up Account;

(2) no Default or Indenture Event of Default has occurred and is Continuing as of the applicable Distribution Date, or would occur as a result of the Distribution;

(3) after giving pro forma effect to such Distribution, the Debt Service Coverage Ratio for the Calculation Period ended on the applicable calculation date is at least 1.20:1.00; and the Projected Debt Service Coverage Ratio for the 12-month period following the date of determination beginning with the month that most recently ended (taken as one accounting period) will be at least 1:20:1:00;

(4) the Debt Service Reserve Account is funded in an amount equal to the Debt Service Reserve Requirement on the Distribution Date;

(5) there shall be no outstanding Loans (other than working capital loans), unreimbursed drawings or other unpaid amounts due under the Letter of Credit Facility; and

(6) prior to the applicable Distribution Date, the Issuer will have delivered to the Indenture Trustee an Officer's Certificate certifying compliance with the foregoing conditions.

Limitation on Liens

None of the Issuer or any Guarantor will, directly or indirectly, create, assume, incur, permit or allow to exist any Lien securing Indebtedness on or with respect to any of its Properties or assets now owned or hereafter acquired by it or on any income or revenues or rights in respect of any thereof, except for the following types of Liens (each of the following items, "*Permitted Liens*"):

(1) Liens in favor of the Secured Parties created under or pursuant to any Security Document; *provided* that Liens securing Commodity Hedges and Currency Hedges otherwise permitted hereunder shall not exceed US$250 million in the aggregate at any time;

(2) Liens on any Cash Collateral Account;

(3) Liens for taxes, assessments and governmental charges, the non-payment of which do not violate the Guarantors' covenant to pay taxes and Liens for customs duties arising in the ordinary course of business;

(4) deposits or pledges to secure obligations under worker's compensation, social security, unemployment insurance or similar laws;

(5) deposits or pledges to secure bids, tenders, contracts (other than contracts for the repayment of money), leases, statutory obligations, surety and appeal bonds and other obligations of like nature, in each case arising in the ordinary course of business;

(6) Liens incurred in the ordinary course of business, including mechanics', workmen's, carriers', materialmen's or other like Liens arising in the ordinary course of business or incidental to the construction, restoration, repair, replacement, rebuilding or improvement of the Project with respect to obligations that are not overdue by more than 180 days or that are being contested in good faith;

(7) Liens created by or resulting from any litigation or legal proceeding (a) to the extent the corresponding judgment does not give rise to an Indenture Event of Default or (b) as to which the execution thereof has been effectively stayed while the underlying claims are being contested in good faith by appropriate proceedings or means, in each case for which reserves have been established in accordance with IFRS or generally accepted accounting principles;

(8) (a) easements, rights-of-ways, restrictions encroachments, other minor defects, irregularities or imperfections of title on real estate, (b) zoning, building, entitlement and other land use regulations by Governmental Authorities, or (c) any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property; *provided* that, in each case, such easements, imperfections, regulations, laws or rights do not materially interfere with the ordinary course of business of the Issuer and the Guarantors as a whole;

(9) any interest or title of a lessor under any lease entered into by the Issuer in the ordinary course of business and covering only the assets so leased;

(10) Liens securing Indebtedness of the type described under clause (9) of the definition of Permitted Indebtedness and all amounts payable in respect thereof and not held by the Sponsors or any Affiliate of the Sponsors, which Liens are pari passu with or junior in right of payment to the Notes;

(11) Liens on any Property of the Issuer or any Guarantor of the type described under clauses (1), (2) (to the extent arising under the CFEC PPA), (4) or (6) of the definition of Excluded Assets;

(12) Liens consisting of an agreement to dispose of Property in a disposition permitted under the terms of the Indenture;

(13) Liens securing Indebtedness of the type described under clause (8) of the definition of Permitted Indebtedness; *provided* that (a) such Liens attach within 180 days after the acquisition, repair, replacement or improvement (as applicable) of the Property subject to such Liens, (b) such Liens do not at any time encumber any Property (except for replacements, additions and accessions to such Property) other than the Property financed by such Indebtedness and the proceeds and the products thereof and (c) with respect to capitalized leases, such Liens do not at any time extend to or cover any assets other than the assets subject to such capitalized leases and the proceeds and products thereof and customary security deposits; *provided* that individual financings of equipment provided by one lender may be cross-collateralized to other financings of equipment provided by such lender on customary terms;

(14) leases, licenses, subleases or sublicenses granted to others in the ordinary course of business and which do not (a) interfere in any material respect with the business of the Issuer and Guarantors or (b) secure any Indebtedness for borrowed money;

(15) Liens (a) of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection, (b) attaching to commodity trading accounts or other commodities brokerage accounts incurred in the ordinary course of business or (c) in favor of a banking or other financial institution arising as a matter of law or under customary general terms and conditions encumbering deposits (including the right of set-off) and which are within the general parameters customary in the banking industry;

(16) Liens solely on any ordinary course cash earnest money deposits made by the Issuer or any Guarantor in connection with any letter of intent or purchase agreement permitted hereunder;

(17) Liens on, or pledges of, deposit accounts or securities accounts and deposits of cash or cash equivalents on deposit therein (including to secure letters of credit) providing credit support for Indebtedness permitted under clause (10) of the definition of "Permitted Indebtedness";

(18) Liens or pledges of deposits of cash or Cash Equivalents securing deductibles, self-insurance, co-payment, co-insurance, retentions or similar obligations to providers or property, casualty or liability insurance in the ordinary course of business;

(19) with respect to any Property acquired by the OpCo Guarantor or otherwise incorporated into the Project, pre-existing Liens on such Property (and which do not extend to any other Property) which do not secure Indebtedness for borrowed money and are extinguished within 30 days after the date of acquisition of the relevant Property or incorporation of the same into the Project;

(20) extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Liens referred to in clauses (1) through (19) above; *provided*, *however*, that (i) such new Lien will be limited to all or part of the same Property that secured the original Lien (plus improvements on such Property), and (ii) the Indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of the outstanding principal amount or, if greater, committed amount of the Indebtedness described above at the time the original Lien became a Permitted Lien, *plus* an amount equal to an amount necessary to pay any accrued interest and additional amounts, if any, and any fees, original issue discount, costs, premiums (including tender premiums) and expenses in connection therewith (including any hedge break costs or Hedging Termination Amounts);

(21) any joint and several liability arising as a result of (the establishment of) a Dutch law fiscal unity (*fiscale eenheid*) between any Guarantors or Subsidiaries incorporated in the Netherlands for corporate income tax or turnover tax of which the Issuer or any Guarantor is a member;

(22) any guarantee granted pursuant to a declaration of joint and several liability used for the purpose of section 2:403 of the Dutch Civil Code (and any residual liability under such declaration arising pursuant to section 2:404(2) of the Dutch Civil Code); and

(23) other Liens securing Indebtedness of the Issuer or any Guarantor in an aggregate principal amount outstanding not to exceed at any time US$15 million.

Limitation on Investments

None of the Issuer or any Guarantor will, directly or indirectly, (a) make any Investments other than Permitted Investments, (b) conduct any Expansion other than a Permitted Project Expansion or (c) form or acquire any Subsidiary.

Limitation on Asset Sales

Except for Permitted Asset Sales, none of the Issuer or any Guarantor will dispose of (by one or a series of related transactions) any of their material Property, business or assets, including the OpCo Guarantor's interest in the Project, whether now owned or hereafter acquired. Within 365 days following the consummation of an Asset Sale, the Issuer or the OpCo Guarantor, as the case may be, will apply the corresponding Net Available Proceeds to:

(1) repay, redeem or repurchase the Notes, the Loans, the Permitted Hedging Instruments and any other Senior Debt;

(2) reinvest (or enter into a binding commitment to reinvest) in assets useful in the business of the Issuer and the Guarantors; or

(3) do any combination of the foregoing.

For the purpose of clause (2) of the immediately preceding paragraph, a binding commitment will be treated as a permitted application of the Net Available Proceeds from the date of such commitment until the earlier of (x) the date of which such reinvestment is consummated and (y) the 180th day following the date of entry into such binding commitment.

Pending the final application of any Net Available Proceeds from an Asset Sale, the Issuer or OpCo Guarantor, as the case may be, may temporarily reduce revolving credit borrowings or temporarily invest the Net Available Proceeds in any manner not prohibited by the Indenture.

Any Net Available Proceeds from Asset Sales consummated in accordance with this covenant that are not applied or invested within 365 days following the consummation of an Asset Sale as provided above (it being understood that any portion of such Net Available Proceeds used by the Issuer to make an offer to purchase Notes, as described below, will be deemed to have been invested whether or not such offer is accepted) will be deemed to constitute "*Excess Asset Sale Proceeds*."

If, as of the first day of any calendar month, the aggregate amount of Excess Asset Sale Proceeds totals at least US$15 million, then within 20 Business Days after such date, the Issuer will make an offer (an "*Excess Asset Sale Proceeds Offer*") to all Noteholders (and, if any Senior Debt contains provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the Excess Asset Sale Proceeds, absent a waiver of such provisions, the Issuer will make an Excess Asset Sale Proceeds Offer to the holders of such Senior Debt, in accordance with the Senior Debt Instruments governing such Senior Debt) to purchase the maximum principal amount of Notes and such other Senior Debt that may be purchased in an amount equal to the Excess Asset Sale Proceeds. The offer price for the Notes and other Senior Debt, if any, in any Excess Asset Sale Proceeds Offer will be equal to 100% of the aggregate principal amount outstanding of the Notes or other Senior Debt, as applicable, plus accrued and unpaid interest to, but excluding, the date of purchase and will be payable in cash. If the aggregate principal amount of Notes and other Senior Debt tendered into any Excess Asset Sale Proceeds Offer exceeds the amount of Excess Asset Sale Proceeds, the Notes and such other Senior Debt will be accepted for repurchase on a *pro rata* basis on the basis of the aggregate accreted value or principal amount of tendered Notes and other Senior Debt (*provided* that the selection of such Senior Debt shall be made pursuant to the terms of such Senior Debt).

Upon completion of each Excess Asset Sale Proceeds Offer, the amount of Excess Asset Sale Proceeds will be reset at zero and any Excess Asset Sale Proceeds that remain may be used by the Issuer for any purpose not prohibited by the Indenture.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Excess Asset Sale Proceeds Offer. To the extent that the provisions of any securities laws or regulations conflict with the Excess Asset Sale Proceeds Offer provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Excess Asset Sale Proceeds Offer provisions of the Indenture by virtue of such compliance.

The sale, conveyance or other disposition of all or substantially all of the assets of the Issuer or a Guarantor, taken as a whole, will be governed by the provisions of the Indenture described under the caption "—Merger, Consolidation or Sale of Substantially All Assets" below and not by the provisions of this "—Limitation on Asset Sales" covenant.

Limitation on Transactions with Affiliates

None of the Issuer and any Guarantor will, directly or indirectly, enter into, renew or extend any transaction or arrangement including the purchase, sale, lease or exchange of Property or assets, or the rendering of any service with any Affiliate of the Issuer, except upon what are, in the judgment of the Issuer, fair and reasonable terms not materially less favorable to the Issuer than could be obtained in a comparable arm's-length transaction with a Person that is not an Affiliate of the Issuer, but which Person is of adequate financial and technical capability to perform the transactions.

The foregoing paragraph does not apply to:

(1) Permitted Investments and any Distributions that do not violate the Distribution Conditions;

(2) transactions pursuant to the PPAs, the Management Services Agreement and any other agreements in effect on the Issue Date between the OpCo Guarantor and its Affiliates, as such agreements may be amended, restated, supplemented, modified or replaced from time to time so long as the amended, restated, supplemented, modified or new agreements, taken as a whole, are not materially less favorable to the OpCo Guarantor than those in effect on the Issue Date (other than such amendments, modifications or replacements entered into in contemplation of a Permitted Project Expansion, which amendments, modifications or replacements will be governed by clause (5) below) and such amendments, modifications or replacements are otherwise in accordance with the covenant under "—Material Project Documents" below;

(3) the payment and performance of any obligations under any of the Material Project Documents as the same may be amended, restated, supplemented, modified or replaced from time to time; *provided* that fees payable to Affiliates thereunder shall not be so excepted from the limitations contained in this covenant;

(4) transactions pursuant to agreements in effect on the Issue Date and described in the Offering Memorandum, as amended, restated, supplemented, modified or replaced from time to time so long as the amended, restated, supplemented, modified or new agreements, taken as a whole, are not materially less favorable to the OpCo Guarantor than those in effect on the Issue Date;

(5) amendments, modifications or replacements of contracts with the OpCo Guarantor's Affiliates regarding the engineering, procurement, construction, commissioning and/or testing of a Permitted Project Expansion in accordance with the covenant under "—Material Project Documents" below; *provided* that if the aggregate payments under all such contracts would, after amendment of any such agreement or entry into a new agreement with an Affiliate related to the foregoing matters, exceed the aggregate payments contemplated for all such Affiliate contracts at the time the OpCo Guarantor received a Ratings Affirmation in connection with the Permitted Project Expansion by (a) 5% in the aggregate, the Issuer must certify to the Indenture Trustee that the contracts are fair and reasonable to it in light of then existing market conditions and its performance under such contracts would not reasonably be expected to have a Material Adverse Effect and (b) 15% in the aggregate (after giving effect to a dollar-for-dollar set off of such payments (i) for Intercompany Indebtedness and any cash contributed to the OpCo Guarantor by the Issuer, any Guarantor or the Sponsors specifically for payment of such payments or (ii) any letter of credit posted to pay such costs (to the extent the OpCo Guarantor is not responsible for the reimbursement of draws thereunder)), the Independent Engineer delivers a certificate certifying that the technical aspects of such contracts, and the OpCo Guarantor's performance under such contracts would not reasonably be expected to have a Material Adverse Effect;

(6) the payment of customary fees and reasonable out of pocket costs to, and indemnities provided on behalf of, directors, managers, officers, employees and consultants of the Issuer and the Guarantors (or any direct or indirect parent thereof) in the ordinary course of business to the extent attributable to the ownership or operation of the such Persons;

(7) Subordinated Indebtedness between the Issuer and Guarantors (or any combination of such Persons) and any Intercompany Receivable; and

(8) any Permitted Merger.

Limitation on Business Activities

The Issuer and each Guarantor (other than the OpCo Guarantor) will not conduct, transact or otherwise engage in any business or operations other than those reasonably incidental to its ownership of the Capital Stock of the Guarantors, and any reasonably similar, related, incidental, ancillary or complimentary businesses.

The OpCo Guarantor will not engage or enter into any business other than the development, construction, ownership, financing, operation, maintenance or administration of the Project, any Permitted Project Expansion or

any business reasonably related thereto (the businesses described in this paragraph, collectively, the "*Permitted Business*").

Except as contemplated by the Note Guarantees and the other Financing Documents, no Guarantor will contingently or otherwise be or become liable in connection with any Guarantee.

Nothing contained in this "—Limitation on Business Activities" covenant shall restrict the ability of the Issuer and the Guarantors to engage in a merger, consolidation or sale of assets in compliance with the covenant described under the caption "—Merger, Consolidation or Sale of Substantially All Assets."

Maintenance of Existence; Separateness

Subject to the rights of the Issuer or the Guarantors described under the caption "—Merger, Consolidation or Sale of Substantially All Assets" (including the right to undertake a Permitted Merger), each of the Issuer and each Guarantor will do all things necessary to maintain:

(1) its legal form of existence in its jurisdiction of organization, incorporation, registration and/or formation; and

(2) the power and authority (corporate, partnership and otherwise) necessary under applicable Requirements of Law to own its Properties (if any) and to carry on its Permitted Business.

The Issuer and each Guarantor will not take any action that is reasonably likely to result in their respective separate existences being ignored or in their respective assets and liabilities being substantively consolidated with any other person in a bankruptcy, reorganization, or other insolvency proceeding. Without limiting the foregoing and except as contemplated by the Financing Documents, the Issuer and each Guarantor shall (i) conduct in all material respects their respective businesses solely in their own name, (ii) maintain accounts separate from those of any Affiliates and (iii) not commingle their funds with those of any other Affiliates.

Compliance with Laws

The OpCo Guarantor will own, construct, maintain and operate the Project in compliance with all Applicable Laws of any Governmental Authority having jurisdiction over it or its business or the Project, except to the extent failure to so comply would not reasonably be expected to have a Material Adverse Effect.

Payment of Obligations

The Issuer will pay, discharge or otherwise satisfy in full at or before maturity all of its obligations and liabilities arising pursuant to the Notes, including all payments of principal, interest, any Additional Amounts and any Make-Whole Amount.

Each Guarantor will pay and discharge in full, at or before maturity, all of its obligations and liabilities (including tax liabilities) arising pursuant to the Note Guarantees and comply with all Applicable Laws relating to taxes, duties, or other governmental charges imposed or levied by or on behalf of Mexico, the Grand Duchy of Luxembourg, the Netherlands or any political subdivision thereof in which such Guarantor is organized or is a resident for tax purposes and which has power to tax such Guarantor, except where (a) the validity of the required payment is being contested by such Guarantor with respect to which adequate reserves have been established by such Guarantor to the extent required by the applicable Accounting Standards or (b) the failure to so comply would not reasonably be expected to have a Material Adverse Effect.

Further Assurances; Preservation and Protection of Collateral; Perfection and Maintenance of Security Interests

Subject to the applicable limitations set forth in the Security Documents and the Excluded Perfection Actions below, each of the Issuer and the Guarantors will, at its own expense, co-operate and take all necessary steps to, as applicable:

(1) correct any material defect or error that may be discovered in the Indenture and any Security Document or in the execution, acknowledgment, filing or recordation thereof;

(2) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, public deeds, conveyances, pledge agreements, mortgages, deeds of trust, trust deeds, assignments, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances, powers of attorney and other instruments necessary (or as the Indenture Trustee, the Intercreditor Agent or the Collateral Agents may reasonably request from time to time) in order to (A) enable each of the Issuer and the Guarantors to lawfully perform and comply with its obligations under the Indenture and the Notes, (B) to the fullest extent permitted by Applicable Law, subject the Issuer's and the Guarantors' properties, assets, rights or interests to the Security Interests, (C) perfect and maintain the validity, effectiveness and priority of any of the Security Documents (including the powers of attorney granted thereunder) and the Security Interests created thereunder and (D) assure, convey, grant, assign, transfer, preserve and protect and confirm more effectively to the Collateral Agents for the benefit of the Secured Parties the rights granted or purported to be granted in accordance with the terms of the Security Documents;

(3) enable the Collateral Agents, on behalf of the Secured Parties, to exercise and enforce their respective rights, powers, remedies and privileges under the Security Documents, including the making or delivery of all filings and recordings, the payments of fees and other charges, the issuance of supplemental documentation, the discharge of all claims or other Liens (other than Permitted Liens) adversely affecting the rights of the Collateral Agents, on behalf of the Secured Parties, to and under the Collateral and the publication or other delivery of notice to third parties; and

(4) deliver to the applicable Collateral Agent, with a copy to the Intercreditor Agent promptly after receipt thereof, and in no event later than five Business Days after the Issue Date, evidence that the Amended and Restated Mexican Trust Agreement and the New Borrower Pledge Agreement have been registered with the *Registro Único de Garantías Mobiliarias* of Mexico and such other documents and instruments as necessary or as the applicable Collateral Agent may reasonably request in order to evidence, secure, and perfect the applicable Collateral Agent's security interest in and Lien on the Equity Interests and the other Collateral; *provided*, *however*, that in case any amendment to such documents and instruments shall have to be filed with such public registry of property, the Issuer and the Guarantors shall deliver to the applicable Collateral Agent, with a copy to the Intercreditor Agent, within 10 Business Days of such transaction, evidence of their filing for registration with the applicable Mexican public registry of property, and within 60 calendar days of such transaction, evidence of their definitive registration; *provided* that such perfection actions will not include the following (each an "*Excluded Perfection Action*"):

(a) any action necessary or desirable to be taken to perfect a Security Interest if the Intercreditor Agent agrees (acting as directed by a Majority in Interest of the Senior Creditors) that the costs of taking such action are excessive in relation to the value afforded to the Secured Parties of perfecting such Security Interest;

(b) any action that could reasonably be expected, in the discretion of the Issuer, to result in material tax consequences to the Issuer or any Guarantor; and

(c) any action that would require obtaining the consent or acknowledgment of any third party (other than the Collateral Agents and the Intercreditor Agent) in respect of a Security Interest.

Maintenance of Rating

The Issuer will at all times use commercially reasonably efforts to maintain a rating of the Notes by at least two Rating Agencies, *provided*, *however*, that, in the event that one or more Rating Agencies (i) ceases to exist, (ii) ceases to issue ratings of the type issued in respect of the Notes as of the Issue Date or (iii) refuses or otherwise declines to provide a rating for the Notes (other than due to the Issuer's failure to (a) provide such Rating Agency with such reports and other information or documents, as such Rating Agency shall reasonably request to monitor and continue to assign ratings to the Notes, (b) pay customary fees to such Rating Agency in connection therewith or (c) take any other action reasonably requested by such Rating Agency in connection therewith) (and, in each of cases (i) through

(iii) above, the Issuer is unable to substitute another Rating Agency in place of such Rating Agency), the failure by the Issuer to obtain or maintain such rating shall not constitute a Default or Indenture Event of Default. For the avoidance of doubt, the Issuer shall not have any obligation to maintain any particular minimum rating or level of rating in respect of itself or the Notes or maintain a rating with any particular Rating Agency.

Maintenance of Insurance

The OpCo Guarantor will obtain and maintain, or procure its contractors to obtain and maintain, insurance coverage in such amounts and covering such risks consistent with Prudent Industry Practices and Applicable Laws.

Maintenance of Permits

The OpCo Guarantor will obtain and maintain in full force and effect all material consents, approvals or permits of any Governmental Authority required under Applicable Law to be obtained or maintained by it in connection with the operation of the Project and the performance of its obligations under the Material Project Documents and under the Notes and the Indenture except, in each case, to the extent failure to so maintain would not reasonably be expected to have a Material Adverse Effect.

Maintenance of Properties

The OpCo Guarantor will cause all Properties used or useful in the conduct of its business to be maintained and kept in good condition, repair and working order as in the judgment of the OpCo Guarantor may be necessary so that the Project may be maintained and operated in conformity with the Material Project Documents, except to the extent failure to so comply would not reasonably be expected to have a Material Adverse Effect; *provided* that nothing shall prevent the OpCo Guarantor from discontinuing the use, operation or maintenance of any of such Properties or disposing of any of them, if such discontinuance or disposal is, in the judgment of the OpCo Guarantor, desirable in the conduct of the business of the OpCo Guarantor taken as a whole.

Maintenance of Title

The OpCo Guarantor will obtain and maintain in force good and valid title and/or rights to the Properties as are necessary for the maintenance and operation of the Project, except to the extent failure to so comply would not reasonably be expected to have a Material Adverse Effect.

Books and Records

The OpCo Guarantor will maintain books, accounts and records with respect to itself and the Project in compliance with all Applicable Laws in Mexico, which books, accounts and records may be reviewed by the Indenture Trustee upon reasonable notice during normal business hours.

Reporting and Information

The Indenture will provide that, for so long as any Notes remain outstanding, each of the Issuer and the OpCo Guarantor, as the case may be, will give, or procure to be given, to the Indenture Trustee (who at the Issuer's expense and request will furnish to the Noteholders) with respect to any outstanding Notes:

(1) *Annual Budget*: within 15 days before the end of the OpCo Guarantor's fiscal year, copies of the annual budget of the OpCo Guarantor for such fiscal year, as updated by the Issuer and the OpCo Guarantor for the immediately succeeding fiscal year substantially in the format required under the Indenture. The Issuer will deliver such annual budget to the Independent Engineer concurrently with delivery to the Indenture Trustee, and will not at any time during any fiscal year make expenditures in respect of any Operating Expenses equal to or in excess of 115% of the aggregate amount contemplated in the then-applicable annual budget without having first provided an amendment to the then-applicable annual budget to the Independent Engineer (with a copy to the Indenture Trustee);

(2) *Annual Financial Statements*: as soon as practicable (but within 180 days) after the end of the Issuer's fiscal year, beginning with the fiscal year ended December 31, 2020, a copy of the Issuer's and the OpCo Guarantor's audited Financial Statements;

(3) *Quarterly Financial Statements*: as soon as practicable (but within 90 days) after the end of each quarter of the Issuer's fiscal year (excluding the fourth quarter of each such year), beginning with the quarter ended December 31, 2020, a copy of the unaudited stand-alone balance sheet of such quarter of the Issuer and the OpCo Guarantor, and the unaudited stand-alone income statement for such quarter and for the comparable period in the prior fiscal year of the Issuer and the OpCo Guarantor, as applicable; and

(4) *Notices*: the notices required in accordance with the provisions under the second paragraph of the caption "—Compliance Certificate."

In addition, the Indenture will provide that, for so long as any Notes remain outstanding, the Issuer will furnish to the Noteholders and beneficial owners of the Notes and to securities analysts and *bona fide* prospective investors in the Notes, upon their request (which in the case of *bona fide* investors in the Notes may be subject to customary confirmation of such status), the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or Section 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

Use of Proceeds

The Issuer shall use the net proceeds from the offering of the Notes in the manner set forth under "Use of Proceeds."

Material Project Documents, etc.

The Issuer will, and will cause each Guarantor to, (i) perform and observe all terms and provisions of the Material Project Documents to be performed or observed by it, (ii) maintain the Material Project Documents to which it is a party in full force and effect, and (iii) exercise all its rights, discretion and remedies, if any, under the Material Project Documents to which it is a party in accordance with their terms and in a manner consistent with (and subject to) the Issuer's and the Guarantors' obligations under the Indenture and the Security Documents, in each case of clauses (i) through (iii) above, except to the extent that failure to do any of the foregoing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

None of the Issuer or any Guarantor will, without the prior written approval of the Required Debtholders (which approval shall not be unreasonably withheld), directly or indirectly:

(1) permit, issue notice or take any other steps which would lead to the cancellation, suspension or termination of any Material Project Document;

(2) give any termination notice under a Material Project Document;

(3) amend, modify or change in any manner any term or condition of any Material Project Document or give any consent, waiver or approval under any Material Project Document;

(4) sell, assign (other than pursuant to the Security Documents) or otherwise dispose of (by operation of law or otherwise) any part of its interest in any Material Project Document (other than as required by the Security Documents);

(5) except as reasonably required to consummate a Permitted Merger, amend or modify in any material respect any of its organizational documents; or

(6) permit or consent to the assignment of a Material Project Document by the counterparty thereto (other than with respect to an assignment by CFEC under the CFEC PPA to an Assignee),

in each case unless any such action would not reasonably be expected to cause a Material Adverse Effect; *provided* that a replacement or assignment by CFEC under the CFEC PPA shall be deemed to have a Material Adverse Effect if the replacement or assignee is not an Assignee; *provided*, *further*, that the OpCo Guarantor may terminate or replace an O&M Agreement only if (A) it provides a certificate to the Indenture Trustee certifying that the OpCo Guarantor or the relevant replacement services provider has the technical expertise and capability to provide all services required for the operation and maintenance of the Project in accordance with the CFEC PPA, Applicable Law and Prudent Industry Practices and on commercially reasonable economic terms and (B) the Independent Engineer confirms the reasonableness of the statements set forth in such certificate.

Concurrently with or promptly after entering into any Additional Material Project Document or Replacement Material Project Document after the Issue Date, the Issuer shall (i) promptly (and in any event within ten Business Days of entrance into any such agreement) notify the Indenture Trustee, the Onshore Collateral Agent and the Mexican Security Trustee in writing and (ii) give or cause to be given written notice to the counterparty thereto of the security interest therein granted under the Security Documents and shall use commercially reasonable efforts for a period of not less than 90 days to obtain and deliver to the Onshore Collateral Agent from the counterparty under such Additional Material Project Document or Replacement Material Project Document a consent and agreement substantially in the form of the direct agreement corresponding to the replaced Material Project Document or such other form as may be reasonably acceptable to the Onshore Collateral Agent.

None of the Issuer nor any Guarantor will enter into any Additional Material Project Document or any Replacement Material Project Documents if entering into such document would reasonably be expected to result in a Material Adverse Effect, except that the foregoing will not apply to entering into a Replacement Material Project Document if prior thereto the Issuer has obtained a Ratings Affirmation. In addition, the Issuer and each Guarantor shall provide a perfected first-priority security interest pursuant to the Security Documents with respect to any such Additional Material Project Document or any Replacement Material Project Documents.

Compliance Certificate

The Issuer and each Guarantor will deliver to the Indenture Trustee, at the time the Issuer is required to deliver annual audited Financial Statements under the covenant described under the caption "—Reporting and Information," an Officer's Certificate stating that a review of the activities of the Issuer and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Authorized Officer with a view to determining whether the Issuer and the Guarantors have kept, observed, performed and fulfilled their respective obligations under the Indenture, and further stating, as to each such Authorized Officer signing such certificate, that to the best of his or her knowledge the Issuer and the Guarantors have kept, observed, performed and fulfilled each covenant contained in the Indenture and are not in default in the performance or observance of any of the terms, provisions and conditions of the Indenture (or, if a Default or Indenture Event of Default has occurred, describing all such Defaults or Indenture Events of Default of which he or she may have knowledge and what action the Issuer and the Guarantors are taking or propose to take with respect thereto).

So long as any of the Notes are outstanding, the Issuer will deliver to the Indenture Trustee, promptly (but in any event within ten Business Days) upon any Authorized Officer becoming aware of any Default or Indenture Event of Default, an Officer's Certificate specifying such Default or Indenture Event of Default and what action the Issuer is taking or proposes to take with respect thereto.

Inspection

If an Event of Loss has occurred or an Indenture Event of Default has occurred and is Continuing under the Indenture, the Issuer will, at the Issuer's expense, permit the Indenture Trustee (at the direction of the Required Debtholders) to undertake an inspection of the Project that is reasonable and consistent with industry practice; *provided* that the Indenture Trustee (a) has provided reasonable advance notice of such inspection, (b) complied with

reasonable security and safety requirements of the Project and (c) does not interfere with or interrupt the operations of the Project.

In addition, the Indenture Trustee may reasonably request to inspect operating data for the Project once each year at the OpCo Guarantor's offices in Mexico City upon reasonable notice and during reasonable business hours.

Merger, Consolidation or Sale of Substantially All Assets

None of the Issuer or any Guarantor will consolidate with or merge with or into, or assign, convey, transfer or lease, in one transaction or a series of transactions, directly or indirectly, all or substantially all its assets to, any Person, or effectuate a Permitted Merger, unless:

(1) either (i) the Issuer or such Guarantor is the surviving or continuing person; or (ii) the resulting, surviving or transferee person, if not the Issuer or such Guarantor (the "*Successor Obligor*"), (A) will be organized or existing under the laws of the Grand Duchy of Luxembourg, the Netherlands or Mexico or such other jurisdiction, in the reasonable judgment of the Sponsors, as will provide beneficial tax treatment for the Issuer, the Guarantors or any relevant Successor Obligor; *provided* that such jurisdictional choice will not have a Material Adverse Effect, (B) will expressly assume all of the Issuer's or such Guarantor's, as applicable, obligations under the Indenture and the Security Documents, and (C) will appoint a process agent in the Borough of Manhattan, the City of New York, to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes, the Indenture and the Issuer Substitution Documents;

(2) immediately after giving *pro forma* effect to such transaction and the repayment of any related Indebtedness (and treating any Indebtedness which becomes an obligation of the Successor Obligor as a result of such transaction as having been incurred by such Successor Obligor at the time of such transaction), no Default will have occurred and be Continuing;

(3) such transaction shall be made expressly subject to the granting of (or continuation of, as applicable) a Lien in favor of the applicable Collateral Agent on the Equity Interests of the Successor Obligor and all subsidiaries thereof (if any), and the guaranty of the obligations under the Indenture by each such subsidiary (if any), and any Person that becomes the direct owner of any Equity Interest in a Guarantor as a result of such transaction shall, simultaneously with such transaction, grant to the applicable Collateral Agent a Lien on such direct Equity Interests pursuant to a pledge agreement substantially similar to the applicable Security Documents;

(4) within five Business Days of such transaction, the Successor Obligor shall execute and deliver to the applicable Collateral Agent with a copy to the Intercreditor Agent such other documents and instruments as necessary or as the applicable Collateral Agent may reasonably request in order to evidence, secure, and perfect the applicable Collateral Agent's security interest in and Lien on such Equity Interests and the other Collateral; *provided*, *however*, that in case any such documents and instruments must be filed at any Mexican public registry of property, the Successor Obligor shall deliver to the applicable Collateral Agent, with a copy to the Intercreditor Agent, within 10 Business Days of such transaction, evidence of their filing for registration in the applicable Mexican public registry of property, and within 60 calendar days of such transaction, evidence of their definitive registration;

(5) such Successor Obligor will not have any existing Indebtedness or Liens (other than Permitted Indebtedness or Permitted Liens) or any environmental liabilities or other legal liabilities (other than *de minimis* liabilities to Governmental Authorities relating to the maintenance of its existence);

(6) if the Successor Obligor will be organized or existing under the laws of a jurisdiction other than the Grand Duchy of Luxembourg, the Netherlands or Mexico, the Issuer shall obtain a Ratings Affirmation in connection with such transaction; and

(7) the Issuer and each such Guarantor, as applicable, will have delivered to the Indenture Trustee an Officer's Certificate and a New York law opinion of counsel in New York certifying that such transaction complies with the foregoing requirements (and if applicable, the requirements described under the caption "—Substitution of the Issuer" below).

The Successor Obligor will be the successor to the Issuer or a Guarantor, as applicable, and will succeed to, and be substituted for, and may exercise every right and power of, the Issuer or such Guarantor, as applicable, under the Financing Documents, and the Issuer or such Guarantor, as applicable, as transferor or non-surviving Person will be released from its obligation under the Indenture and the Note Guarantees, as the case may be.

Sale Lease-Back Transactions

None of the Issuer or any Guarantor shall enter into any Sale and Lease-Back Transaction.

Substitution of the Issuer

The Issuer may, without the consent of any Noteholders, effectuate a Permitted Merger; *provided* that such transaction shall be effected in compliance with the covenant described under the caption "—Merger, Consolidation or Sale of Substantially All Assets" above, and the following conditions shall be satisfied:

(1) such documents will be executed by the Substitute Issuer, the Issuer, each Guarantor and the Indenture Trustee as may be necessary to give full effect to the substitution, including a supplemental indenture under which the Substitute Issuer is released from its Note Guarantee and becomes the Issuer of the Notes and, as a result, assumes all of the Issuer's obligations under the Indenture and the Notes and, unless each Guarantor's then existing Note Guarantee remains in full force and effect, a substitute guarantee issued by each Guarantor in respect of the Notes (collectively, the "*Issuer Substitution Documents*"); *provided* that if the Substitute Issuer is the OpCo Guarantor, the Mexican HoldCo Guarantor or any other entity that is a resident of Mexico for tax purposes, such Substitute Issuer may, to the extent required under Applicable Law, provide notice to (a) the CNBV pursuant to Article 7 of the Mexican Securities Market Law (*Ley del Mercado de Valores*) and regulations thereunder, and (b) the Mexican Tax Administration Service (*Servicio de Administración Tributaria*) pursuant to Article 166, Section II, a), of the Mexican Income Tax Law (*Ley del Impuesto Sobre la Renta*) and rule 3.18.20 of the Administrative Tax Rules (*Resolución Miscelánea Fiscal*) for 2020 or any substitute provision thereof;

(2) the Issuer Substitution Documents will contain covenants for the Issuer or the Substitute Issuer to pay for, and indemnify each Noteholder and beneficial owner of the Notes against, (a) all taxes or duties which arise by reason of a law or regulation in any of Mexico, the Netherlands or the Grand Duchy of Luxembourg or any other Relevant Taxing Jurisdiction and in effect or contemplated on the effective date of the substitution, which may be incurred or levied against such Noteholder or beneficial owner of the Notes as a result of the substitution and which would not have been so incurred or levied had the substitution not been made, subject to the exceptions set forth under clauses (1), (2), and (4) through (7) under "—Additional Amounts," and (b) all taxes or duties which are imposed on such Noteholder or beneficial owner of the Notes by any political subdivision or taxing authority of Mexico, the Netherlands or the Grand Duchy of Luxembourg or any other Relevant Taxing Jurisdiction and which would not have been so imposed had the substitution not been made, subject to the exceptions set forth under clauses (1)(b) through (7) under "—Additional Amounts," *mutatis mutandis*; *provided* that any Noteholder making a claim with respect to such tax indemnity shall provide the Issuer with notice of such claim within four weeks of the payment of the relevant taxes; *provided*, *further*, that notwithstanding anything to the contrary in this paragraph, the Substitute Issuer will be entitled to make any deduction or withholding, and will not be required to indemnify any Noteholder or beneficial owner for or on account of any taxes or duties, or pay any additional amounts with respect to any such deduction or withholding, imposed on or in respect of any debt security, in either case, pursuant to FATCA, any treaty, law, regulation or other official guidance enacted by any jurisdiction implementing FATCA or any intergovernmental agreement or law, regulation or other official guidance promulgated thereunder implementing FATCA; *provided*, *further*, that nothing in this paragraph will affect the obligation of the Issuer and Guarantors to pay Additional Amounts as set forth under the caption "—Additional Amounts"; and

(3) the Substitute Issuer will be an entity organized and existing under the laws of Mexico, the Netherlands or the Grand Duchy of Luxembourg and the substitution will comply with all Applicable Law, including requirements under the laws of the jurisdiction of organization of the Substitute Issuer and the United States.

Notwithstanding any other provision of the Indenture, each Guarantor will do or cause to be done all acts and things and promptly execute and deliver any documents or instruments, including any substitute guarantees and a legal

opinion of internationally recognized counsel in its jurisdiction, that may be required, or that the Indenture Trustee may reasonably request, to ensure that each Guarantor's Note Guarantee is in full force and effect for the benefit of the Noteholders and beneficial owners of the Notes following the substitution.

Events of Default and Remedies

Each of the following is an "*Indenture Event of Default*":

(1) the Issuer shall fail to pay (a) any amount of principal of the Notes when the same becomes due and payable, provided that solely with respect to any such failure to pay which resulted from a cause or causes that are technical or administrative in nature and not from a failure by the Issuer to make a good-faith effort to make such payment, such failure shall not constitute an Indenture Event of Default unless such failure continues for a period of five Business Days following the date on which such payment was due and payable, (b) any interest, Additional Amount or Make-Whole Amount, if any, on the Notes within 30 days after the same becomes due and payable or (c) any other fee or payment, due and payable under any Financing Document, within five Business Days after receipt of notice from the Indenture Trustee of such failure;

(2) failure by the Issuer or any Guarantor to comply with (a) the covenants described under "—Certain Covenants—Limitation on Indebtedness," "—Certain Covenants—Limitation on Distributions," "—Certain Covenants—Limitation on Investments," "—Certain Covenants—Limitation on Liens," "—Certain Covenants—Limitation on Asset Sales," "—Certain Covenants—Limitation on Transactions with Affiliates," "—Certain Covenants—Limitation on Business Activities," and "—Certain Covenants—Merger, Consolidation or Sale of Substantially All Assets" hereof for a 60-day period following the earlier of the Issuer becoming aware of such Default or receipt by the Issuer of written notice from the Indenture Trustee, the Intercreditor Agent or any Collateral Agent, or (b) any other covenant under the Financing Documents and Issuer or such Guarantor, as applicable, does not cure such failure within 60 days after the Indenture Trustee or the Majority Noteholders have notified an Authorized Officer of the Issuer of the existence of such Default; *provided* that if the Issuer or such Guarantor, as applicable, is taking diligent action to cure such failure to perform, an Event of Default will occur only if the Issuer or such Guarantor, as applicable, fails to cure within 90 days after such notice;

(3) any representation or warranty made by the Issuer or any Guarantor under the Indenture or any other Financing Document to which it is a party or any certificate, document or financial or other written statement furnished to the Indenture Trustee, the Intercreditor Agent or Collateral Agents pursuant to the provisions thereof, proves to be incorrect in any material respect when made or deemed made and such has had a Material Adverse Effect which the Issuer or such Guarantor, as applicable, is not able to eliminate within 30 days after the earlier to occur of the Issuer obtaining knowledge thereof and the Indenture Trustee or the Majority Noteholders notifying an Authorized Officer of the Issuer of the existence of such Default; *provided* that, if the Issuer or such Guarantor, as applicable, is taking diligent action to address the underlying facts or circumstances causing such inaccuracies, an Indenture Event of Default will occur only if the Issuer or the Guarantor fails to cure within 60 days after the earlier to occur of such knowledge or receipt of such notice;

(4) any Security Document (once executed and delivered and, where appropriate, noticed to counterparties, registered or where other action has been taken in accordance with all Applicable Law and the Indenture) fails to provide the applicable Collateral Agents the Security Interests or relative priority intended to be created thereby on any material portion of the Collateral purported to be covered thereby, except when due to clerical error; provided that no Indenture Event of Default shall occur if the Issuer shall diligently take action to correct any clerical error that prevents the perfection of any Security Interest, and such correction shall be effected no later than 30 Business Days after the earlier of (i) an Authorized Officer of the Issuer having knowledge of such clerical error and (ii) written notice thereof having been given to the Issuer by the Indenture Trustee, the Majority Noteholders, the Intercreditor Agent or the applicable Collateral Agent;

(5) an event of Bankruptcy has occurred with respect to the Issuer, any Guarantor or the CFEC PPA Guarantor.

(6) any Material Project Document is terminated, rescinded, cancelled, suspended or repudiated by any Guarantor or any other party thereto or any Material Project Document is determined in a final proceeding to be invalid and not binding and not in full force and effect prior to termination in accordance with its terms unless, in each such case, (i) the Indenture Trustee shall have received a certificate from the Issuer that such event would not reasonably be expected to have a Material Adverse Effect and (ii) other than where such termination, rescission, cancellation, suspension or termination is by a Guarantor, such Material Project Document is replaced with a Replacement Material Project Document within 180 days of the termination thereof; *provided* that solely in the case of the CFEC PPA, the termination or repudiation thereof shall not constitute an Indenture Event of Default to the extent that CFEC or CFE continues to make partial termination payments in accordance with clause 15.6 of the CFEC PPA or the CFEC PPA Guarantee.

(7) there is entered against the Issuer or any Guarantor (a) final, non-appealable judgments or orders for the payment of money in an aggregate amount exceeding US$40 million that the Issuer or such Guarantor, as applicable, fails to make payment thereof within the period of time mandated by such judgment or order or (b) any one or more non-monetary judgments that have, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (i) enforcement proceedings are commenced by any creditor upon such judgment or order, or (ii) there is a period of 60 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect;

(8) (a) the Issuer or any Guarantor defaults in the payment of any principal of or interest on any of its Indebtedness for borrowed money other than the Notes (whether at stated maturity or otherwise) in an amount in excess of US$40 million and such default continues beyond any applicable grace period set forth in the agreements or instruments evidencing or relating to such Indebtedness, or (b) any of the Issuer's or any Guarantor's debt under the Letter of Credit Facility, Working Capital Facility or other Indebtedness for borrowed money other than the Notes, in each case in an outstanding principal amount in excess of US$40 million becomes due (or required to be prepaid, repurchased, redeemed, cash collateralized or defeased) and payable prior to the scheduled maturity thereof;

(9) the Indenture or any other Notes Document shall cease to be in full force and effect (other than in accordance with its terms) or is declared in a final judgment or order unenforceable by a Governmental Authority having jurisdiction over any party thereto or the subject matter thereof or the Sponsors, the Issuer or any Guarantor shall deny, contest or repudiate in writing the enforceability or validity of its obligations thereunder, or any Governmental Authority asserting *de jure or de facto* governmental or police powers in Mexico or any other applicable jurisdiction shall, by moratorium laws or otherwise, cancel, suspend or defer the obligation of the Issuer or any Guarantor to pay any amount required to be paid under the Indenture or its Note Guarantee, respectively, when the same becomes due and payable thereunder and such cancellation, suspension or deferral shall continue for 10 or more consecutive Business Days; and

(10) the occurrence of an Event of Abandonment that continues for more than 15 consecutive days.

If any Indenture Event of Default under clause (5) above shall occur with respect to the Issuer or any Guarantor then the principal of, premium, if any, any Additional Amounts and accrued and unpaid interest on all of the outstanding Notes shall become immediately due and payable without further notice or action.

Upon the occurrence of any other Indenture Event of Default, the Indenture Trustee (upon the written direction of the Majority Noteholders) will declare the principal of, premium, if any, any Additional Amounts and accrued and unpaid interest on all of the outstanding Notes immediately due and payable, and upon any such declaration all such amounts payable in respect of the Notes will become immediately due and payable. Upon any such declaration, the Notes will become due and payable immediately.

Notwithstanding anything herein to the contrary, any Default or Indenture Event of Default that occurs and is Continuing solely as a result of a good-faith failure of the Issuer or a Guarantor to provide to the Indenture Trustee a notice, a report, a budget, a certificate, financial statements or any other written deliverable (collectively a "*Reporting Deliverable*") prior to the date set forth in the Indenture with respect thereto or the expiration of the time period specified for the delivery of such Reporting Deliverable shall be cured upon delivery of such Reporting Deliverable

to the Indenture Trustee, notwithstanding that the time period for delivery of such Reporting Deliverable shall have expired or passed.

In the event of a declaration of acceleration of the Notes because an Indenture Event of Default described in clause (8)(b) above has occurred and is Continuing, the declaration of acceleration of the Notes will be automatically annulled if: (i) the default triggering such Indenture Event of Default pursuant to clause (8)(b) above shall be remedied or cured by the Issuer or a Guarantor or waived by the holders of the relevant Indebtedness within 30 days after the declaration of acceleration with respect thereto; and (ii)(a) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (b) all existing Indenture Events of Default, except nonpayment of principal, premium, if any, or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

Remedies available to Noteholders upon the occurrence of an Indenture Event of Default are limited in certain respects by the Collateral Agency and Intercreditor Agreement. See "—Enforcement of Security Interests."

Subject to certain limitations, the Majority Noteholders may direct the Indenture Trustee in its exercise of any trust or power conferred on the Indenture Trustee by the Indenture. The Indenture Trustee may withhold from Noteholders notice of any Continuing Default or Indenture Event of Default if it determines that withholding notice is in their interest, except a Default or Indenture Event of Default relating to the payment of principal, interest, Additional Amounts or premium, if any.

In case an Indenture Event of Default occurs and is Continuing, the Indenture Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any Noteholders unless such Noteholders have offered to the Indenture Trustee indemnity or security satisfactory to it against any claim, loss, liability or expense. Except to enforce the right to receive payment of principal, interest, Additional Amounts or premium, if any, on a Note on or after the respective due dates expressed for such payments in such Note and the Indenture, no Noteholder has any right to institute any proceedings with respect to the Indenture or pursue any remedy thereunder or in respect of the Notes unless:

(1) such Noteholder has previously given the Indenture Trustee notice that an Indenture Event of Default is Continuing;

(2) the Majority Noteholders have requested the Indenture Trustee in writing to pursue the remedy;

(3) such Noteholders have offered the Indenture Trustee security or indemnity satisfactory to it against any claim, loss, liability or expense;

(4) the Indenture Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) the Majority Noteholders have not given the Indenture Trustee a direction inconsistent with such request within such 60-day period.

A vote of the Required Debtholders, by written notice to the Indenture Trustee, is necessary in order to (i) waive any past Defaults under the Indenture, except (x) as provided in clause (10) described under the caption "—Amendment, Supplement and Waiver—With the Consent of the Noteholders," and (y) as to a Default in respect of a covenant or provision which under the Indenture or the other Notes Documents cannot be modified or amended without the consent of all Noteholders of the outstanding Notes affected thereby (with respect to any Notes held by a non-consenting Noteholder), in which case, the consent of all such Noteholders will be required, and (ii) at any time after a declaration of acceleration with respect to the Notes as described in the third paragraph of this section "—Events of Default and Remedies," cancel and rescind any such acceleration and its consequences if (x) such rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (y) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, interest and Additional Amounts, if any, on the Notes that have become due solely by such declaration of acceleration, have been cured or waived. Upon any such waiver, such Default will cease to exist, and any Indenture Event of Default arising therefrom will be deemed to

have been cured for every purpose of the Indenture; *provided* that no such rescission of a declaration of acceleration will affect any subsequent Default or impair any right consequent thereto.

In accordance with the covenant described under the caption "—Certain Covenants—Reporting and Information" herein, the Issuer is required to deliver to the Indenture Trustee annually an Officer's Certificate regarding compliance with the Indenture. Within five Business Days of becoming aware of any Default or Indenture Event of Default, the Issuer is required to deliver to the Indenture Trustee an Officer's Certificate specifying such Default or Indenture Event of Default.

Legal Defeasance and Covenant Defeasance

The Indenture will provide that the Issuer may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to the Note Guarantees ("*Legal Defeasance*"). Legal Defeasance means that the Issuer will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes except as to:

(1) the rights of Noteholders of outstanding Notes to receive payments in respect of the principal of, or interest, Additional Amounts or premium, if any, on, such Notes when such payments are due solely out of the trust created pursuant to the Indenture;

(2) the Issuer's obligations with respect to the Notes to issue temporary Notes, register, transfer or exchange any Notes, replace mutilated, destroyed, lost or stolen Notes, maintain an office or agency for payments in respect of the Notes and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Indenture Trustee, and the Issuer's and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including the Issuer's obligation to make Excess Asset Sale Proceeds Offers) that are described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or an Indenture Event of Default. In the event Covenant Defeasance occurs, certain events (not including non-payment or Bankruptcy events with respect to the Issuer) described under the caption "—Events of Default and Remedies" above will no longer constitute an Indenture Event of Default with respect to the Notes. If the Issuer exercises its Legal Defeasance option or Covenant Defeasance option, the Liens on the Collateral, as they pertain to the Notes and the Note Guarantees, will be released (but without prejudice to the rights of Noteholders in the trust referred to in clause (1) of the following paragraph). The Issuer may exercise its Legal Defeasance option regardless of whether it has previously exercised any Covenant Defeasance.

In order to exercise either Legal Defeasance or Covenant Defeasance under the Indenture:

(1) the Issuer must irrevocably deposit, or cause to be deposited on trust with the Indenture Trustee (or such other entity designated by the Indenture Trustee for this purpose) for the benefit of the Noteholders, cash in U.S. Dollars, U.S. Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognized independent investment bank, appraisal firm or firm of public accountants, to pay and discharge the principal of, and interest, premium and Additional Amounts, if any, on, the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) (*in the case of Legal Defeasance only*) the Issuer must deliver to the Indenture Trustee an opinion of counsel reasonably acceptable to the Indenture Trustee confirming that, subject to customary assumptions and exclusions, (a) the Issuer has received from, or there has been published by, the United States Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable United States federal income tax law, in

either case, to the effect (and based thereon such opinion of counsel will confirm) that the Noteholders and beneficial owners of the outstanding Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Legal Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) (*in the case of Covenant Defeasance only*) the Issuer must deliver to the Indenture Trustee an opinion of counsel reasonably acceptable to the Indenture Trustee confirming that, subject to customary assumptions and exclusions, the Noteholders and beneficial owners of the outstanding Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Covenant Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Indenture Event of Default has occurred and is Continuing on the date of such deposit or will occur as a result of such deposit (other than a Default or an Indenture Event of Default resulting from the borrowing of funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of any Lien to secure such borrowings);

(5) such Legal Defeasance or Covenant Defeasance, as the case may be, will not result in a breach or violation of, or constitute a Default under (other than a Default or Indenture Event of Default resulting from the borrowing of funds to be applied to make such deposit and any similar and simultaneous deposit relating to other Indebtedness and, in each case, the granting of any Lien to secure such borrowings), any material agreement or material instrument (other than the Indenture) to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound;

(6) the Issuer must deliver to the Indenture Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the Noteholders over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or other creditors, or removing assets beyond the reach of the relevant creditors; and

(7) the Issuer must deliver to the Indenture Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and exclusions, each stating that all conditions precedent in the case of the Officer's Certificate, clauses (1) through (6) above and, in the case of the opinion of counsel, clause (2) or (3), as applicable, and (4) and (5), relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Indenture Trustee for cancellation; or

(b) all Notes that have not been delivered to the Indenture Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Indenture Trustee as trust funds in trust solely for the benefit of the Noteholders, cash in U.S. Dollars, U.S. Government Securities, or a combination thereof, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Indenture Trustee for cancellation for principal and premium, if any, and accrued interest to the date of maturity or redemption (*provided* that if such redemption is made as provided above under the captions "—Redemption of the Notes—Optional Redemption with Make-Whole Amount" or "—Redemption of the Notes—Mandatory Redemption," (x) the amount of cash in U.S. Dollars, U.S.

Government Securities or a combination thereof that must be irrevocably deposited will be determined using an assumed Make-Whole Amount calculated as of the date of such deposit and (y) the depositor must irrevocably deposit or cause to be deposited additional money in trust on the redemption date as necessary to pay the Make-Whole Amount as determined by such date);

(2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(3) the Issuer has delivered to the Indenture Trustee (a) irrevocable instructions to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be, and (b) an Officer's Certificate and an opinion of counsel, which opinion of counsel may be subject to customary assumptions and exclusions, each stating that all conditions precedent provided in the Indenture relating to the satisfaction and discharge of the Indenture have been satisfied; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact.

Amendment, Supplement and Waiver

With the Consent of the Noteholders

Subject to the terms of the Collateral Agency and Intercreditor Agreement set forth under the caption "—Modification Approval Levels," with the consent of the Majority Noteholders (including any consents obtained in connection with the purchase of, or tender offer or exchange offer for, the Notes), the Issuer, the Guarantors and the Indenture Trustee are permitted to agree to an amendment or supplement to, or agree to any waiver or consent in respect thereof, the Collateral Agency and Intercreditor Agreement or any other Security Document (including providing any vote or direction to the Intercreditor Agent as necessary under the Collateral Agency and Intercreditor Agreement), as the case may be.

With the consent of the Majority Noteholders (including any consents obtained in connection with the purchase of, or tender offer or exchange offer for, the Notes), the Issuer, the Guarantors and the Indenture Trustee may amend or supplement the Indenture; *provided* that no such modification, amendment or waiver set forth in this "—With the Consent of the Noteholders" may, without the consent of all Noteholders of the outstanding Notes directly and adversely affected thereby (with respect to any Notes held by a non-consenting Noteholder):

(1) change the Stated Maturity of the principal of, or any amortization or installment of or Additional Amounts or interest on, any such Note;

(2) reduce the principal amount of any such Notes (or Additional Amounts or premium, if any) or the rate of, or change the time for, any principal installment payment or payment of interest on any such Note;

(3) change the coin or currency in which the principal of any such Note or any premium or any Additional Amounts or the interest thereon is payable;

(4) reduce the premium payable upon the redemption of any Note, change the time at which any Note may be redeemed, or, once notice of redemption has been given, the time at which it must thereupon be redeemed;

(5) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Noteholders to receive payments of principal of, or interest on (or Additional Amounts or premium, if any), the Notes;

(6) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date);

(7) reduce the principal amount of Notes whose Noteholders must consent to any amendment, supplement or waiver of provisions of the Indenture;

(8) make any change to the Collateral Agency and Intercreditor Agreement (or any amendments thereto or any document entered into in replacement thereof) or any provisions of the Indenture affecting the ranking of such Notes, in each case in a manner that directly and adversely affects the rights of Noteholders;

(9) release any Lien over the Collateral granted for the benefit of the Noteholders other than in accordance with the terms of the Indenture, the Collateral Agency and Intercreditor Agreement and the other Security Documents;

(10) waive an Indenture Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of Notes by the Majority Noteholders of such Notes and a waiver of the Default that resulted from such acceleration); or

(11) materially increase the discretionary authority of the Indenture Trustee.

Subject to the terms of the Collateral Agency and Intercreditor Agreement, the Required Debtholders may, on behalf of the Noteholders of all such Notes, waive any past Defaults under the Indenture, except:

(1) as restricted in clause (10) of the immediately preceding paragraph of this provision; or

(2) as to a Default in respect of a covenant or provision which under the Indenture or the other Notes Documents cannot be modified or amended without the consent of all Noteholders of the outstanding Notes affected thereby (with respect to any Notes held by a non-consenting Noteholder).

After an amendment, supplement or waiver which requires the consent of the Noteholders becomes effective, the Issuer shall mail to the Noteholders affected thereby a notice briefly describing the amendment, supplement or waiver. The Issuer shall also provide a copy of any such notice to the Rating Agencies then providing ratings on the Notes. Any failure of the Issuer to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver.

Without the Consent of the Noteholders

Notwithstanding the terms under the caption "—With the Consent of the Noteholders" above, but subject to the terms of the Indenture, the Issuer, the Guarantors and the Indenture Trustee are permitted to amend or supplement the Indenture or agree to an amendment or supplement to the Collateral Agency and Intercreditor Agreement or any other Security Document (including providing any vote or direction to the Intercreditor Agent as necessary under the Collateral Agency and Intercreditor Agreement), as the case may be, without the consent of any Noteholder, in order to:

(1) cure any ambiguity, omission, defect or inconsistency;

(2) provide for or facilitate the issuance of uncertificated notes in addition to or in place of certificated notes; *provided* that the uncertificated notes are issued in registered form for purposes of Section 163(f) of the Code or in a manner such that the uncertificated notes are described in Section 163(f)(2)(B) of the Code;

(3) provide for the assumption of the Issuer's or a Guarantor's obligations to Noteholders in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Guarantor's assets in accordance with the terms of the Indenture or to provide for the replacement and substitution of the Issuer by a Substitute Issuer in connection with a Permitted Merger and to make all other modifications to the Indenture, the Notes, the Note Guarantees and the Security Documents to the extent reasonably required to effectuate such Permitted Merger in accordance with the provisions set forth under the caption "—Substitution of the Issuer";

(4) make any change that would provide any additional rights or benefits to Noteholders, to surrender any power conferred upon the Issuer or any Guarantor, or that does not directly and adversely affect the legal rights under the Indenture of any such Noteholder;

(5) to provide for any guarantee of the Notes, to secure the Notes or to confirm and evidence the release, termination or discharge of any guarantee of or Lien securing the Notes when such release, termination or discharge is permitted by the Indenture;

(6) to add to the covenants of the Issuer for the benefit of the Noteholders;

(7) to surrender any right conferred upon the Issuer;

(8) provide for a successor Indenture Trustee in accordance with the provisions of the Indenture or other successor agent under any Financing Document pursuant to the requirements thereof;

(9) to add any additional parties to the Collateral Agency and Intercreditor Agreement or the other Security Documents with respect to the incurrence of any Permitted Pari Passu Secured Indebtedness permitted to be incurred under the Indenture or to make any other amendments to the Security Documents or the Indenture necessary to permit the creation and registration of Liens on the Collateral to secure Permitted Pari Passu Secured Indebtedness permitted to be incurred under the Indenture;

(10) to comply with the rules of any applicable depositary or of any securities exchange on which the Notes may be listed;

(11) to make any other change that does not materially adversely affect the rights of any Noteholder;

(12) conform the text of the Indenture, the Notes, the Note Guarantees or the Security Documents to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Notes, the Note Guarantees or the Security Documents and the Indenture Trustee has received an Officer's Certificate from the Issuer to this effect; or

(13) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation, to facilitate the issuance and administration of the Notes or, if incurred in compliance with the Indenture, Additional Notes; *provided*, *however*, that (a) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (b) such amendment does not materially directly and adversely affect the rights of Noteholders to transfer Notes.

In executing any amendment, waiver or supplemental indenture to the Indenture or agreeing to an amendment or supplement to the Collateral Agency and Intercreditor Agreement or any other Security Document (including providing any vote or direction to the Intercreditor Agent as necessary under the Collateral Agency and Intercreditor Agreement), the Indenture Trustee will be entitled to receive (and, if applicable, the Intercreditor Agent and any Collateral Agent will also be entitled to rely upon) an Officer's Certificate and an opinion of counsel, each stating that such amendment, waiver or supplemental indenture or amendment or supplement to the Collateral Agency and Intercreditor Agreement or any other Security Document is authorized or permitted by the Indenture and/or the Security Documents, as the case may be, and that all covenants and conditions precedent to such amendment, supplement or waiver under the Indenture and the Security Documents have been complied with.

Form of Consent

The consent of the Noteholders will not be necessary under the Indenture to approve the particular form of any proposed amendment. It will be sufficient if such consent approves the substance of the proposed amendment.

None of the Issuer, the Guarantors or any of their Affiliates may, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or agreed to be paid to all holders of the Notes that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to the consent, waiver or amendment.

No Personal Liability of Directors, Officers, Employees and Stockholders

No past, present or future director, officer, manager, employee, incorporator, member, partner, controlling person or stockholder of the Issuer or any Guarantor, in such role, will have any liability for any obligations of the Issuer or such Guarantor under the Indenture or any other Notes Document or for any claim based on, in respect of, or by reason of, such obligations or their creation.

Each Noteholder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Judgment Currency

The Notes Documents will provide that the transactions contemplated thereby are part of an international transaction in which the specification of U.S. Dollars and payment in the United States is of the essence, and the obligations of each of the Issuer and the Guarantors under the Indenture and the other Notes Documents to make payment to (or for the account of) the Indenture Trustee and each Noteholder (each, an "*Entitled Person*") in U.S. Dollars will not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any other currency or in another place except to the extent that such tender or recovery results in the effective receipt by the Entitled Persons in the United States of the full amount of U.S. Dollars payable to the Entitled Persons under the Notes Documents. If for the purpose of obtaining or enforcing judgment in any court it is necessary to convert a sum due under any Notes Document in U.S. Dollars into another currency (for the purposes of this "Judgment Currency" provision, hereinafter the "*judgment currency*"), the rate of exchange which will be applied will be that at which, in accordance with normal banking procedures, the Entitled Persons could purchase such U.S. Dollars in the United States with the judgment currency on the Business Day prior to the day on which such judgment is rendered. The obligation of each of the Issuer and the Guarantors in respect of any such sum due from it to the Entitled Persons under the Notes Documents will, notwithstanding the rate of exchange actually applied in rendering such judgment, be discharged only to the extent that on the Business Day following the receipt by such Entitled Person of any sum adjudged to be due under the Notes Documents in the judgment currency such Entitled Person may in accordance with normal banking procedures purchase and transfer U.S. Dollars to the United States with the amount of the judgment currency so adjudged to be due; and the Issuer and each Guarantor will, as a separate obligation and notwithstanding any such judgment, agree to indemnify such Entitled Person on demand, in U.S. Dollars, for the amount (if any) by which the sum originally due to such Entitled Person in U.S. Dollars under the Notes Documents exceeds the amount of the U.S. Dollars so purchased and transferred.

Governing Law; Agent for Service of Process

Each Notes Document is governed by, and will be construed in accordance with, the laws of the State of New York; *provided*, *however*, that all matters governing the authorization and execution of the Indenture and the Notes by the Issuer and the authorization and execution of the Indenture and the Note Guarantees by each Guarantor will be governed by and construed in accordance with the Applicable Laws of the Grand Duchy of Luxembourg, with respect to the Issuer, the Netherlands, with respect to the Dutch HoldCo Guarantor and Mexico, with respect to the Mexican HoldCo Guarantor and the OpCo Guarantor. For the avoidance of doubt, the application of provisions of articles 470-1 to 470-19 (inclusive) of the Luxembourg law of August 10, 1915 on commercial companies, as amended is expressly excluded.

Each of the Issuer and the Guarantors will irrevocably and unconditionally submit (and each Noteholder, by acquiring a Note or a beneficial interest therein or otherwise accepting the benefits of the Indenture and the other Notes Documents, will be deemed to irrevocably and unconditionally submit) to the jurisdiction of the United States District Court for the Southern District of New York or of any New York State court (in either case sitting in Manhattan, New York City) and will, and will be deemed to have, expressly waived the right to any other jurisdiction to which it may be entitled by reason of domicile or any other reason; *provided, however,* that (i) in any controversy, dispute or claim brought against the Onshore Collateral Agent, each of the parties to the Collateral Agency and Intercreditor Agreement will accept, generally and unconditionally, the jurisdiction of the federal courts of Mexico located in Mexico City to settle any dispute that involves the Onshore Collateral Agent and for such sole purpose

irrevocably submit to the jurisdiction of such courts and (ii) each of the parties thereto will expressly waive the right to any other jurisdiction to which it may be entitled by reason of law, of domicile or any other reason. Each of the Issuer and the Guarantors will irrevocably waive (and each Noteholder, by acquiring a Note or a beneficial interest therein or otherwise accepting the benefits of the Indenture and the other Notes Documents, will be deemed to irrevocably waive), to the fullest extent permitted by Applicable Law, any objection that it may now or thereafter have to the laying of the venue of any such proceeding brought in such a court, any claim that any such proceeding brought in such a court has been brought in an inconvenient forum and any objection based on place of residence or domicile. Each of the Issuer and the Guarantors will irrevocably designate and appoint Cogency Global Inc., with offices at 122 East 42nd Street, 18th Floor, New York, NY 10168 as its authorized agent for receipt of service of process in any such suit, action or proceeding.

The Mexican Security Documents (and any documents provided thereunder) will be governed by the laws of Mexico, the Dutch Security Document (and any documents provided thereunder) will be governed by the laws of the Netherlands and the Luxembourg Security Documents (and any documents provided thereunder) will be governed by the laws of the Grand Duchy of Luxembourg.

No Immunity

The Notes Documents will provide that to the extent that the Issuer or any Guarantor may be entitled, in any jurisdiction in which judicial proceedings may at any time be commenced with respect to the Indenture or any other Notes Document, to claim for itself or its revenues, assets or Properties any immunity from suit, the jurisdiction of any court, attachment prior to judgment, attachment in aid of execution of judgment, set-off, execution of a judgment or any other legal process, and to the extent that in any such jurisdiction there may be attributed to such Person such an immunity (whether or not claimed), each of the Issuer and the Guarantors hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity to the fullest extent permitted by the law of the applicable jurisdiction.

Concerning the Indenture Trustee

The Majority Noteholders will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Indenture Trustee or the exercise of any trust or power conferred upon the Indenture Trustee, subject to certain exceptions and conditions as stated in the Indenture. The Indenture provides that in case an Indenture Event of Default occurs and is Continuing, the Indenture Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of his own affairs. The Indenture Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Noteholder, unless such Noteholder has offered to the Indenture Trustee security and indemnity satisfactory to it against any claim, loss, liability or expense.

In executing or agreeing to any amendment to the Indenture (including a supplemental indenture), the Notes, the Note Guarantees or the Security Documents, the Indenture Trustee will be entitled to receive, and will be fully protected in relying upon, an Officer's Certificate and a New York law opinion of New York counsel stating that the execution of such amendment or supplemental indenture is authorized and permitted by the Indenture and the Collateral Agency and Intercreditor Agreement and that all conditions precedent with respect to such amendment or supplemental indenture have been complied with.

In determining whether the holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Issuer or any of its Affiliates shall be disregarded, except that, for the purposes of determining whether the Indenture Trustee shall be protected in conclusively relying on any such direction, waiver or consent, Notes that an Authorized Officer of the Indenture Trustee actually knows are so owned shall be disregarded.

Additional Information

Copies of the Notes Documents, as well as copies of the Issuer's organizational documents will be made available for inspection upon request to the Issuer at its address listed on the inside back cover page of this Offering Memorandum, subject an acknowledgment of confidentiality.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, rules of interpretation as well as any other capitalized terms used herein for which no definition is provided.

"*Acceptable Issuer*" means a bank or financial institution with a long-term unsecured debt (unenhanced) credit rating of at least BBB+ from Fitch, Baa1 from Moody's and BBB+ from S&P.

"*Accounting Standards*" means (i) in the case of the Issuer, IFRS, (ii) in the case of the OpCo Guarantor, IFRS, (iii) in the case of Mexican HoldCo Guarantor, Mexican GAAP and (iv) in the case of the Dutch HoldCo Guarantor, Dutch GAAP.

"*Additional Amounts*" has the meaning set forth under the caption "—Additional Amounts."

"*Additional Indebtedness Document*" means any indenture, trust deed, note, credit agreement or other instrument pursuant to which the Issuer or any Guarantor incurs Permitted Pari Passu Secured Indebtedness from time to time.

"*Additional Material Project Documents*" means any (i) Replacement Material Project Document, or (ii) contract or agreement entered into after the Issue Date in respect of the ownership, construction, operation, maintenance, modification or administration of the Project that is material to the OpCo Guarantor or the Project; *provided* that none of the following contracts and agreements shall be deemed to constitute an Additional Material Project Document:

(1) contracts and agreements for goods and services that are readily replaceable on an arm's length basis in the ordinary course of business so long as entering into such contract would not reasonably be expected to cause a Material Adverse Effect (including, without limitation, contracts for the maintenance and repair of the OpCo Guarantor's turbines, generators, heat recovery steam generators, transformers, pumps and electric switch gears);

(2) contracts and agreements providing for the OpCo Guarantor (x) to make payments of less than US$10 million per annum or (y) to receive goods and services the value of which is less than US$10 million per annum; and

(3) any Additional PPA.

"*Additional Notes*" has the meaning set forth under the caption "—Further Issues."

"*Additional PPA*" means any additional agreement for the purchase and sale of all or a part of the remaining capacity and energy of the power plant (approximately 250 MW) entered into by the OpCo Guarantor with Qualified Suppliers, including the Initial Additional PPAs.

"*Additional Required Debt Service Reserve Accounts*" means any debt service reserve account established from time to time by the Mexican Security Trustee, at the request of the Issuer or any Guarantor in accordance with the terms of the Amended and Restated Mexican Trust Agreement and any Additional Indebtedness Documents.

"*Additional Senior Debt Accounts*" has the meaning set forth under the caption "—Security—Accounts."

"*Additional Senior Indebtedness*" means Indebtedness that the Issuer or any Guarantor may incur if:

(1) immediately after giving effect to the incurrence of such Indebtedness, no Default or Indenture Event of Default has occurred and shall be Continuing; and

(2) after giving *pro forma* effect to the incurrence thereof and the application of the proceeds therefrom (excluding the aggregate amount of any Debt Service Reserve Requirement), the Issuer has obtained a Ratings Affirmation in connection with such incurrence.

"*Administrative Agent*" means the administrative agent for the Lenders and the issuing banks under the Operating Credit Agreement.

"*Affiliate*" means, with respect to any Person, another Person that directly or indirectly Controls, or is under common Control with, or is Controlled by, such Person and, if such Person is an individual, any member of the immediate family (including parents, spouse, children and siblings) of such individual and any trust whose principal beneficiary is such individual or one or more members of such immediate family and any Person who is Controlled by any such member or trust.

"*Amended and Restated Mexican Trust Agreement*" means the *Contrato de Fideicomiso Irrevocable de Administración y Garantía Identificado Bajo el Número* F/3189, dated as of June 19, 2017 and as amended and restated on or about the Issue Date, by and among the Issuer, the Guarantors and the FEL V Sponsor, as settlors and second beneficiaries, the Mexican Security Trustee, as trustee, and the Onshore Collateral Agent, as first beneficiary, as further amended, restated, supplemented, modified or replaced from time to time.

"*Applicable Law*" shall mean any constitution, statute, law, rule, regulation, ordinance, judgment, order, permit, decree or any published directive, guideline, requirement or other governmental rule or restriction which in each case, has the force of law in any jurisdiction, including all Environmental Laws and any determination by or interpretation of any of the foregoing by, any judicial or regulatory authority, binding on a given Person as of any relevant date whether in effect as of the date hereof or as of any date thereafter.

"*Asset Sale*" means any sale, issuance, conveyance, transfer, lease or other disposition (including by way of merger, consolidation or sale and leaseback transaction), directly or indirectly, in one or a series of related transactions of the Properties or assets of the Issuer or any Guarantor to a Person that is not the Issuer or a Guarantor; *provided* that Asset Sale shall not include any Permitted Asset Sale.

"*Assignee*" means, as of any date of determination, (a) (i) an Affiliate of the CFEC PPA Guarantor so long as the CFEC PPA Guarantor's guarantee under the CFEC PPA covers such Affiliate and remains in full force and effect or (ii) any other Person (A) (1) that is rated the lesser of (x) investment grade and (y) CFE's then-current rating if such rating is less than an Investment Grade Rating or (2) whose payment obligations are guaranteed by a person who has the rating set forth in clause (ii)(A) and (b) solely in the case of an assignee of the CFEC PPA, meets the requirements for an assignee set forth in the CFEC PPA and (ii) does not trigger a decrease in the rating of the Notes by one or more gradations by at least two Rating Agencies (if the Notes are then by two or more Rating Agencies) or one Rating Agency (if the Notes are then rated by only one Rating Agency) within 60 days after the date the Issuer notifies any Rating Agency then rating the Notes of the applicable assignment of the CFEC PPA unless before such decrease in the rating of the Notes, the Issuer has obtained a Ratings Affirmation.

"*Authorized Officer*" means (a) with respect to the Issuer or any Guarantor, any of its general or managing director, manager, authorized signatory, president, vice president, treasurer, assistant treasurer, chief financial officer, secretary, alternate secretary or attorney-in-fact with sufficient authority of the Issuer from time to time and (b) with respect to any other Person, the general director, the president, any vice president, secretary, chief accountant, treasurer, attorney-in-fact with sufficient authority or any other officer of such Person: (i) to whom a matter relating to the Project is referred because of such officer's responsibility for overseeing the administration of, and reviewing compliance with, the Material Project Documents or (ii) with respect to any financial matters, the chief financial officer of such Person, as the context may require.

"*Available Cash*" means, as of any date of determination, any amount standing to the credit of the Lock-Up Account.

"*Average Life*" means, as of any date of determination, with respect to any Indebtedness, the quotient obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (rounding to the nearest one twelfth of one year) from the date of determination to the dates of each remaining scheduled principal payment (including the payment at final maturity) of such

Indebtedness multiplied by the amount of such payment, by (b) the then outstanding principal amount of such Indebtedness.

"*Bankruptcy*" means with respect to any Person, the occurrence of any of the following events, conditions or circumstances:

(1) such Person shall file a voluntary petition in bankruptcy, or shall file any petition or answer or consent seeking any reorganization, rescheduling, adjudication, arrangement, adjustment, composition, insolvency, *concurso mercantil*, *quiebra*, moratorium, liquidation, receivership, dissolution, bankruptcy or similar relief for itself under the Bankruptcy Code, the Mexican Law of Reorganization Proceedings (*Ley de Concursos Mercantiles*) or any present or future applicable federal, state or other statute or law in any applicable jurisdiction relating to bankruptcy, insolvency, reorganization, or other relief for debtors generally, or shall apply for or consent to the appointment of any trustee, receiver, conservator, *conciliador*, *síndico, visitador, interventor* or liquidator of such Person or of all or any substantial part of its assets;

(2) a case or other proceeding shall be commenced against such Person in a court of competent jurisdiction without the consent or acquiescence of such Person seeking any reorganization, rescheduling, adjudication, arrangement, adjustment, composition, insolvency, *concurso mercantil*, *quiebra*, moratorium, liquidation, receivership, dissolution, bankruptcy or similar relief with respect to such Person or its debts under the Bankruptcy Code, the Mexican Law of Reorganization Proceedings (*Ley de Concursos Mercantiles*) or any present or future applicable federal, state or other statute or law in any applicable jurisdiction relating to bankruptcy, insolvency, reorganization, or other relief for debtors generally, or seeking the appointment of a trustee, receiver, liquidator, *conciliador*, *síndico*, *visitador*, *interventor* custodian or other similar official of it or any substantial part of its assets, or seeking execution or distress to be levied or enforced over such Person's assets, and such involuntary case or other proceeding shall remain undismissed or unstayed for a period of 90 consecutive days;

(3) a court of competent jurisdiction shall enter an order, judgment or decree approving a petition with respect to such Person seeking a reorganization, rescheduling, adjudication, arrangement, composition, readjustment, moratorium, liquidation, *concurso mercantil*, *quiebra*, dissolution, bankruptcy, or similar relief under the Bankruptcy Code, the Mexican Law of Reorganization Proceedings (*Ley de Concursos Mercantiles*) or any other present or future applicable federal, state or other statute or law in any applicable jurisdiction relating to bankruptcy, insolvency, reorganization or other relief for debtors, and such Person shall consent to the entry of such order, judgment or decree or such order, judgment or decree shall remain undischarged, unvacated or unstayed for 90 days (whether or not consecutive) from the date of entry thereof, or any trustee, receiver, conservator, *conciliador, síndico*, *visitador, interventor* or liquidator of such Person or of all or any substantial part of its assets shall be appointed without the consent of such Person and such appointment shall remain undischarged, unvacated and unstayed for an aggregate of 90 days (whether or not consecutive), or distress or execution is levied or enforced over such Person's assets which remains undischarged for 90 days (whether or not consecutive);

(4) such Person shall make a general assignment for the benefit of creditors or take any other similar action for the protection or benefit of creditors; or

(5) such Person shall take any corporate or partnership action for the purpose of effecting any of the foregoing.

Where it relates to a Luxembourg entity, a reference to:

(1) a moratorium of any indebtedness, winding-up, administration or dissolution includes, without limitation, bankruptcy "*faillite*," insolvency, voluntary or judicial liquidation "*liquidation volontaire ou judiciaire*," composition with creditors "*concordat préventif de la faillite*," moratorium or reprieve from payment "*sursis de paiement*," controlled management "*gestion contrôlée*," fraudulent conveyance "*actio pauliana*," general settlement with creditors, reorganization or similar laws affecting the rights of creditors generally;

(2) a receiver, administrative receiver, administrator or the like includes, without limitation, a "*juge délégué*," "*commissaire*," "*juge-commissaire*," "*liquidateur*," or "*curateur*;"

(3) a security interest includes any "*hypothèque*," "*nantissement*," "*gage*," "*privilège*," "*sûreté réelle*," "*droit de rétention*," and any type of real security "*sûreté réelle*" or agreement or arrangement having a similar effect and any transfer of title by way of security;

(4) a person being unable to pay its debts includes that person being in a state of cessation of payments "*cessation de paiements*;"

(5) by-laws or constitutional documents includes its up-to-date (restated) articles of association (*statuts coordonnés*); and

(6) a director includes a "*gérant*" or an "*administrateur*;"

in each case, within the meaning of the laws of the Grand Duchy of Luxembourg.

"*Bankruptcy Code*" means the Bankruptcy Reform Act of 1978, as amended, and codified as 11 U.S.C. §§ 101 et seq.

"*beneficial owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "beneficially owns" and "beneficially owned" have a corresponding meaning.

"*Blackstone*" means any of (or any combination of) Blackstone Capital Partners VII L.P., or Blackstone Energy Partners II L.P.

"Board of Directors" means:

(1) with respect to a corporation, the board of directors or managers of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a limited partnership, the board of directors or the board of managers of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Business Day*" means a day other than a Saturday, Sunday or other day on which banking institutions are authorized or required by law to close in each of New York City or Mexico City and, with respect to payments to or withdrawals from any account, a day on which the financial institution at which such account is located is open for business.

"*Calculation Period*" means, with respect to any calculation date, the period commencing twelve (12) months prior to, and ending on, such calculation date.

"Capital Stock" means:

(1) in the case of a corporation, shares or corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest, equity interest, *acciones*, *partes sociales* or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Collateral Account*" means any deposit or securities account established in the name of the Issuer or any Guarantor in order to hold cash or cash equivalents for the benefit of (a) the Lenders and the issuing banks party to the Operating Credit Agreement from time to time or (b) the issuer of any other letter of credit permitted under the definition of "Permitted Indebtedness."

"*Cash Equivalents*" means:

(1) Pesos, U.S. Dollars or money in other currencies received in the ordinary course of business that are readily convertible into U.S. Dollars;

(2) securities issued or directly and fully guaranteed or insured by the government of Mexico or the United States, or any agency or instrumentality thereof, *provided* that the full faith and credit of Mexico or the United States, as applicable, is pledged in support thereof;

(3) (i) demand deposits, (ii) time deposits and certificates of deposit with maturities of one year or less from the date of acquisition, (iii) bankers' acceptances with maturities not exceeding one year from the date of acquisition, and (iv) overnight bank deposits, in each case with any bank or trust company organized or licensed under the laws of Mexico or the United States or any political subdivision thereof having capital, surplus and undivided profits in excess of US$500 million whose long-term indebtedness is rated AA- (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined under Rule 436 of the Securities Act);

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper rated at least F1 by Fitch, Prime-1 by Moody's or A-1 by S&P and, in each case, maturing within one year after the date of acquisition; and

(6) money market funds; *provided* that at least 95% of the assets of such funds constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition.

"*Cash Flow Available for Debt Service*" means, for any period, the excess of: (a) Revenues for such period over (b) the sum of Operating Expenses for such period.

"*CENACE Accounts*" means the bank accounts established by the OpCo Guarantor with two different banks in Mexico, selected by the OpCo Guarantor at its own discretion, to comply with the OpCo Guarantor's obligations under the Market Participant Agreement, the rights in which accounts the OpCo Guarantor has pledged in favor of the Onshore Collateral Agent pursuant to the New Borrower Pledge Agreement, and which accounts are used by the OpCo Guarantor only for the purpose of receiving payments (including any revenues received in each such account obtained by the OpCo Guarantor from the sale of excess generation capacity in power and capacity in the Mexican Electricity Market, which revenues are not paid pursuant to any PPA) from, and making payments due to, CENACE under the Market Participant Agreement.

"*CFE*" means the Mexican Federal Electricity Commission (*Comisión Federal de Electricidad*).

"*CFEC*" means CFE Calificados, S.A. de C.V., a subsidiary of CFE.

"*CFEC PPA*" means the Agreement for the Purchase and Sale of Capacity and Energy, dated as of December 5, 2016, between the OpCo Guarantor and CFEC, pursuant to which CFEC agrees to offtake 600 MW per annum for twenty years from the Project.

"*CFEC PPA Guarantee*" means the CFEC PPA Guarantor's guarantee of CFEC's payment obligations under the CFEC PPA pursuant to a *Garantía Corporativa* issued in accordance with the requirements of the CFEC PPA.

"*CFEC PPA Guarantor*" means CFE.

"*CFEnergía*" means CFEnergía, S.A. de C.V., a subsidiary of CFE.

"*Change of Control*" means, at any time, (i) an Eligible Sponsor ceases to beneficially own, directly or indirectly, more than 50% of the voting Equity Interests of the Issuer or (ii) the Issuer ceases to beneficially own, directly or indirectly, 99.5% of the voting Equity Interests of each Guarantor. For the avoidance of doubt, any Permitted Merger shall not be a "Change of Control."

"*Change of Control Offer*" has the meaning set forth under the caption "—Repurchase upon a Change of Control Triggering Event."

"*Change of Control Offer Date*" has the meaning set forth under the caption "—Repurchase upon a Change of Control Triggering Event."

"*Change of Control Offer Period*" has the meaning set forth under the caption "—Repurchase upon a Change of Control Triggering Event."

"*Change of Control Offer Price*" has the meaning set forth under the caption "—Repurchase upon a Change of Control Triggering Event."

"*Change of Control Triggering Event*" means the consummation of any transaction that results in a Change of Control and a Ratings Downgrade.

"*Clearstream*" means Clearstream Banking, société anonyme (or any successor securities clearing agency).

"*Code*" means the U.S. Internal Revenue Code of 1986, as amended.

"*Collateral*" means the Non-Mexican Collateral and the Mexican Collateral.

"*Collateral Agency and Intercreditor Agreement*" means the collateral agency and intercreditor agreement dated on or about the Issue Date, by and among the Issuer, the Guarantors, the Administrative Agent, the Indenture Trustee, the Intercreditor Agent, the Collateral Agents and the other Senior Creditor Group Representatives party thereto, as amended, supplemented, modified, restated or replaced from time to time.

"*Collateral Agents*" means, collectively, the Onshore Collateral Agent and the Offshore Collateral Agent.

"*Combined Exposure*" means, as of any date of calculation, the sum (calculated without duplication) of the following: (a) the aggregate outstanding principal amount of Loans, unreimbursed LC Disbursements, the aggregate available undrawn amount of the Letters of Credit and the available undrawn commitments under the Operating Credit Agreement; and (b) the aggregate outstanding principal amount of the Notes.

"*Commodity Hedge*" any agreement (including each confirmation entered into pursuant to any master agreement or similar agreement, any tariff or other quasi-governmental binding agreement), whether settled financially or physically, providing for any swap, cap, collar, put, call, floor, future, option, spot, forward, credit

sleeve, power and/or capacity purchase and sale agreement (including, but not limited to, any physical call option and any heat rate option), tolling agreement, fuel purchase and sale agreement, emissions credit purchase and sale agreement, energy credit purchase and sale agreements, power transmission agreement, fuel transportation agreement, pipeline capacity agreement, fuel storage agreement, netting agreement or similar agreement entered into in respect of any commodity, and any agreement (including, but not limited to, any guarantee, credit sleeve or similar arrangement) providing for credit support for any of the foregoing.

"*Construction Hedging Agreement*" means each non-speculative interest rate hedge agreement to protect against the risk of interest rate fluctuation in relation to the Construction Loan, dated as of June 19, 2017, entered into between the OpCo Guarantor and each hedging bank party thereto.

"*Construction Loan*" means the mini-permanent non-recourse senior loan facility, dated as of June 19, 2017, entered into among the OpCo Guarantor, Société Générale as administrative agent, the several lenders party thereto from time to time and each other Person party thereto from time to time, including (i) a term loan facility and (ii) a letter of credit facility.

"*Continuing*" means with respect to any Default, Event of Default or other comparable event of default under any other Senior Debt Instrument, that such event of default has occurred and has not been waived or cured.

"*Contractual Service Agreement*" means the Contractual Service Agreement, dated as of May 8, 2017, between the OpCo Guarantor and General Electric Global Services GmbH.

"*Control*" of a Person means the power to direct the management and policies of that Person, directly or indirectly, whether through the ownership of voting securities, by operation of law, by contract (including pursuant to a partnership or similar agreement) or otherwise; and the terms "*Controlling*" and "*Controlled*" have corresponding meanings to the foregoing.

"*Corresponding Debt*" has the meaning set forth under the caption "—Security—Security Interests."

"*Covenant Defeasance*" has the meaning set forth under the caption "—Legal Defeasance and Covenant Defeasance."

"*Currency Hedges*" means any Derivative Transaction for the purpose of hedging currency exposure.

"*CUSIP*" means the nine-digit, alphanumeric code that identifies securities, provided by the Committee on Uniform Securities Identification Procedures.

"*Debt Service*" means, for any period, without duplication, all scheduled principal, interest, premium (if any), taxes (including any Additional Amounts or similar payments under other Indebtedness) and fees due and payable under the Notes and the other Financing Documents and all other Senior Debt due during such period.

"*Debt Service Accrual Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Debt Service Application*" shall mean the application of available funds in any Debt Service Accrual Account, in the order of the following priority:

First, to (on a *pro rata* basis to the extent of insufficient funds) (a) the DTC and the Secured Parties specified by the Issuer to the accounts designated in writing by the Issuer, for application to the payment of interest expense then due and payable under the Senior Debt Instruments and (b) each Hedging Bank party to Interest Rate Hedges for the payment of any Ordinary Course Settlement Payments then due and payable; and

Second, after the application of funds provided in clause First, to (on a *pro rata* basis to the extent of insufficient funds) (a) the DTC and the Secured Parties specified by the Issuer to the accounts designated

in writing by the Issuer, for application to the payment of any principal (or any unreimbursed LC Disbursements) under the Senior Debt Instruments then due and payable thereunder and (b) each Hedging Bank, for payment of any Hedging Termination Amounts then due and payable under the Interest Rate Hedges.

"*Debt Service Coverage Ratio*" means for any Calculation Period or other period, (x) Cash Flow Available for Debt Service for such period *divided by* (y) the Debt Service payable in such period.

"*Debt Service Reserve Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Debt Service Reserve Requirement*" means, as of any date of determination, an amount equal to (a) the sum of all payments of scheduled principal due and payable in the next six months after such date *plus* (b) the sum of all interest accruing during such period, each in respect of the Notes.

"*Decision*" means any notice, consent, decision, approval, instruction, judgment, direction, objection or Modification.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Indenture Event of Default.

"*Derivative Transaction*" shall mean: (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement; (b) any and all Commodity Hedges, and (c) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "*Master Agreement*"), including any such obligations or liabilities under any Master Agreement.

"*Discharge Date*" means:

(1) with respect to the Senior Debt Obligations under a Senior Debt Instrument (other than Permitted Hedging Instruments), the date on which such Senior Debt Obligations thereunder shall have been unconditionally paid or discharged in full in cash (other than Senior Debt Obligations thereunder that by their terms survive and with respect to which no claim has been made by the applicable Senior Creditor) and the commitments under the Operating Credit Agreement shall have been terminated, expired or been reduced to zero;

(2) with respect to the Senior Debt Obligations under a Permitted Hedging Instrument, the date on which such Senior Debt Obligations thereunder shall have been unconditionally paid or discharged in full in cash (other than Senior Debt Obligations thereunder that by their terms survive and with respect to which no claim has been made by the applicable Senior Creditor) and such Permitted Hedging Instrument shall have terminated or expired; and

(3) with respect to all Senior Debt Obligations, collectively, the date on which each of the above shall have occurred with respect to each then-existing Senior Debt Instrument and any other Senior Debt Obligations owing to the Secured Parties shall have been unconditionally paid or discharged in full in cash (other than Senior Debt Obligations that by their terms survive and with respect to which no claim has been made by the applicable Secured Party).

"*disposition*" with respect to any Property means, any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition thereof. The terms "*dispose*" and "*disposed of*" will have correlative meanings.

"*Distribution*" means, with respect to any Person, (a) the declaration and payment of distributions, dividends or any other payment made in respect of equity or loans in cash, Property, obligations or other notes, (b) any payment of the principal of, or interest or premium, if any on, any Subordinated Indebtedness, and (c) the making of any payments, loans or advances to any Affiliate (other than the Intercompany Receivable or any Material Project Document, in each case, in existence on the Issue Date) but, for the avoidance of doubt, will exclude (i) any payments made by the Issuer under the Management Services Agreement (or any replacement thereof that meets the requirements of the "—Limitation on Transactions with Affiliates" covenant and does not increase the fees payable thereunder), (ii) transfers among the Debt Service Accrual Accounts, (iii) payments, loans or advances by the Issuer or any Guarantor to the Issuer or any other Guarantor and (iv) Prior Reinvestment Reimbursements.

"*Distribution Conditions*" has the meaning set forth under the caption "—Certain Covenants—Limitations on Distributions."

"*Distribution Date*" has the meaning set forth under the caption ""—Certain Covenants—Limitations on Distributions."

"*Distributions Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Dollar Casualty and Compensation Proceeds Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Dollar Operating Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Dollar Revenue Account*" has the meaning set forth under the caption "—Security—Accounts."

"*DTC*" means The Depository Trust Company.

"*Dutch GAAP*" means the generally accepted accounting principles in the Netherlands (as amended, supplemented or re-issued from time to time) applied on a consistent basis both as to classification of items and amounts.

"*Dutch HoldCo Debt Service Accrual Accounts*" has the meaning set forth under the caption "—Security—Accounts."

"*Dutch HoldCo Dollar Debt Service Accrual Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Dutch HoldCo Guarantor*" means FEN Energy V B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, having its official seat (*statutaire zetel*) in Amsterdam, the Netherlands, registered with the Dutch trade register under number 61534625, and any permitted successor or assign.

"*Dutch HoldCo Peso Debt Service Accrual Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Dutch Security Document*" means the Dutch law deed of pledge over shares in the capital of the Dutch HoldCo Guarantor by and between the Issuer, as pledgor, the Offshore Collateral Agent as pledgee and the Dutch HoldCo Guarantor as the company.

"*Ektria*" means Ektria Suministro, S. de R.L. de C.V., an Affiliate of the Sponsors that acts as "Qualified Supplier" in the Mexican Electricity Market, or any other Affiliate designated by the Sponsors to act as such.

"*Eligible Sponsor*" means any Person that is either (a) any Affiliate of the Sponsors that is majority owned and Controlled by Blackstone or (b) a Person that satisfies one of the following criteria (with such satisfaction being determined as set forth below):

(1) an entity with sufficient expertise in the operation of gas-fired power stations and that meets adequate financial and solvency conditions; or

(2) a financial investor that meets adequate financial and solvency conditions and that contracts as operator(s) of the Project an entity or entities with sufficient expertise in the operation of gas-fired power stations; or

(3) as otherwise approved by the Intercreditor Agent, acting at the direction of the Required Debtholders.

For purposes of determining whether an entity or a financial investor satisfies the above criteria for being an Eligible Sponsor, an entity or financial investor shall have "sufficient expertise in the operation of gas-fired power stations" if:

(1) it and/or its Affiliates have experience in operating gas-fired power stations (i.e., at least one conventional generation asset) with an aggregate installed capacity of at least 800 MW in aggregate for at least two consecutive years in the previous five years; or

(2) otherwise if the Issuer has demonstrated to the Intercreditor Agent's satisfaction (at the instruction of the Required Debtholders) that such entity has sufficient operating expertise.

An entity shall meet "adequate financial and solvency conditions" if:

(1) with respect to entities that are not financial funds, it and/or its Affiliates have (x) an enterprise value as of a date not more than six (6) months prior to the date of the relevant transaction in an aggregate amount not less than US$600 million, or (y) an Investment Grade Rating on its long-term unsecured dollar-denominated debt from at least two Rating Agencies; or

(2) with respect to entities that are financial funds, it and/or its Affiliates has currently invested and/or unfunded capital commitments of at least US$600 million.

"*Enforcement Proceeds Account*" has the meaning set forth under the caption "—Enforcement of Security Interests—Order of Application."

"*Entitled Person*" has the meaning set forth under the caption "—Judgment Currency."

"*Environmental Law*" means any applicable federal, state or local statute, law, rule, regulation, ordinance, code and common law now or hereafter in effect and in each case as amended, and any applicable binding judicial or administrative interpretation thereof, including any applicable binding judicial or administrative order, consent decree or judgment, relating to the protection of the environment, including, ambient air, surface water, groundwater, land surface and subsurface strata and natural resources such as wetlands, or human health or safety (to the extent relating to the handling of or human exposure to Hazardous Materials).

"*EPC Contract*" means the Engineering, Design, Procurement, Construction, Start-Up and Commissioning Agreement, dated as of May 3, 2017, by and between the EPC Contractors and the OpCo Guarantor.

"*EPC Contractors*" means, collectively, Treunidas México Ingeniería y Construcción, S.A. de C.V. and Técnicas Reunidas, S.A. and "*EPC Contractor*" shall mean any of them.

"*EPC Guaranty*" means the parent company guaranty (*Garantía Corporativa*), dated June 19, 2017, by and among the OpCo Guarantor, the EPC Contractors, the Mexican Security Trustee and Société Générale, as collateral agent.

"*Equity Contribution*" means the amount of cash contributed to the Issuer or its direct or indirect Subsidiaries from the FEL V Sponsor or any Affiliate thereof (other than the Issuer or any Guarantor).

"*Equity Interests*" means, with respect to any Person, interests in the Capital Stock of such Person, warrants, options or other rights for the purchase or other acquisition from such Person of shares of Capital Stock of such Person, securities convertible into or exchangeable for shares of Capital Stock of such Person or warrants, rights or options for the purchase or other acquisition from such Person of such Capital Stock, and other ownership or profit interests in such Person, whether voting or nonvoting, and whether or not such Capital Stock, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination. "*Euroclear*" means Euroclear Bank S.A./N.V. (or any successor securities clearing agency).

"*Event of Abandonment*" means the voluntary abandonment by the OpCo Guarantor of the operation of the Project for any reason or (b) the announcement by the OpCo Guarantor of its intent to voluntarily abandon the operation of the Project; *provided* that an Event of Loss, a force majeure event, a scheduled or unscheduled outage, or any other event which is not caused by the Issuer or any Guarantor shall not be an "Event of Abandonment."

"*Event of Default*" means an Operating Credit Agreement Event of Default, an Indenture Event of Default or any comparable event of default under any other Senior Debt Instrument entered into after the date of the Collateral Agency and Intercreditor Agreement.

"*Event of Loss"* means, with respect to the Project, any of the following events:

(a) destruction, damage, impairment or loss of use of the Project Facility in its entirety or such a material portion thereof that the then remaining portion of such Project Facility cannot practically be used for the purposes intended; and

(b) any Expropriation Event.

The date of occurrence of any Event of Loss will be the date of the casualty or other occurrence specified above giving rise to such Event of Loss.

"*Excess Asset Sale Proceeds*" has the meaning set forth under the caption "—Certain Covenants—Limitation on Asset Sales."

"*Excess Asset Sale Proceeds Offer*" has the meaning set forth under the caption "—Certain Covenants—Limitation on Asset Sales."

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*Excluded Assets*" has the meaning set forth under the caption "—Security—Security Interests."

"*Excluded Perfection Action*" has the meaning set forth under the caption "—Certain Covenants— Further Assurances; Preservation and Protection of Collateral; Perfection and Maintenance of Security Interests."

"*Excluded Swap Obligation*" means, with respect to any Guarantor, (a) any Hedging Obligation if, and to the extent that, all or a portion of the guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Hedging Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract

participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such Hedging Obligation or (b) any other Hedging Obligation expressly designated as an "Excluded Swap Obligation" of such Guarantor as specified in any agreement between any of the Issuer and the Guarantors, as applicable, and Hedging Bank applicable to such Hedging Obligation. If a Hedging Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Hedging Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal.

"*Existing Project Indebtedness*" means the Construction Loan, the Construction Hedging Agreement, the Subordinated Loan and the VAT Facility.

"*Expansion*" means any expansion of, or material capital improvement to, the Project at or adjacent to the Project site, including the design, development, financing, construction, start-up, commission and operation of improvements of the Project intended to generate and supply electrical energy for any Offtaker; *provided* that no repair, maintenance, replacement or renewal of any portion of the Project that is not primarily intended to expand or improve the Project or any portion thereof shall constitute an Expansion, regardless of whether such repair, maintenance, replacement or renewal has the effect of improving or increasing the output of the Project.

"*Expropriation Event*" means any taking, seizure, confiscation, requisition, exercise of rights of eminent domain, public improvement, condemnation, *expropriación, ocupación temporal* or similar action of or proceeding by any Governmental Authority relating to all or any substantial part of the Project unless such taking, seizure, confiscation, requisition, exercise of rights of eminent domain, public improvement, condemnation, *expropriación, ocupación temporal* or similar action is diligently contested in good faith by the Issuer and during the period of such contest, the enforcement of any contested item is effectively stayed.

"*Feasible Repair Certificate*" means, with respect to the Project or applicable portion thereof, an Officer's Certificate (a) describing in reasonable detail the nature of the rebuilding, repair or restoration of such Project or portion thereof as a result of the Event of Loss, (b) stating the expected cost of such rebuilding, repair or restoration (including a reasonable contingency), (c) certifying that the Project or portion thereof is reasonably expected to be rebuilt, repaired or restored to permit operation thereof on a commercially feasible basis in accordance in all material respects with all Material Project Documents and permits, (d) certifying that the funds available to the OpCo Guarantor for such rebuilding, repair or restoration (other than proceeds of business interruption insurance) are reasonably expected to be sufficient to permit such rebuilding, repair or restoration, and (e) certifying that the OpCo Guarantor shall use its commercially best efforts to cause any repairs or restoration to be commenced and completed promptly and diligently at its own cost and expense.

"*FEL V Sponsor*" means FEL Energy V S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized and established under the laws of the Grand Duchy of Luxembourg, having its registered office address at 2-4 rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, registered with the trade register (*Registre de Commerce et des sociétés*) under number B215329.

"*FEM V Sponsor Equity Interest Pledge Agreement*" means the Equity Interest Pledge Agreement, dated as of or about the Issue Date, by and between the Dutch HoldCo Guarantor as the pledgor, and the Onshore Collateral Agent, as pledgee, and with the acknowledgement of the Mexican HoldCo Guarantor, as amended, amended and restated, supplemented or otherwise modified from time to time.

"*Financial Statements*" means a stand-alone balance sheet, income statement and statement of cash flows for any person for the period indicated, together with the notes thereto.

"*Financing Documents*" means the Security Documents, the Senior Debt Instruments, and such other ancillary agreements and documents entered into in connection with the foregoing, each as amended, supplemented, modified, restated or replaced from time to time.

"*Fitch*" means Fitch Ratings, Inc. and any successor to its rating agency business.

"*FRAC Account*" has the meaning set forth under the caption "—Security—Accounts."

"*FRAC Reserve Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Funds Flow Memorandum*" means a funds flow memorandum detailing the proposed flow, and use, of the proceeds of the initial issuance of the Notes.

"*Global Note*" has the meaning set forth under the caption "—Form of Notes; Payments on the Notes."

"*Governmental Authority*" means any supra-national, federal, state or local government or political subdivision thereof or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and having jurisdiction over the Person or matters in question, including a central bank or stock exchange.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (b) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof, in whole or in part; *provided* that the term Guarantee does not include endorsements for collection or deposit in the ordinary course of business. The term Guarantee used as a verb has a corresponding meaning (and "*Guaranteed*" will have meaning that corresponds to the foregoing).

"*Guarantor*" means each of the OpCo Guarantor, Mexican HoldCo Guarantor and Dutch HoldCo Guarantor and, in each case, any successor or permitted assign.

"*Guarantor Interests*" means each of:

(1) the Issuer's interests in Dutch HoldCo Guarantor, as its sole shareholder;

(2) Dutch HoldCo Guarantor's interests in Mexican HoldCo Guarantor, as its majority shareholder; and

(3) Mexican HoldCo Guarantor's interests the OpCo Guarantor, as its majority shareholder.

"*Hazardous Materials*" means (i) any petroleum compounds, products or wastes, radioactive materials, friable asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, and radon gas and (ii) any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous waste," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," "toxic substances," "toxic pollutants," "contaminants," or "pollutants," or words of similar import, under any applicable Environmental Law.

"*Hedging Bank*" means (i) CFEnergía and/or (ii) a hedging bank that has, as of the date of its execution of the applicable Permitted Hedging Instrument and as of the date of such hedging bank's execution or accession to the Collateral Agency and Intercreditor Agreement, an Investment Grade Rating from at least two Rating Agencies; *provided* that, in each case of clauses (i) and (ii), each (a) has entered into a Permitted Hedging Instrument and (b) has entered into or acceded to the Collateral Agency and Intercreditor Agreement.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under any Permitted Hedging Instrument.

"*Hedging Termination Amounts*" means a payment of any termination or close-out amount to a Hedging Bank under any Permitted Hedging Instrument following the termination or close-out of such Permitted Hedging Instrument or of any transaction thereunder as permitted by the Collateral Agency and Intercreditor Agreement.

"*IFRS*" shall mean International Financial Reporting Standards promulgated by the International Accounting Standards Board (IASB), together with its pronouncements thereon from time to time, and applied on a consistent basis.

"*Indebtedness*" means all indebtedness of a specified Person, whether or not contingent (without duplication):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments;

(3) in respect of principal (including reimbursement obligations), interest, premium (if any), fees, reimbursements, expenses, damages or other liabilities payable on any letter of credit, banker's acceptance or similar credit transaction, whether or not then due (except to the extent a reimbursement obligation relates to a trade payable and such obligation is satisfied within 30 days of incurrence);

(4) representing the balance deferred and unpaid of the purchase price of any Property or services, all conditional sale obligations and all obligations of such Person under any title retention agreement;

(5) in respect of any liabilities payable by the specified Person as lessee under any capitalized leases;

(6) representing the termination value of any Hedging Obligations; and

(7) to the extent not otherwise included:

(a) the Guarantee by the specified Person of any Indebtedness of any other Person, if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with IFRS; and

(b) in respect of any Lien on any asset of the specified Person as security for the indebtedness of any other Person, whether or not such indebtedness is assumed by such Person.

The amount of Indebtedness of any Person will be deemed to be:

(1) with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation;

(2) with respect to Indebtedness secured by a Lien on an asset of such Person but not otherwise the obligation, contingent or otherwise, of such Person, the lesser of (x) the fair market value of such asset on the date the Lien attached and (y) the amount of such Indebtedness;

(3) with respect to any Indebtedness issued with original issue discount, the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness;

(4) with respect to any Hedging Obligation, the net amount payable if such Hedging Obligation terminated at that time due to default by such Person; and

(5) otherwise, the outstanding principal amount thereof.

The principal amount of any Indebtedness or other obligation that is denominated in any currency other than U.S. Dollars (after giving effect to any Permitted Hedging Instrument in respect thereof) shall be the amount thereof, as determined pursuant to the foregoing sentence, converted into U.S. Dollars at the Spot Rate in effect on the date of determination.

"*Indenture*" means the indenture dated as of the Issue Date, entered into between the Issuer, the Guarantors, the Indenture Trustee, pursuant to which the Notes may be issued, as amended, restated, modified or supplemented from time to time.

"*Indenture Event of Default*" means any event of default as defined under the caption "—Events of Default and Remedies" that has occurred and is Continuing in accordance with the terms of the Indenture.

"*Indenture Trustee*" has the meaning set forth under the caption "—General."

"*Independent Engineer*" means Leidos Engineering, LLC.

"*Initial Additional PPAs*" means the Additional PPAs executed before the Issue Date between the OpCo Guarantor and Ektria, in order to enable Ektria to execute certain supply agreements with T A 2000 S.A. de C.V., Grupo Acerero S.A. de C.V. and Cementos Moctezuma, S.A. de C.V.

"*Intercompany Indebtedness*" means Indebtedness between or among the Issuer and one or more Guarantors.

"*Intercompany Receivable*" means Intercompany Indebtedness incurred by the Issuer or any Guarantor (other than the OpCo Guarantor) and payable to the OpCo Guarantor to be extinguished in connection with a Permitted Merger and the replacement and substitution of the Issuer by a Substitute Issuer.

"*Interconnection Agreement*" means the *Contrato de Interconexión de Acceso Abierto y No Indebidamente Discriminatorio para Centrales Eléctricas Interconectadas a la Red Nacional de Transmisión o a las Redes Nacionales de Distribución*, dated as of February 27, 2017, between the OpCo Guarantor and CFE Transmisión, Empresa Productiva Subsidiaria.

"*Intercreditor Agent*" means Citibank, N.A., in its capacity as intercreditor agent pursuant to the Collateral Agency and Intercreditor Agreement and any successor or permitted assign.

"*Interest Rate Hedges*" means any Derivative Transaction for the purpose of hedging interest rate exposure.

"*Investment*" means:

(1) any direct or indirect advance, loan or other extension of credit to another Person, but excluding (i) any advance, loan or extension of credit to customers in the ordinary course of business and (ii) any advance, loan or extension of credit having a term not exceeding 180 days arising in connection with the sale of inventory, equipment or supplies by that Person in the ordinary course of business;

(2) any capital contribution to another Person, by means of any transfer of cash or other Property or in any other form; or

(3) any purchase or acquisition of Equity Interests, bonds, notes or other Indebtedness, or other instruments or securities issued by another Person, any acquisitions of assets or substantially all the assets of a Person, including the receipt of any of the above as consideration for the disposition of assets or rendering of services.

For purposes of this definition, the term Person shall not include any Guarantor.

"*Investment Grade Rating*" means a rating equal to or higher than BBB- from Fitch, Baa3 from Moody's or BBB- from S&P, as applicable (or, in each case, the equivalent from another Rating Agency).

"*ISIN*" means the International Securities Identification Number that uniquely identifies a specific securities issue.

"*Issue Date*" means the date on which a series of Notes are originally issued under the Indenture.

"*Issuer*" means FEL Energy VI S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 2-4, rue Eugène Ruppert, L-2453, Grand Duchy of Luxembourg, registered with the Luxembourg register of commerce and companies under number B244483, and any successor or permitted assign, including any Substitute Issuer appointed pursuant to the terms of the Indenture.

"*Issuer Debt Service Accrual Accounts*" has the meaning set forth under the caption "—Security—Accounts."

"*Issuer Dollar Debt Service Accrual Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Issuer Peso Debt Service Accrual Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Issuer Substitution Documents*" has the meaning set forth under the caption "—Substitution of the Issuer."

"*judgment currency*" has the meaning set forth under the caption "—Judgment Currency."

"*LC Disbursement*" means a payment made by any issuing bank to a beneficiary of a Letter of Credit pursuant to a Letter of Credit.

"*Legal Defeasance*" has the meaning set forth under the caption "—Legal Defeasance and Covenant Defeasance."

"*Lenders*" means, collectively, the lenders under the Operating Credit Agreement.

"*Letter of Credit Facility*" means the senior secured letter of credit facility provided under, and in accordance with, the Operating Credit Agreement, as amended, supplemented, modified, restated or replaced from time to time.

"*Letters of Credit*" means the senior secured letters of credit issued pursuant to the Letter of Credit Facility.

"*Lien*" means any mortgage or deed of trust, charge, pledge, lien (statutory or otherwise), privilege, security interest, security trust agreement, hypothecation, assignment for or by way of security, claim, or preference or priority or other encumbrance upon or with respect to any Property of any kind, real or personal, movable or immovable, now owned or hereafter acquired. A Person will be deemed to own subject to a Lien any Property which such Person has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capitalized lease or other title retention agreement.

"*Loans*" means the loans under the Operating Credit Agreement.

"*Lock-up Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Luxembourg Security Documents*" means the pledge of shares of the Issuer, dated on or about the Issue Date, as amended, supplemented, modified, restated or replaced from time to time.

"*Majority Noteholders*" means, as of any date of determination, the Noteholders holding more than 50% in aggregate principal amount of the then-outstanding Notes (including any Additional Notes).

"*Majority in Interest of the Senior Creditors*" with respect to any Decision at any time means Senior Creditors whose share in the outstanding principal amount of the Senior Debt Obligations is more than 50% of all of the outstanding principal amount of the Senior Debt Obligations of all the Senior Creditors.

"*Make-Whole Amount*" has the meaning set forth under the caption "—Redemption of the Notes— Optional Redemption with Make-Whole Amount."

"*Management Services Agreement*" means the Management Services Agreement dated as of June 19, 2017 between the OpCo Guarantor, Fisterra Energy, S.L.U. and the Mexican HoldCo Guarantor under which such Affiliates provide management services to the OpCo Guarantor, as such agreement is amended, supplemented, modified, restated or replaced from time to time.

"*Market Participant Agreement*" means the Market Participant Agreement (*Contrato de Participante del Mercado*) dated as of December 11, 2019 between the OpCo Guarantor as a generator in the Mexican Electricity Market and CENACE.

"*Material Adverse Effect*" means a material adverse effect on: (a) the operations, condition (financial or otherwise) or results of the Project, (b) the ability of each of the Issuer and the Guarantors (taken as a whole) to meet their Senior Debt Obligations, or (c) the material rights and remedies of the Secured Parties (taken as a whole) under the Financing Documents, but, with respect to clause (a) only, that none of the following will in and of itself constitute, and no event, circumstance, development, state of facts, occurrence, change or effect resulting solely from any of the following will constitute, a Material Adverse Effect: (i) changes in the Mexican or world financial markets as a whole, (ii) changes in general economic conditions that affect the industries in which the Project operates, (iii) armed hostilities or war, whether or not pursuant to a formal declaration of a national emergency or war or (iv) changes in accounting requirements or principles (including the applicable Accounting Standards); except, in each case, to the extent the adverse effect on the Project is disproportionate to the adverse effect on other participants or assets in the industries in which the Project operates.

"*Material Project Documents*" means

(1) the CFEC PPA and the CFEC PPA Guarantee;

(2) the Natural Gas Supply Agreement and the Natural Gas Supply Agreement CFE Guarantee;

(3) the Market Participant Agreement;

(4) the Contractual Service Agreement;

(5) the O&M Agreement;

(6) the Interconnection Agreement;

(7) any Additional Material Project Documents; and

(8) any other document that is otherwise designated in writing by the Indenture Trustee and the Issuer as a Material Project Document for the purpose of the Financing Documents;

provided that, for the avoidance of doubt, none of the Management Services Agreement, the EPC Contract and the EPC Guaranty shall be a Material Project Document.

"*Maturity Date*" has the meaning set forth under the caption "—Interest, Amortization and Payment upon Maturity—Payment upon Maturity."

"*Mexican Collateral*" means the assets and rights subject to the security interests granted or purported to be granted by or pursuant to the Mexican Security Documents in favor of the Onshore Collateral Agent for the benefit of the Secured Parties.

"*Mexican GAAP*" means the generally accepted accounting principles in Mexico (as amended, supplemented or re-issued from time to time) applied on a consistent basis both as to classification of items and amounts.

"*Mexican HoldCo Debt Service Accrual Accounts*" has the meaning set forth under the caption "—Security—Accounts."

"*Mexican HoldCo Dollar Debt Service Accrual Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Mexican HoldCo Guarantor*" means Fenergía México V, S. de R.L. de C.V., a *sociedad de responsabilidad limitada de capital variable* organized under the laws of Mexico, and any successor or permitted assign.

"*Mexican HoldCo Peso Debt Service Accrual Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Mexican Income Tax Law*" means the Mexican Income Tax Law (*Ley del Impuesto sobre la Renta*), as amended, and the rules and regulations promulgated thereunder.

"*Mexican Law of Reorganization Proceedings*" means the *Ley de Concursos Mercantiles*, as amended, and the rules and regulations promulgated thereunder.

"*Mexican Pledge Agreements*" means, collectively, the New Borrower Pledge Agreement, the New Equity Interest Pledge Agreement and the FEM V Sponsor Equity Interest Pledge Agreement.

"*Mexican Security Documents*" means, collectively, the Mexican Trust Agreement and the Mexican Pledge Agreements, each as amended, supplemented, modified, restated or replaced from time to time.

"*Mexican Security Trustee*" means Banco Invex, Institución de Banca Multiple, Invex Grupo Financiero, in its capacity as trustee under the Mexican Trust Agreement and any successor or permitted assign.

"*Mexico*" means the United Mexican States.

"*Modifications*" means, with respect to any Financing Document, any amendment, supplement, waiver or other modification of the terms and provisions thereof and the term "*Modify*" will have a corresponding meaning; *provided* that entry into a Permitted Hedging Instrument or exercise of rights thereunder shall not be a Modification.

"*Monthly Accrual Amount*" has the meaning set forth under the caption "—Security—Cash Waterfall."

"*Monthly FRAC Reserve Amount*" means, in respect of any month, so long as the "*Energía Eléctrica Entregada Atribuible*" (as defined in the CFEC PPA) for such month exceeds the "*Energía Eléctrica Garantizada*" (as defined in the CFEC PPA) for such month, an amount equal to the revenue received by the OpCo Guarantor with respect to such excess energy, net of the applicable "*Costo de Generación Garantizado del Proyecto*" (as defined in the CFEC PPA).

"*Moody's*" means Moody's Investors Service, Inc. and any successor to its rating agency business.

"*Natural Gas Supply Agreement*" means the Fuel Supply Agreement dated as of March 30, 2017 between the OpCo Guarantor and CFEnergía, S.A. de C.V. (a subsidiary of CFE) under which CFEnergía, S.A. de C.V. sells and delivers and the OpCo Guarantor purchases and receives natural gas at the Project Facilities.

"*Natural Gas Supply Agreement CFE Guarantee*" means the *Garantía Corporativa* (Corporate Guarantee) (as defined in the Natural Gas Supply Agreement) dated as of June 7, 2017 issued by CFE in favor of the OpCo Guarantor.

"*Net Available Proceeds*" means the aggregate cash proceeds received by the Issuer or any Guarantor in respect of any Asset Sale (including, without limitation, any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise, only as and when received but excluding the assumption, payment or redemption by the acquiring person of Indebtedness in connection with such Asset Sale or other consideration received in any non-cash form) or Event of Loss, net of the direct costs relating to such Asset Sale or Event of Loss, including, without limitation, expenses incurred to collect such amounts, any amounts required to be paid to a counterparty of any Material Project Document or any Additional PPA (including any liquidated damages) in connection therewith, legal, accounting and investment banking fees, sales commissions, and any relocation expenses incurred as a result thereof, taxes paid or payable as a result of the Asset Sale or Event of Loss, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with applicable Accounting Standards, including, without limitation, pension and post-employment benefit liabilities and liabilities related to environmental matters or against any indemnification obligations associated with such transaction.

"*New Borrower Pledge Agreement*" means the Borrower Pledge Agreement, dated as of or about the Issue Date, by and between the OpCo Guarantor as the pledgor, and the Onshore Collateral Agent, as pledgee, as amended, amended and restated, supplemented or otherwise modified from time to time.

"*New Equity Interest Pledge Agreement*" means the Equity Interest Pledge Agreement, dated as of or about the Issue Date, by and between the Mexican HoldCo Guarantor as the pledgor, and the Onshore Collateral Agent, as pledgee and with the acknowledgement of the OpCo Guarantor, as amended, amended and restated, supplemented or otherwise modified from time to time.

"*Non-Mexican Collateral*" means any property right or interest subject to a Security Interest granted or purported to be granted under the Dutch Security Document and the Luxembourg Security Documents.

"*Note Guarantee*" means the Guarantee by each Guarantor of the Issuer's payment obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

"*Noteholders*" has the meaning set forth under the caption "—General."

"*Notes Documents*" means the Indenture, the Notes and the Note Guarantees, the Collateral Agency and Intercreditor Agreement, the Security Documents and any document or agreement entered into or provided under or in connection with, or for the purpose of amending, supplementing or novating, any of the above.

"*O&M Agreement*" means the Operations and Maintenance Agreement dated as of June 12, 2017, between the OpCo Guarantor and NAES Mexico, S. de R.L de C.V., pursuant to which NAES Mexico, S. de R.L de C.V. will provide all day-to-day operations, maintenance and administrative activities necessary for the proper operation and maintenance of the Project.

"*Offer to Purchase*" means a written offer (with a copy to Indenture Trustee) which specifies the principal amount of the Notes subject to the offer and the purchase price.

"*Offering Memorandum*" means this offering memorandum dated November 18, 2020 related to the offer and sale of the Notes.

"*Officer's Certificate*" means a certificate signed by an Authorized Officer of the Issuer or any Guarantor, as the case may be.

"*Offshore Collateral Agent*" means Citibank, N.A., in its capacity as offshore agent for the Secured Parties pursuant to the Collateral Agency and Intercreditor Agreement and any successor or permitted assign.

"*Offtaker*" means CFEC with respect to the CFEC PPA, T A 2000 S.A. de C.V., Grupo Acerero S.A. de C.V. and Cementos Moctezuma, S.A. de C.V. with respect to the Initial Additional PPAs, or any other Person who replaces any of them.

"*Onshore Collateral Agent*" means CIBanco, S.A., Institución de Banca Múltiple, in its capacity as onshore agent for the Secured Parties pursuant to the Collateral Agency and Intercreditor Agreement and any successor or permitted assign.

"*OpCo Debt Service Accrual Accounts*" has the meaning set forth under the caption "—Security—Accounts."

"*OpCo Dollar Debt Service Accrual Account*" has the meaning set forth under the caption "—Security—Accounts."

"*OpCo Guarantor*" means Ciclo Combinado Tierra Mojada S. de R.L. de C.V.

"*OpCo Peso Debt Service Accrual Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Operating Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Operating Credit Agreement*" means the U.S. Dollar-denominated senior secured facility agreement, dated on or about the Issue Date, by and among the OpCo Guarantor, as borrower, the Issuer, the Dutch HoldCo Guarantor and the Mexican HoldCo Guarantor, as guarantors, the Lenders, the issuing banks party thereto from time to time and the Administrative Agent, pursuant to which the Letter of Credit Facility and the Working Capital Facility will be established, as amended, supplemented, modified, restated or replaced from time to time.

"*Operating Credit Agreement Event of Default*" means any of the events set forth in Section 6.01 of the Operating Credit Agreement.

"*Operating Direct Agreement*" means each of (i) the direct agreement relating to the CFEC PPA, dated June 19, 2017, by and among the OpCo Guarantor, CFEC, the Mexican Security Trustee and Société Générale, as collateral agent; (ii) the direct agreement relating to the Natural Gas Supply Agreement, dated June 19, 2017, by and among the OpCo Guarantor, CFEnergía, S.A. de C.V., the Mexican Security Trustee and Société Générale, as collateral agent; (iii) the direct agreement relating to the Contractual Service Agreement, dated June 19, 2017, by and among the OpCo Guarantor, General Electric Global Services GmbH, the Mexican Security Trustee and Société Générale, as collateral agent; and (iv) the direct agreement relating to the O&M Agreement, dated June 19, 2017, by and among the OpCo Guarantor, NAES Mexico, S. de R.L de C.V., the Mexican Security Trustee and Société Générale, as collateral agent, each as amended by certain respective letter agreements dated on or about the Issue Date.

"*Operating Expenses*" means all costs, fees, expenses, losses, interests and liabilities, including Taxes, capitalized leases and purchase money obligations, incurred or to be incurred by the Issuer or any Guarantor in connection with the operation of the Project, including with respect to the provision of services, insurances (including any political risk insurance in respect of the Project) and the maintenance, repair (including major maintenance) and renewal of the Project Facilities and all costs or payment obligations of the Issuer or any Guarantor under the Material Project Documents, any undrawn Letters of Credit, net payments pursuant to any Commodity Hedge or any Currency Hedge and the payment of management, consulting, monitoring, transaction, advisory and other fees, indemnities and expenses pursuant to any support and services agreement between the OpCo Guarantor and the Sponsors or any Eligible Sponsor (plus any unpaid management, consulting, monitoring, transaction, advisory and other fees, indemnities and expenses accrued in any prior year) and any termination fees pursuant to any such support and services agreement or any amendment thereto or replacement thereof and the payment of indemnification and other similar amounts to the Sponsors or any Eligible Sponsor and reimbursement of expenses of the Sponsors or any Eligible Sponsor; *provided* that Operating Expenses shall not include costs and expenses incurred in connection with a Permitted Project Expansion if incurred prior to the completion thereof; *provided*, *further*, that Operating Expenses shall exclude all fees (but not expense reimbursements) paid under the Management Services Agreement in excess of US$2.5 million in a 12-month period.

"*Ordinary Course Settlement Payments*" means all regularly scheduled payments due under any Permitted Hedging Instrument from time to time, calculated in accordance with the terms of such Permitted Hedging Instrument, as applicable, including "Fixed Rate" payment amounts under any Interest Rate Hedge, and any liquidated damages

payments under any Commodity Hedge or any Currency Hedge which settle physically and including any interest expense due and payable by any of the Issuer and the Guarantors in connection with any such regularly scheduled or liquidated damage payments, but excluding, for the avoidance of doubt, any "Settlement Amounts" under such Interest Rate Hedge or any "Termination Payments" due and payable under any Commodity Hedge or any Currency Hedge.

"*Other Accounts*" has the meaning set forth under the caption "—Security—Security Interests."

"*Parallel Debt*" has the meaning set forth under the caption "—Security—Security Interests."

"*Permitted Asset Sale*" means any of the following:

(1) such conveyances, sales, leases, assignments, transfers and dispositions expressly contemplated by any of the Material Project Documents to which the Issuer or the OpCo Guarantor is a party and the sale of rights to capacity, electrical energy, ancillary services and related products pursuant to any PPA;

(2) dispositions of obsolete, worn out or defective Property to the extent such Property or assets are actually replaced (or the Issuer or the OpCo Guarantor has entered into a binding agreement to purchase such replacement assets) within 365 days of the sale thereof (and 180 days after the date of such binding agreement), so long as the sale thereof would not reasonably be expected to have a Material Adverse Effect, or Property no longer used in connection with the operation of the Project;

(3) Property transferred or disposed of as a result of an Expropriation Event that does not constitute an Indenture Event of Default;

(4) sales of natural gas purchased by the OpCo Guarantor under the Natural Gas Supply Agreement that is not required for the production of electrical energy at the Project Facilities;

(5) the unwinding of any Permitted Hedging Instrument pursuant to its terms;

(6) dispositions of cash and Cash Equivalents in the ordinary course of business;

(7) disposition of Property or assets with a fair market value of US$10 million (or the equivalent in any other currency) or less in any fiscal year, and US$30 million (or the equivalent in any other currency) or less in the aggregate;

(8) any disposition by the Issuer or any Guarantor (other than the OpCo Guarantor) of its Equity Interest in any other Guarantor or the OpCo Guarantor that does not result in a Change of Control Triggering Event;

(9) dispositions between or among the Issuer and any Guarantors;

(10) to the extent constituting dispositions, the granting of a Permitted Lien;

(11) dispositions that would constitute a Permitted Investment;

(12) the settlement, compromise, release, dismissal or abandonment of any action or claims against any Person; and

(13) dispositions in accordance with the covenant under the caption "—Certain Covenants—Merger, Consolidation or Sale of Substantially All Assets" or the provision described under the caption "—Substitution of the Issuer."

"*Permitted Business*" has the meaning set forth under the caption "—Certain Covenants—Limitation on Business Activities."

"*Permitted Hedging Instrument*" means any Interest Rate Hedge, Commodity Hedge or Currency Hedge that is entered into with a Hedging Bank in the ordinary course of business for non-speculative purposes.

"*Permitted Indebtedness*" has the meaning set forth under the caption "—Certain Covenants—Limitation on Indebtedness."

"*Permitted Investments*" means the following Investments in respect of the Issuer or any Guarantor:

(1) Investments in cash, Cash Equivalents and other marketable securities;

(2) Investments in Mexican tax credits;

(3) Investments as a result of the receipt of non-cash consideration from a conveyance, sale, lease, assignment, transfer or other disposition of assets that was made in compliance with the covenant as described under the caption "—Certain Covenants—Limitation on Asset Sales";

(4) Investments (a) consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, (b) received in satisfaction or partial satisfaction thereof from financially troubled account debtors and (c) consisting of deposits, prepayments and other trade credits made in the ordinary course of business;

(5) Investments in connection with pledges, deposits, payments or performance bonds made or given in the ordinary course of business in connection with or to secure statutory, regulatory or similar obligations, including health, safety or environmental obligations;

(6) Investments received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers arising in the ordinary course of business;

(7) repurchases of the Notes pursuant to the optional redemption provisions in the Indenture;

(8) Investments in U.S. Government Securities in connection with a discharge or defeasance of the Indenture;

(9) Investments in connection with a Permitted Project Expansion;

(10) (a) the Shareholder Loan Agreement and other Intercompany Indebtedness advanced by the Issuer or any Guarantor to any other Guarantor and (b) the Intercompany Receivable;

(11) to the extent constituting Investments, Permitted Indebtedness;

(12) Investments by the Issuer or any Guarantor in any Guarantor and Investments by any Guarantor in the Issuer; and

(13) loans and advances to officers, directors and employees of the Issuer and Guarantors made in the ordinary course of business in an aggregate principal amount not exceeding US$2 million, and advances of payroll payments to employees in the ordinary course of business.

"*Permitted Liens*" has the meaning given under "—Certain Covenants—Limitation on Liens."

"*Permitted Merger*" means, in connection with a direct or indirect sale of the OpCo Guarantor to an unaffiliated third party and the replacement and substitution of the Issuer by a Substitute Issuer in connection therewith, the merger of one or more of the Issuer, the Dutch HoldCo Guarantor, the Mexican HoldCo Guarantor and the OpCo Guarantor with the OpCo Guarantor as a surviving or continuing person (including, to the extent applicable,

any transfer of the organizational jurisdiction of such Persons to the Grand Duchy of Luxembourg, the Netherlands or Mexico in connection therewith) or the substitution of (a) the OpCo Guarantor, (b) the Mexican HoldCo Guarantor or (c) the Dutch HoldCo Guarantor as issuer of the Notes; *provided*, notwithstanding anything in this description to the contrary, that following the Permitted Merger, the Issuer or Substitute Issuer, as applicable, shall be incorporated or organized in Mexico, the Netherlands or the Grand Duchy of Luxembourg.

"*Permitted Pari Passu Secured Indebtedness*" has the meaning given under "—Security—Permitted Pari Passu Secured Indebtedness."

"*Permitted Project Expansion*" means an Expansion, so long as in connection therewith:

(1) the Issuer obtains a Ratings Affirmation;

(2) the OpCo Guarantor certifies to the Indenture Trustee that no Default or Indenture Event of Default has occurred and is Continuing at such time or would reasonably be expected to result therefrom;

(3) the CFE or an entity meeting the criteria set forth in the definition of "Assignee" enter into an Additional Material Project Document, a Replacement Material Project Document or an amendment of the CFEC PPA with the OpCo Guarantor under which the OpCo Guarantor (as confirmed in writing by the Independent Engineer) can be expected to amortize the Indebtedness incurred in connection therewith and pay the anticipated operations and maintenance costs of the Expansion over the expected life of the Expansion so long as it projects that it will be able to meet the availability, if any, targeted in such Additional Material Project Document, Replacement Material Project Document or amendment of the CFEC PPA with CFE or the Offtaker or an entity meeting the criteria set forth in the definition of Assignee for such Expansion;

(4) the CFEC PPA Guarantor shall have guaranteed the obligations of each Offtaker that is an Affiliate thereof under the agreements contemplated by clause (3) above; and

(5) the Indenture Trustee shall have received a certificate from the OpCo Guarantor that each of the conditions set forth in clauses (1) through (4) are satisfied.

"*Person*" means any individual, corporation, company, voluntary association, partnership, joint venture, trust, limited liability company, joint-stock company, unincorporated organization or Governmental Authority or other entity.

"*Peso Casualty and Compensation Proceeds Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Peso Operating Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Peso Revenue Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Pesos*" and the sign "*Ps.$*" means the coin or currency of Mexico as at the time of payment is legal tender for the payment of public and private debts.

"*Pledged Accounts*" has the meaning set forth under the caption "—Security—Security Interests."

"*PPA*" means the CFEC PPA and any Additional PPAs.

"*Prior Reinvestment Reimbursements*" mean any amounts paid by the Issuer or any Guarantor to any Affiliate thereof as reimbursement for reinvestments or repairs paid by such Affiliate in affected property after an Event of Loss.

"*Pro Rata Payment*" means, in respect of the Senior Debt Obligations, a payment to a Senior Creditor on any date on which a payment of Senior Debt Obligations is made in which:

(1) the amount of interest paid to such Senior Creditor on such date bears the same proportion to the total amount of interest payments made to all Senior Creditors on such date as (x) the total amount of Senior Debt Obligations for interest due to such Senior Creditor on such date bears to (y) the total amount of Senior Debt Obligations for interest due to all Senior Creditors on such date;

(2) the amount of principal paid to such Senior Creditor on such date bears the same proportion to the total amount of principal payments made to all Senior Creditors on such date as (x) the total amount of Senior Debt Obligations for principal due to such Senior Creditor on such date bears to (y) the total amount of Senior Debt Obligations for principal due to all Senior Creditors on such date, in each case not including any principal payable by way of an acceleration of principal unless each Senior Debt Obligation has been accelerated; and

(3) fees, commissions, indemnities and all amounts other than interest and principal paid to such Senior Creditor on such date bears the same proportion to the total fees, commissions, indemnities and such other amounts paid to all Senior Creditors on such date as (x) the total Senior Debt Obligations for fees, commissions, indemnities and such other amounts due to such Senior Creditor on such date bears to (y) the total Senior Debt Obligations for fees, commissions, indemnities and such other amounts due to all Senior Creditors on such date.

If payments cannot be made exactly in such proportion due to minimum required payment amounts and required integral multiples of payments under Senior Debt Instruments, payments made in amounts as near such exactly proportionate amounts as possible will be deemed to be Pro Rata Payments.

"*Project*" means the operation of a natural gas-fired power plant in combined cycle, with a nameplate generation capacity as of the Issue Date of approximately 874 MW, which has been developed, built and commissioned by the OpCo Guarantor in the Municipality of Zapotlanejo, State of Jalisco, Mexico (including any potential Permitted Project Expansion).

"*Project Accounts*" has the meaning set forth under the caption "—Security—Accounts."

"*Project Facilities*" means the physical assets and facilities that are part of the Project.

"*Projected Cash Available for Debt Service*" means, for a projected 12-month period the positive difference if any between (a) the sum of all projected Revenues for such period and (b) the sum of all payments authorized by steps (1), (2) and (3) of each of the Peso Revenue Accounts and Dollar Revenue Account cash waterfalls under the caption "—Security—Accounts—Cash Waterfall—From the Revenue Accounts" above projected to be payable in respect of such period.

"*Projected Debt Service Coverage Ratio*" means, in respect of any projected 12-month period, the ratio of:

(x) the Projected Cash Available for Debt Service for such period, *divided by*

(y) the aggregate Projected Debt Service Obligations for such period.

"*Projected Debt Service Obligations*" means, in respect of any projected 12-month period, the aggregate of:

(x) (i) Senior Finance Costs scheduled to become due for payment in such 12-month period, *plus*

(ii) amounts in connection with other Permitted Indebtedness projected to become due and payable during such 12-month period, other than, for the avoidance of doubt, Subordinated Indebtedness, Intercompany Indebtedness or Permitted Indebtedness incurred pursuant to clause (9) of the covenant described in "—Certain Covenants—Limitation on

Indebtedness" prior to the commercial operation date of the Permitted Project Expansion; and

(y) scheduled principal repayment installments on any outstanding Senior Debt projected to be payable during such 12-month period.

"*Property*" means:

(1) any land, buildings, machinery and other improvements and equipment located therein; and

(2) any intangible assets, including, without limitation, any brand names, trademarks, copyrights and patents and similar rights and any income (licensing or otherwise), proceeds of sale or other revenues therefrom.

"*Prudent Industry Practices*" means those practices, methods, techniques and standards that are generally accepted, as they may change from time to time, for use in the international electric utility industry and commonly used in safe and prudent electric utility engineering and operations to design, engineer, construct, test, operate and maintain equipment similar to the Project. "*Prudent Industry Practices*" as defined herein does not necessarily mean one particular practice, method, technique or standard in all cases, but is instead intended to encompass a broad range of acceptable practices, methods, techniques and standards.

"*Rating Agency*" means any of (1) Fitch, (2) Moody's and (3) S&P, and, subsequent to the date of the Indenture, any other "nationally recognized statistical rating organization" within the meaning of Section 3(a)(62) of the Exchange Act selected by the Issuer or a Hedging Bank as a replacement agency for the provision of ratings for the Notes.

"*Ratings Affirmation*" means, unless expressly stated otherwise herein, with respect to any particular action or proposed action, (i) if two or more Rating Agencies are then rating the Notes, any two Rating Agencies and (ii) if one Rating Agency is then rating the Notes, such Rating Agency, in each case that (x) with respect to the incurrence of any Additional Senior Indebtedness, affirms that the then-current long-term debt ratings are not below an Investment Grade Rating and will not be decreased below an Investment Grade Rating as a result of such incurrence, or (y) with respect to any other action or proposed action, affirms that the then-current long-term debt ratings will not be decreased by one or more gradations (including gradations within rating categories as well as between rating categories) as a result of the taking of such action or proposed action.

"*Ratings Downgrade*" means the rating of the Notes will be decreased by one or more gradations (including gradations within rating categories as well as between rating categories) by at least two Rating Agencies (if the Notes are rated by two or more Rating Agencies at the time of the corresponding public notice of any Change of Control) or one Rating Agency (if the Notes are rated by only one Rating Agency at the time of the corresponding public notice of any Change of Control) within 60 days (or 90 days if the rating for the Notes is under publicly announced consideration for possible downgrade due to the Change of Control) after the earlier of (a) the date of public announcement of the Change of Control and (b) the date the Issuer notifies any Rating Agency rating the Notes that a Person intends to effect the Change of Control; *provided*, *however*, that such Ratings Downgrade will not be considered to be attributable to a Change of Control if, before such Ratings Downgrade, the Issuer has obtained a Ratings Affirmation for the Notes by at least two Rating Agencies (if the Notes are rated by three or more Rating Agencies at the time of the corresponding public notice of any Change of Control) or one Rating Agency (if the Notes are rated by one or two Rating Agencies at the time of the corresponding public notice of any Change of Control) then rating the Notes.

"*Record Date*" has the meaning set forth under the caption "—Interest, Amortization and Payment upon Maturity—Interest."

"*Refinancing Debt*" means Indebtedness of the Issuer or a Guarantor, as applicable, incurred in exchange for or to refinance, in whole or in part, existing Indebtedness of the Issuer or any Guarantor, as applicable.

"*Regulation S Notes*" has the meaning set forth under the caption "—Form of Notes; Payments on the Notes."

"*Relevant Taxing Jurisdiction*" has the meaning set forth in "—Additional Amounts."

"*Replacement Material Project Document*" means any contract or agreement relating to the development, construction, testing, operation, maintenance, repair or use of the Project entered into by the OpCo Guarantor after the Issue Date with any other Person who, in the reasonable opinion of the Independent Engineer, has previously demonstrated the capability to perform the required services or otherwise contemplated in the Indenture in respect of the applicable Material Project Document, which replaces a Material Project Document with terms and conditions substantially similar to the Material Project Document being replaced under the circumstances, and pursuant to the requirements, set forth in the Indenture.

"*Reporting Deliverable*" has the meaning set forth in "—Events of Default and Remedies.""Required Debtholders" means, at any time, the Senior Debtholders whose share in the outstanding principal amount of the Combined Exposure is more than 50% of the Combined Exposure of all the Senior Debtholders.

"*Requirements of Law*" means, as to any Person, any law, treaty (so far as given the force of law in any jurisdiction), rule, regulation, statute, order, ordinance, decree, judgment, consent decree, writ, injunction, settlement agreement or governmental requirement enacted, promulgated or imposed or entered into or agreed by any Governmental Authority, in each case applicable to or binding upon such Person or any of its Property or assets or to which such Person or any of its Property or assets is subject.

"*Revenue Account*" has the meaning set forth under the caption "—Security—Accounts."

"*Revenues*" means, for any period, the sum, computed without duplication, of all cash revenues received by the Issuer or any Guarantor during such period, including revenues received from: (a) the operation of the Project, (b) interest income, (c) investment earnings, (d) proceeds of any delay liquidated damages under any Material Project Document, any construction contract or any other agreement to which the Issuer or any Guarantor is a party that is related to the Project (other than the EPC Contract), (e) any revenues obtained by the OpCo Guarantor from the sale of excess generation capacity in power and capacity in the Mexican Electricity Market, which revenues are not paid pursuant to any PPA and (f) any proceeds of delay in start-up or business interruption insurance.

"*Rule 144A Notes*" has the meaning set forth under the caption "—Form of Notes; Payments on the Notes."

"*S&P*" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., and any subsidiaries thereof, and any successor to its rating agency business.

"*Sale and Lease-Back Transaction*" shall mean any arrangement with any Person, or to which any such Person is a party, providing for the leasing to the Issuer or a Guarantor for a period of more than three years of any Property or assets that have been or are to be sold or transferred by the Issuer or a Guarantor to such Person or to any other Person to which funds have been or are to be advanced by such Person on the security of the leased Property or assets.

"*Scheduled Payment Date*" has the meaning set forth under the caption "—Interest, Amortization and Payment upon Maturity—Interest."

"Secured Party" means the Senior Creditors, the Senior Creditor Group Representatives, the Administrative Agent, the Mexican Security Trustee, the Intercreditor Agent and the Collateral Agents.

"*Secured Party Fees*" means any fees, costs, indemnities, charges, disbursements, liabilities and expenses (including reasonably incurred legal fees and expenses) and all other amounts due and payable (except any net amounts under any Permitted Hedging Instrument) to the Intercreditor Agent, the Collateral Agents, the Mexican Security Trustee, the Administrative Agent or the Indenture Trustee, as applicable, and to any Senior Creditor Group Representative, in each case, that are required to be paid by the Issuer or any Guarantor in accordance with the terms of the Financing Documents.

"*Secured Permitted Hedging Instruments*" means any Permitted Hedging Instrument entered into by the Issuer or any Guarantor that requires the obligations of the Issuer or Guarantor thereunder to be secured by a Lien; *provided* that the counterparty thereto is a party to the Collateral Agency and Intercreditor Agreement.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*Security Documents*" means the agreements documenting the security rights in the Collateral, including the Collateral Agency and Intercreditor Agreement, the Dutch Security Document, the Luxembourg Security Documents, the Mexican Security Documents and the Operating Direct Agreements, each as amended, supplemented, modified, restated or replaced from time to time.

"*Security Enforcement Action*" means the exercise by the applicable Collateral Agent or the Mexican Security Trustee, in each case acting at the direction of the Intercreditor Agent, following a Security Enforcement Action Initiation Request in compliance with the provisions set forth under the captions "—Enforcement of Security Interests—Initiation of Security Enforcement Action" and "—Enforcement of Security Interests—Conduct of Security Enforcement Action," of enforcement rights with respect to the Collateral or the Mexican Collateral, as applicable, and any of the other enforcement rights contemplated herein and by the other Security Documents. For the avoidance of doubt, Security Enforcement Action shall not include any action taken by the applicable Collateral Agent or the Mexican Security Trustee that is not at the direction of the Intercreditor Agent or that is not in accordance with the Collateral Agency and Intercreditor Agreement.

"*Security Enforcement Action Initiation Request*" has the meaning set forth under the caption "—Enforcement of Security Interests—Initiation of Security Enforcement Action."

"*Security Interests*" means the Liens created or purported to be created by or pursuant to the Security Documents.

"*Senior Creditor*" means a provider of Senior Debt that benefits from the Collateral Agency and Intercreditor Agreement, including the Lenders, the Noteholders and each Hedging Bank that is party to the Collateral Agency and Intercreditor Agreement.

"*Senior Creditor Group*" means, at any one time, the following, each of which will constitute a separate Senior Creditor Group:

(1) the Lenders and issuing banks under the Operating Credit Agreement;

(2) the Noteholders (collectively) under the Indenture and holders of any Additional Notes permitted to be incurred under the Indenture;

(3) each Hedging Bank; and

(4) in the case of Permitted Pari Passu Secured Indebtedness (other than Additional Notes):

(a) if incurred under a credit agreement, the lenders and issuing banks (collectively) under such credit agreement; or

(b) if issued under an indenture, the noteholders (collectively) under such indenture.

"*Senior Creditor Group Proceeds Transfer Notice*" has the meaning set forth under the caption "—Enforcement of Security Interests—Order of Application—From the Debt Service Reserve Account and Additional Required Debt Service Reserve Accounts."

"*Senior Creditor Group Representative*" means, with respect to the Noteholders, the Indenture Trustee, and with respect to any other Senior Creditor Group, the representative of such Senior Creditor Group or the incumbent replacement thereof duly appointed as provided in the Collateral Agency and Intercreditor Agreement; *provided* that, in the case of any Hedging Bank acting in its capacity as a Senior Creditor Group Representative, any such Hedging Bank will be entitled to act in such capacity only in accordance with the provisions set forth under the caption "—Voting and Decision-Making—By Hedging Banks."

"*Senior Debt*" means the Indebtedness incurred under the Senior Debt Instruments, in each case benefiting, on a *pari passu* basis, from the Security Interests created under and pursuant to the Collateral Agency and Intercreditor Agreement and the other Security Documents.

"*Senior Debt Instrument*" means each of:

(1) the Indenture and the Notes issued pursuant thereto;

(2) each Note Guarantee;

(3) the Operating Credit Agreement and the Letters of Credit issued thereunder;

(4) each Permitted Hedging Instrument;

(5) each fee letter entered into by the Issuer or a Guarantor with a Secured Party; and

(6) each Additional Indebtedness Document.

"*Senior Debt Obligations*" means the Issuer's obligations to pay, and each Guarantor's obligation to Guarantee such obligations of the Issuer:

(1) all principal, interest and premiums on the disbursed Senior Debt;

(2) all commissions, fees, reimbursements, indemnities, prepayment premiums and other amounts payable to Senior Creditors under any Senior Debt Instrument;

(3) all Hedging Obligations; and

(4) all Secured Party Fees;

in each case whether such obligations are present, future, actual or contingent and including the payment of amounts that would become due under the Senior Debt Instruments but for the operation of the automatic stay under any applicable bankruptcy laws in the Relevant Taxing Jurisdictions, including, without limitation, Section 362(a) of the Bankruptcy Code; *provided, however,* that for purposes of determining the obligations of any Guarantor under this Agreement, the definition of "Senior Debt Obligations" shall not create any guarantee by any Guarantor of any Excluded Swap Obligations of such Guarantor.

"*Senior Debtholders*" means, collectively, the Noteholders and the Lenders.

"*Senior Finance Costs*" means payments of interest, Make-Whole Amount or other premium (only if and to the extent applicable), Additional Amounts, if any, line, commitment, issue or other like fees in respect of any Senior Debt and all fees and moneys then due and payable to any of the agents relating to services rendered in their respective capacities as agents under any Senior Debt Instruments for any 12-month period for which the Projected Debt Service Obligations are being calculated; *provided* that any amounts expected to be received under any Interest Rate Hedge during any projected 12-month period shall be discounted from any payments expected to be made under the Interest Rate Hedges during such projected 12-month period.

"*Shareholder Loan Agreement*" means Intercompany Indebtedness comprised of that certain Subordinated Credit Agreement, dated on or about the Issue Date, by and among the OpCo Guarantor, as borrower, and the Issuer, as lender, as amended, supplemented, modified, restated or replaced from time to time.

"*Sponsors*" means the FEL V Sponsor and the Mexican HoldCo Guarantor.

"*Spot Rate*" means, for any currency, the spot rate at which that currency is offered for sale against U.S. Dollars as published in *The Wall Street Journal* on the Business Day immediately preceding the date of determination or, if that rate is not available in that publication, as determined in any publicly available source of similar market data.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof; *provided*, *however*, that the Stated Maturity of any scheduled payment of principal of the Notes shall be automatically reclassified to such dates as may be necessary to adjust the amortization schedule of the Notes in connection with any partial redemption of the Notes permitted under "—Redemption of the Notes—Redemption of the option of the Issuer," or partial repurchase of the Notes as permitted under "—Certain Covenants—Change of Control" or "—Certain Covenants—Limitation on Asset Sales," as applicable.

"*Subordinated Indebtedness*" means any equity-like, unsecured subordinated loan from the Sponsors (or any Affiliate thereof) to the Issuer or any Guarantor that, in each case, (1) is expressly subordinated in right of payment and liquidation to the Notes and the Note Guarantees, (2) in respect of which no payment is required or permitted prior to its stated maturity date except to the extent and in an amount that can be paid as a Distribution under the Indenture pursuant to a written agreement to that effect or to the extent and in an amount transferred among the Issuer and the Guarantors and (3) is subject to a first-priority lien in favor of the Collateral Agents.

"*Subordinated Loan*" means the subordinated loan in an aggregate principal amount of up to US$149,999,893.14 under the subordinated credit agreement dated as of June 19, 2017 entered into between the OpCo Guarantor, as borrower, FEL V Sponsor, as subordinated creditor, and the Mexican HoldCo Guarantor, as guarantor, with the acknowledgement and consent of Société Générale, as collateral agent, as amended, supplemented, modified, restated or replaced from time to time.

"*Subsidiary*" of any Person means (1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than fifty percent (50%) of the total voting power of shares of Equity Interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors, members of management or trustees thereof is at the time of determination owned or Controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof or (2) any partnership, joint venture, limited liability company or similar entity of which (a) more than fifty percent (50%) of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or Controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership or otherwise, and (b) such Person is a controlling general partner or otherwise Controls such entity.

"*Substitute Issuer*" means any of the Guarantors replacing and substituting the Issuer as issuer of the Notes as set forth under the caption "—Substitution of the Issuer"; *provided*, notwithstanding anything in this description to the contrary, that the Substitute Issuer shall be incorporated or organized in Mexico, the Netherlands or the Grand Duchy of Luxembourg.

"*Successor Obligor*" has the meaning set forth under the caption "—Certain Covenants—Merger, Consolidation or Sale of Substantially all Assets."

"*Target Debt Balance*" means each target debt balance set forth below corresponding to each Scheduled Payment Date:

Scheduled Payment Date	Target Debt Balance (US$ in millions)
June 1, 2021	$939,006,438.40
December 1, 2021	$919,466,554.60
June 1, 2022	$897,619,621.40
December 1, 2022	$880,524,217.30
June 1, 2023	$871,010,084.00
December 1, 2023	$862,149,914.00
June 1, 2024	$835,474,518.10
December 1, 2024	$826,508,653.60
June 1, 2025	$793,395,292.20
December 1, 2025	$784,928,054.40
June 1, 2026	$747,559,406.70
December 1, 2026	$739,599,812.50
June 1, 2027	$701,261,758.30
December 1, 2027	$693,082,695.20
June 1, 2028	$660,781,286.80
December 1, 2028	$649,464,476.20
June 1, 2029	$612,045,398.70
December 1, 2029	$599,505,588.30
June 1, 2030	$561,244,372.50
December 1, 2030	$547,283,080.00
June 1, 2031	$518,577,193.30
December 1, 2031	$509,182,965.30
June 1, 2032	$481,417,541.90
December 1, 2032	$470,873,098.00
June 1, 2033	$438,927,547.60
December 1, 2033	$426,994,943.20
June 1, 2034	$393,407,097.10
December 1, 2034	$380,076,170.80
June 1, 2035	$344,745,059.80
December 1, 2035	$329,672,797.90
June 1, 2036	$294,103,651.70
December 1, 2036	$276,199,984.10
June 1, 2037	$234,830,691.40
December 1, 2037	$215,219,474.60
June 1, 2038	$168,984,984.90
December 1, 2038	$146,084,109.90
June 1, 2039	$102,656,971.60
December 1, 2039	$77,451,109.50
June 1, 2040	$49,888,413.80
December 1, 2040	$0.00

"*Target Debt Balance Cash Sweep*" has the meaning set forth under the caption "—Redemption of the Notes—Mandatory Redemption."

"*Taxes*" has the meaning set forth under the caption "—Additional Amounts."

"*UCC*" means the Uniform Commercial Code of the State of New York or of any other state the laws of which are required to be applied in connection with the perfection of security interests in any collateral.

"*U.S. Dollars*" and the sign "*US$*" means the coin or currency of the United States as at the time of payment is legal tender for the payment of public and private debts.

"*U.S. Government Securities*" means securities that are (a) non-callable direct obligations of the United States for the timely payment of which its full faith and credit is pledged or (b) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States the timely payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government Securities or a specific payment of principal of or interest on any such U.S. Government Securities held by such custodian for the account of the holder of such depositary receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Securities or the specific payment of principal of or interest on the U.S. Government Securities evidenced by such depositary receipt.

"*U.S. persons*" has the meaning set forth under the caption "—Form of Notes; Payments on the Notes."

"*VAT Account*" means the bank account held by the OpCo Guarantor outside of the Amended and Restated Mexican Trust Agreement for the exclusive purpose of receiving Mexican value-added tax refunds.

"*VAT Facility*" means the Contrato de Apertura de Crédito Simple, dated as of June 19, 2017 by the OpCo Guarantor and Nacional Financiera, Sociedad Nacional de Crédito, Institución de Banca de Desarrollo, as amended, supplemented, modified, restated or replaced from time to time.

"*VAT Reimbursements*" means any amounts paid by the Mexican Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*) to the OpCo Guarantor as value added tax reimbursements.

BOOK-ENTRY; SETTLEMENT AND CLEARANCE

The Notes are being offered and sold to qualified institutional buyers in reliance on Rule 144A ("Rule 144A Notes"). Notes also may be offered and sold in offshore transactions in reliance on Regulation S ("Regulation S Notes"). Notes will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A Notes initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the "Rule 144A Global Notes"). Regulation S Notes initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the "Regulation S Global Notes" and, together with the Rule 144A Global Notes, the "Global Notes").

The Global Notes will be deposited upon issuance with the Indenture Trustee as custodian for DTC, in New York, New York, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Through and including the fortieth day after the later of the commencement of this offering and the closing of this offering (such period through and including such fortieth day, the "restricted period"), beneficial interests in the Regulation S Global Notes may be transferred to a person that takes delivery through a Rule 144A Global Notes in accordance with the certification requirements described below.

Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below. See "—Exchanges Between Regulation S Notes and Rule 144A Notes."

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for Notes in certificated form except in the limited circumstances described below. See "—Exchange of Global Notes for Certificated Notes." Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Notes in certificated form.

In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters. DTC has advised us that DTC is a limited purpose trust company created to hold securities for its participating organizations (collectively, the "participants") and to facilitate the clearance and settlement of transactions in those securities between participants through electronic book entry changes in accounts of its participants. The participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain custodial relationship with a participant, either directly or indirectly (collectively, the "indirect participants"). Persons who are not participants may beneficially own securities held by or on behalf of DTC only through the participants or the indirect participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the participants and indirect participants.

DTC has also advised us that, pursuant to procedures established by it:

(1) upon deposit of the Global Notes, DTC will credit the accounts of participants designated by the initial purchasers with portions of the principal amount of the Global Notes; and

(2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the participants) or by the participants and the indirect participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes may hold their interests therein directly through DTC or through organizations (including Euroclear and Clearstream) which are participants in such system. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form and will not be considered the registered owners or "holders" thereof under the Indenture for any purpose.

Payments in respect of the principal of, and interest and premium and additional amounts, if any, on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, the Issuer and the Indenture Trustee will treat the persons in whose names the notes, including the global Notes, are registered as the owners of the Notes for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Indenture Trustee, the transfer agent, registrar, the paying agent nor any agent of the Issuer, nor the Indenture Trustee has or will have any responsibility or liability for:

(1) any aspect of DTC's records or any participant's or indirect participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any participant's or indirect participant's records relating to the beneficial ownership interests in the Global Notes; or

(2) any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest) is to credit the accounts of the relevant participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the participants and the indirect participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be our responsibility or that of DTC or the Indenture Trustee. Neither the Issuer nor the Indenture Trustee will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the Notes, and the Issuer and the Indenture Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under "Transfer Restrictions," transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described herein, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other

hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counter-party in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf of delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream. DTC has advised us that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the Notes, DTC reserves the right to exchange the Global Notes for legended Notes in certificated form, and to distribute such Notes to its participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A Global Notes and the Regulation S Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither the Issuer nor the Indenture Trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for definitive Notes in registered certificated form ("certificated notes") if:

(1) DTC (a) notifies the Issuer that it is unwilling or unable to continue as depositary for the Global Notes and DTC fails to appoint a successor depositary or (b) has ceased to be a clearing agency registered under the Exchange Act;

(2) the Issuer, at its option, notifies the Indenture Trustee in writing that it has elected to cause the issuance of the certificated notes; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Notes.

In addition, beneficial interests in a Global Note may be exchanged for certificated Notes upon prior written notice given to the Indenture Trustee by or on behalf of DTC in accordance with the Indenture. In all cases, certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "Transfer Restrictions," unless that legend is not required by applicable law.

Exchanges Between Regulation S Notes and Rule 144A Notes

Beneficial interests in the Regulation S Global Notes may be exchanged for beneficial interests in the Rule 144A Global Notes only if:

(A) such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A; and

(B) the transferor first delivers to the Indenture Trustee a written certificate (in the form provided in the Indenture) to the effect that the Notes are being transferred to a person:

(1) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and

(2) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Notes may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Notes, whether before or after the expiration of the restricted period, only if the transferor first delivers to the Indenture Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Rule 144A Global Notes will be effected in DTC by means of an instruction originated by the DTC participant and approved by the Indenture Trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Notes or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interest in such other Global Note for so long as it remains such an interest. Transfers between Regulation S and Rule 144A Notes will need to be done on a delivery free of payment basis and separate arrangements will need to be made outside of DTC for payment.

TAXATION

The following discussion summarizes certain U.S. federal, Luxembourg and Mexican income tax considerations that may be relevant to you if you invest in the Notes. This summary is based on laws, regulations, rulings and decisions now in effect in the U.S., Luxembourg and Mexico, which, in each case, may change. Any change could apply retroactively and could affect the continued validity of this summary.

This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your tax advisors about the tax consequences of holding the Notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.

Each prospective purchaser is urged to consult its own tax advisor about the tax consequences of an investment in the notes under the state and local laws of the United States, Luxembourg, Mexico, the Netherlands and the laws of any other jurisdiction where the purchaser may be subject to taxation.

Certain U.S. Federal Income Tax Considerations

The following is a general discussion based upon present law of certain U.S. federal income tax considerations for prospective purchasers of the Notes. The discussion addresses only persons that purchase Notes in the original offering at their "issue price" (i.e., the first price at which a substantial amount of the Notes is sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers), hold the Notes as capital assets, and, in the case of U.S. Holders (as defined below), use the U.S. dollar as their functional currency. The discussion does not consider the circumstances of particular purchasers, some of which (such as financial institutions, insurance companies, regulated investment companies, tax exempt organizations, dealers, traders who elect to mark their investment to market, persons required to accelerate the recognition of any item of gross income as a result of such income being recognized on an "applicable financial statement," and persons holding the Notes as part of a hedge, straddle, conversion, constructive sale or integrated transaction) are subject to special tax regimes. The discussion does not address any state, local or foreign taxes, the Medicare tax on net investment income or the federal alternative minimum tax. Special rules also apply to individuals, certain of which may not be discussed below. Prospective investors should note that no rulings have been, or are expected to be, sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences discussed below, and we cannot assure you that the IRS or a court will not take contrary positions.

For purposes of this discussion, "U.S. Holder" means a beneficial owner of a Note that for U.S. federal income tax purposes is

- a citizen or individual resident of the United States;
- a corporation organized in or under the laws of the United States, any state thereof or the District of Columbia;
- a trust subject to the control of one or more U.S. persons and the primary supervision of a U.S. court or that has validly elected to be treated as a U.S. person; or
- an estate the income of which is subject to U.S. federal income taxation regardless of its source.

"Non-U.S. Holder" means a person that is a beneficial owner of a Note that is not a partnership or a U.S. Holder.

The treatment of a partnership or partners in a partnership that owns Notes may depend on the status of such partners and the status and activities of the partnership and such entities or persons should consult their own tax advisors about the consequences of an investment in the Notes.

Potential Contingent Payment Debt Instrument Treatment

In certain circumstances the Issuer may be required to make payments on a Note that would change the yield of the Note. See "Description of the Notes—Repurchase upon a Change of Control Triggering Event," and "—Redemption of the Notes—Optional Redemption with Make-Whole Amount."

This obligation may implicate the provisions of Treasury regulations relating to contingent payment debt instruments ("CPDIs"). According to the applicable Treasury regulations, certain contingencies will not cause a debt instrument to be treated as a CPDI if such contingencies, as of the date of issuance, are "remote or incidental" or certain other circumstances apply. The Issuer intends to take the position that the Notes are not CPDIs. This determination, however, is not binding on the IRS and if the IRS were to challenge this determination, a holder may be required to accrue income on the Notes that such holder owns in excess of stated interest, and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of such Notes before the resolution of the contingency. If the Notes are not CPDIs, but such contingent payments were required to be made, it would affect the amount and timing of the income that a U.S. Holder recognizes. U.S. Holders are urged to consult their own tax advisors regarding the potential application to the Notes of the CPDI rules and other rules above and the consequences thereof. The remainder of this discussion assumes that the Notes will not be treated as CPDIs.

Interest

Stated interest paid to a U.S. Holder, and any Additional Amounts with respect to withholding tax on the Notes (including the amount of tax withheld from payments of interest and Additional Amounts), will be includible in the U.S. Holder's gross income as ordinary interest income at the time interest and Additional Amounts are received or accrued in accordance with the U.S. Holder's regular method of tax accounting for U.S. federal income tax purposes. It is expected, and the remainder of this discussion assumes, that the Notes will not be issued with original issue discount for U.S. federal income tax purposes.

Interest on the Notes generally will be treated as foreign source income for U.S. federal income tax purposes and generally will constitute "passive category" income for most U.S. Holders. Subject to generally applicable restrictions and conditions (including a minimum holding period requirement), a U.S. Holder generally will be entitled to a foreign tax credit in respect of any foreign income taxes withheld on interest payments on the Notes. Alternatively, the U.S. Holder may be able to deduct such taxes in computing taxable income for U.S. federal income tax purposes, provided that the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued during the relevant taxable year. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit or a deduction for foreign taxes paid under their particular circumstances.

Sale, Exchange or Other Taxable Disposition

Upon the sale, exchange or other taxable disposition (including redemption) of a Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange or other taxable disposition (other than accrued but unpaid interest, which will be taxable as interest) and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will be equal to the amount that the U.S. Holder paid for the Note, decreased by any payments received by such U.S. Holder with respect to the Note (including the scheduled principal amortization payments) other than payments of qualified stated interest. Any such gain or loss generally will be capital gain or loss and generally will be long-term capital gain or loss if the Note has been held for more than one year at the time of its sale, exchange or other taxable disposition. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to limitations. A U.S. Holder generally will not recognize any gain or loss with respect to the scheduled principal amortization payments.

Any gain or loss realized on the sale, exchange or other taxable disposition of a Note generally will be treated as U.S. source gain or loss, as the case may be. If any gain from the sale, exchange or other taxable disposition of a Note is subject to foreign income tax, U.S. Holders may not be able to credit such tax against their U.S. federal income tax liability under the U.S. foreign tax credit limitations unless such income tax can be credited (subject to applicable

limitations) against U.S. federal income tax due on other income that is treated as derived from foreign sources. The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors.

Substitution of the Issuer

The Issuer may, subject to certain conditions, be replaced and substituted by any of the Guarantors as principal obligor, in such capacity, the Substitute Issuer, in respect of the Notes (see "Description of the Notes—Substitution of the Issuer"). This substitution would generally be treated for United States federal income tax purposes as a deemed taxable exchange of the Notes for new notes issued by the Substitute Issuer and thus may result in certain adverse tax consequences to holders of the Notes. Among other things, U.S. Holders would likely recognize gain in an amount equal to the difference between the "issue price" of the new notes (which will generally equal the fair market value of the new notes upon their issuance) and their tax basis in the existing Notes, although loss may be disallowed under the wash sale rules. In addition, if the issue price of the new notes is lower than their face value by more than a *de minimis* amount, U.S. Holders would generally be required to accrue original issue discount in respect of the new notes. The Substitute Issuer will have no obligation to indemnify U.S. Holders for any U.S. taxes arising as a result of the Substitution of the Issuer. See "Description of the Notes—Substitution of the Issuer." U.S. Holders should consult their own tax advisors regarding any potential adverse tax consequences to U.S. Holders that may result from a substitution of the issuer.

Non-U.S. Holders

Subject to the discussion of backup withholding below, a Non-U.S. Holder generally will not be subject to U.S. federal withholding tax on interest and Additional Amounts on or gain with respect to the Notes. A Non-U.S. Holder also generally will not be subject to U.S. federal income tax on a net income basis with respect to interest and Additional Amounts received in respect of the Notes or gain realized on the sale, exchange or other taxable disposition (including redemption) of the Notes, unless that interest or gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States or, in the case of gain realized by an individual Non-U.S. Holder, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met.

U.S. Backup Withholding and Information Reporting

Information reporting generally will apply to payments of principal of, and interest on, Notes (including Additional Amounts), and to proceeds from the sale, exchange or other taxable disposition (including redemption) of Notes within the United States, or by a U.S. payor or U.S. middleman, to a U.S. Holder (other than an exempt recipient). Backup withholding may be required on reportable payments if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, information reporting and backup withholding requirements. Non-U.S. Holders generally will be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of information reporting and backup withholding. Backup withholding is not an additional tax. A holder of Notes generally will be entitled to credit any amounts withheld under the backup withholding rules against its U.S. federal income tax liability or to obtain a refund of the amounts withheld provided the required information is furnished to the IRS in a timely manner.

"Specified Foreign Financial Asset" Reporting

Owners of "specified foreign financial assets" with an aggregate value in excess of US$50,000 (and in some circumstances, a higher threshold), may be required to file an information statement with respect to such assets with their U.S. federal income tax returns, currently on IRS Form 8938. The Notes generally are expected to constitute "specified foreign financial assets" unless they are held in accounts maintained by financial institutions. U.S. Holders are urged to consult their tax advisors regarding the application of this legislation to their ownership of the Notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the Notes. Prospective purchasers of Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

FATCA Withholding

Pursuant to Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended and Treasury Regulations thereunder (provisions commonly referred to as "FATCA"), a "foreign financial institution" may be required to withhold U.S. tax on certain pass-through payments made on or after January 1, 2019 to the extent such payments are treated as attributable to certain U.S. source payments. Obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining "foreign pass-through payments" are filed generally will be "grandfathered" and exempt from withholding unless the obligations are materially modified after that date. Accordingly, FATCA would apply to payments on the Notes only if there was a significant modification of the Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. Moreover, under proposed Treasury Regulations, such withholding will not apply to payments made before the date that is two years after the date on which final regulations defining the term "foreign pass-through payments" are filed. Many non-U.S. governments have entered into agreements with the United States to implement FATCA in a manner that alters the rules described above. Holders should therefore consult their own tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, no Additional Amounts will be paid to compensate for the withheld amount.

Certain Luxembourg Tax Considerations

The following information is of a general nature only, is based on the laws and practice applicable in Luxembourg as at the date of this Offering Memorandum and is subject to changes in law (or interpretation) later introduced, whether or not on a retroactive basis. It is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to certain Luxembourg tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and concepts only.

Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) generally. Corporate taxpayers may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax, the solidarity surcharge and the net wealth tax invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Withholding Tax

Non-Resident holders of Notes

Under Luxembourg general tax laws currently in force, interest payments (including accrued but unpaid interest) and principal repayments made to non-residents of Luxembourg in the context of the holding, disposal, redemption or repurchase of the Notes which are not profit-sharing will not be subject to any Luxembourg withholding tax.

Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of December 23, 2005, as amended (the "Relibi Law"), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg are subject to a withholding tax of 20%. Payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20%. Such withholding tax is in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of tax in application of the Relibi Law is assumed by the Luxembourg paying agent.

In addition, pursuant to the Relibi Law, Luxembourg resident individuals can opt to self-declare and pay a 20% tax on payments of interest or similar income made or ascribed by paying agents located in a member state of the European Union other than Luxembourg, a member state of the European economic area. The 20% tax is final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Income Taxation

Non-Resident holders of Notes

A non-resident holder of Notes, not having a permanent establishment or permanent representative in Luxembourg to which/whom such Notes are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes. A gain realized by such non-resident holder of Notes on the sale or disposal, in any form whatsoever, of the Notes is further not subject to Luxembourg income tax.

A non-resident holder of Notes who has a permanent establishment or permanent representative in Luxembourg to which or to whom such Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realized upon the sale or disposal, in any form whatsoever, of the Notes.

Resident holders of Notes

Luxembourg resident corporate holders of Notes

A Luxembourg resident corporate holder of Notes must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes.

A Luxembourg resident corporate holder of Notes that is (i) an undertaking for collective investment ("*UCI*") within the meaning of the law of December 17, 2010 as amended, (ii) a special investment fund ("*SIF*") within the meaning of the law of February 13, 2007, as amended, (iii) a private wealth management company ("*SPF*") within the meaning of the law of May 11, 2007, as amended, or (iv) a reserved alternative investment fund ("*RAIF*") treated as a SIF for Luxembourg tax purposes and governed by the law of July 23, 2016 is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption.

Luxembourg resident individual holders of Notes

A Luxembourg resident individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax at progressive rates in respect of interest received, redemption premiums or issue discounts, under the Notes, except if (i) withholding tax has been levied on such payments in accordance with the Relibi Law, or (ii) the individual holder of the Notes has opted for the application of a 20% tax in full discharge of income tax in accordance with the Relibi Law, which applies if a payment of interest has been made or ascribed by a paying agent established in a EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than a EU Member State). A gain realized by a Luxembourg resident individual holder of Notes, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal takes place more than six months after the Notes were acquired and provided the Notes do not constitute zero coupon notes. However, any

portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Relibi Law.

A Luxembourg resident individual holder of Notes acting in the course of the management of a professional or business undertaking to which the Notes are attributable must include any interest received or accrued, as well as any gain realized on the disposal of the Notes, in any form whatsoever, in its taxable basis. If applicable, the tax levied in accordance with the Relibi Law will be credited against his/her final tax liability.

Other Taxes and Duties

It is not necessary under Luxembourg law that the contractual documents be filed, recorded or enrolled with any court or other authority in Luxembourg or that any stamp, registration or similar tax be paid on or in relation to the contractual documents.

Under current Luxembourg tax law and current administrative practice, it is not necessary that the Notes be notarized, filed, recorded or enrolled with any court or other authority in Luxembourg, or that any stamp, transfer, capital, registration or similar tax be paid on or in relation to the execution and delivery of the Notes in accordance therewith or the performance of the Issuer's obligations under the Notes, except in case the Notes (i) are voluntarily presented to the registration formalities or (ii) are appended to a document that requires mandatory registration, in which case a registration duty will be due, the amount of which depending on the nature of the document to be registered.

The Luxembourg courts or the official Luxembourg authority may require that the Notes, the Indenture, the Note Guarantees and any other Financing Documents (and any document in connection therewith) and any judgment obtained in a foreign court be translated into French or German.

Where a holder of Notes is a resident of Luxembourg for inheritance tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed passed in front of a Luxembourg notary or recorded in Luxembourg.

Value-Added Tax

There is no Luxembourg value-added tax payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of a redemption amount or principal under the Notes or the transfer of a Note; provided that Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered, or are deemed to be rendered, in Luxembourg and an exemption from value added tax does not apply with respect to such services.

Net Wealth Tax

Luxembourg resident holders of Notes and non-resident holders of Notes having a permanent establishment or a permanent representative in Luxembourg to which or whom the Notes are attributable, are subject to Luxembourg net wealth tax on such Notes, unless the holder of Notes is: (i) a resident or non-resident individual taxpayer, (ii) an UCI within the meaning of the law of December 17, 2010 as amended, (iii) a capital venture capital vehicle within the meaning of the law dated June 15, 2004, as amended, (iv) a securitization vehicle within the meaning of the law dated March 22, 2004 as amended, (v) a SIF within the meaning of the law of February 13, 2007, as amended, (vi) a SPF within the meaning of the law of May 11, 2007 as amended, (vii) a professional pension institution within the meaning of the law of July 13, 2005 as amended, or (viii) a RAIF within the meaning of the law of July 23, 2016.

However, please note that (i) securitization companies governed by the law of March 22, 2004, on securitization, as amended, (ii) opaque companies governed by the law of June 15, 2004, on venture capital vehicles, as amended, (iii) professional pension institutions governed by the law of July 13, 2005 as amended, and (iv) opaque RAIFs

governed by the law of July 23, 2016, and which fall under the special tax regime set out under article 48 thereof remain subject to the minimum net wealth tax.

Common Reporting Standard

Capitalized terms used in this section should have the meaning as set forth in the CRS Law (as defined below), unless provided otherwise herein.

The Issuer may be subject to the Standard for Automatic Exchange of Financial Account Information in Tax matters (the "*Standard*") and its Common Reporting Standard as set out in the amended Luxembourg law of December 18, 2015 (the "CRS Law") implementing Directive 2014/107/EU which provides for an automatic exchange of financial account information between Member States of the European Union as well as the OECD's multilateral competent authority agreement on automatic exchange of financial account information signed on October 29, 2014 in Berlin, with effect as of January 1, 2016.

In case the Issuer qualifies as a Luxembourg Reporting Financial Institution under the terms of the CRS Law, it will be required to annually report to the Luxembourg tax authorities personal and financial information related, inter alia, to the identification of, holdings by and payments made to (i) certain Noteholders qualifying as Reportable Persons and (ii) Controlling Persons of certain passive non-financial entities ("*NFEs*") which are themselves Reportable Persons. This information, as exhaustively set out in Annex I of the CRS Law (the "*Information*"), will include personal data related to the Reportable Persons. Noteholders are hereby informed that, as data controller, the Issuer will process the Information for the purposes as set out in the CRS Law. Noteholders qualifying as passive NFEs undertake to inform their Controlling Persons, if applicable, of the processing of their Information by the Issuer. Additionally, the Issuer is responsible for the processing of personal data and each noteholder has a right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the Issuer are to be processed in accordance with the applicable data protection legislation. Noteholders are further informed that the Information related to Reportable Persons will be disclosed to the Luxembourg tax authorities annually for the purposes set out in the CRS Law. The Luxembourg tax authorities will, under their own responsibility, eventually exchange the reported information to the competent authority of the Reportable Jurisdiction(s). In particular, Reportable Persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the Luxembourg tax authorities. Similarly, noteholders undertake to inform the Issuer within thirty (30) days of receipt of these statements should any included personal data be not accurate. Noteholders further undertake to immediately inform the Issuer of, and provide the Issuer with all supporting documentary evidence of any changes related to the Information after occurrence of such changes. Any noteholder that fails to comply with the Issuer's Information or documentation requests may be held liable for penalties imposed on the Issuer as a result of such noteholder's failure to provide the Information or subject to disclosure of the Information by the Issuer to the Luxembourg tax authorities and the Issuer may, in its sole discretion, redeem the Notes of such noteholder.

Noteholders should consult their own tax advisor or otherwise seek professional advice regarding the impact of the CRS Law on their investment.

FATCA

Capitalized terms used in this section should have the meaning as set forth in the FATCA Law (as defined below), unless provided otherwise herein.

The Issuer may be subject to the so-called FATCA legislation that generally requires reporting to the U.S. Internal Revenue Service of non-U.S. financial institutions that do not comply with FATCA and direct or indirect ownership by U.S. persons of non-U.S. entities. As part of the process of implementing FATCA, the U.S. government has negotiated intergovernmental agreements with certain foreign jurisdictions which are intended to streamline reporting and compliance requirements for entities established in such foreign jurisdictions and subject to FATCA. Luxembourg has entered into a Model 1 Intergovernmental Agreement implemented by the amended Luxembourg law of 24 July 2015 (the "FATCA Law"), which requires Financial Institutions located in Luxembourg to report, when required, information on Financial Accounts held by Specified U.S. Persons, if any, to the Luxembourg tax authorities.

In case the Issuer qualifies as a Luxembourg Reporting Financial Institution under the terms of the FATCA Law, it will be subject to obligation to regularly obtain and verify information on all of its noteholders. On the request of the Issuer, each noteholder shall agree to provide certain information, including, in the case of a passive Non-Financial Foreign Entity ("*NFFE*"), information on the Controlling Persons of such NFFE, along with the required supporting documentation. Similarly, each noteholder shall agree to actively provide to the Issuer within thirty (30) days any information that would affect its status, as for instance a new mailing address or a new residency address. The FATCA Law may require the Issuer to disclose the names, addresses and taxpayer identification number (if available) of its noteholders as well as information such as account balances, income and gross proceeds (non-exhaustive list) to the Luxembourg tax authorities for the purposes set out in the FATCA Law. Such information will be relayed by the Luxembourg tax authorities to the U.S. Internal Revenue Service. Noteholders qualifying as passive NFFEs undertake to inform their Controlling Persons, if applicable, of the processing of their information by the Issuer. Additionally, the Issuer is responsible for the processing of personal data and each noteholder has a right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the Issuer are to be processed in accordance with the applicable data protection legislation. The failure for the Issuer to obtain such information from each noteholder and to transmit it to the Luxembourg tax authorities may trigger the 30% withholding tax to be imposed on payments of U.S. source income and on proceeds from the sale of property or other assets that could give rise to U.S. source interest and dividends as well as penalties. Any noteholder that fails to comply with the Issuer's documentation requests may be charged with any taxes and/or penalties imposed on the Issuer as a result of such noteholder's failure to provide the information and the Issuer may, in its sole discretion, redeem the notes of such noteholder.

Noteholders should consult a U.S. tax advisor or otherwise seek professional advice regarding the above requirements.

Certain Mexican Tax Considerations

The following information is of a general nature only and is based on the laws presently in force in Mexico, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to certain Mexican tax issues, and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Mexican tax law, to which they may be subject.

The following summary contains a description of the principal Mexican federal income tax consequences of the purchase, ownership and disposition of Notes by a Non-Mexican Holder. This summary does not purport to be a comprehensive description or an opinion of all of the tax considerations that may be relevant to a decision to purchase, hold or dispose of the Notes. In addition, it does not describe any tax consequences (1) arising under any laws other than the federal tax laws of Mexico or under any treaty for the avoidance of double taxation entered into by Mexico, or (2) that are applicable to a resident of Mexico for tax purposes. Furthermore, the criteria contained herein may differ from those issued by the tax authorities or may be contrary to the tax authorities' interpretation. This summary is based on the Mexican Income Tax Law, its regulations, and administrative general rules in effect on the date of this offering memorandum, which is subject to change, possibly with retroactive effect, or to new or different interpretations, which could affect the continued validity of this general summary.

A "Non-Mexican Holder" is a holder of the Notes who is not a resident of Mexico for tax purposes and that does not hold the Notes through a permanent establishment for tax purposes in Mexico to which income in respect of the Notes is attributable. Tax residency is a highly technical definition that involves the application of a number of factors that are specified in the Federal Tax Code (*Código Fiscal de la Federación*). Under the Federal Tax Code, an individual is a resident of Mexico for tax purposes if the individual has established his or her home in Mexico. In the event the individual also has a home in another jurisdiction different from Mexico, the individual will be deemed a resident of Mexico for tax purposes when his or her "center of vital interests" is in Mexico. A "center of vital interests" is deemed to exist in Mexico if, among other considerations: (1) more than 50% of an individual's total income, in any calendar year, qualifies as Mexican source income, or (2) when an individual's principal center of professional activities is located in Mexico. Mexican nationals who file a change of tax residence to a country or jurisdiction that does not have a comprehensive exchange of information agreement with Mexico and in which his or her income is subject to a preferential tax regime pursuant to the provisions of the Mexican Income Tax Law, will be considered

Mexican residents for tax purposes during the year of filing of notice of residence change and during the following three fiscal years. Mexican nationals are deemed Mexican residents for tax purposes, unless such nationals can demonstrate otherwise. A legal entity is a resident of Mexico for tax purposes if the main administration of its business or the place of effective management is in Mexico.

If a legal entity or an individual is deemed a resident of Mexico for tax purposes or is a Non-Mexican resident with a permanent establishment in Mexico for Mexican tax purposes, any and all income earned by such Mexican resident or any income attributable to that permanent establishment of such Non-Mexican resident, as the case may be, will be subject to Mexican income taxes, in accordance with applicable tax laws.

Taxation of Payments of Interest

Under the Mexican Income Tax Law, payments of interest made by Issuer (including original issue discount and premiums, if any) to a Non-Mexican Holder will not be subject to any Mexican withholding taxes.

In the case of interest payments, Mexican source income is deemed to exist when the capital is placed or invested in Mexico, or when the interest is paid by a Mexican tax resident or a non-resident with permanent establishment in the country, none of which will occur in the particular case (except in the case of direct payment by a Guarantor; see below).

Taxation on Principal

Under the Mexican Income Tax Law, payments of principal made by Issuer to a Non-Mexican Holder of the Notes will not be subject to any Mexican withholding taxes.

Taxation of Dispositions of the Notes

Under the Mexican Income Tax Law, gains resulting from the sale or other disposition of the Notes by a Non-Mexican Holder will not be subject to income tax in Mexico (certain exceptions may apply in the event that the Issuer is substituted by the Guarantor).

Direct Payment by a Guarantor to Non-Mexican Holders

In case interest payments to a Non-Mexican Holder are made directly by Tierra Mojada or FEM V Sponsor, in their capacity as Guarantors, under the Note Guarantees and not by or through the Issuer, Mexican withholding taxes may apply. The withholding tax rate applicable under the Mexican Income Tax Law could vary depending on several factors, but in general terms, it may range from 0% to 40%. However, if the Guarantors are required to deduct or withhold any amount in respect of Taxes for the account of Mexican Taxes, the Guarantors will pay to the relevant Non-Mexican Holder such additional amounts as may be necessary so that the net amount received by such holder will not be less than the amount such holder would have received if such Taxes had not been withheld or deducted subject to certain exceptions described under "Description of the Notes—Additional Amounts."

Substitution of the Issuer

If the Issuer is replaced and substituted by any of the Guarantors as principal obligor, in such capacity, the Substitute Issuer, in respect of the Notes (see "Description of the Notes—Substitution of the Issuer"), such substitution *per se* would not result in adverse tax consequences in Mexico to holders of the Notes.

However, if the Substitute Issuer is a tax resident of Mexico (such as Tierra Mojada or FEM V Sponsor), a Mexican withholding would apply on interest payments to a Non-Mexican Holder of the Notes. Under this scenario, a 4.9% withholding tax rate on interest payments to Non-Mexican Holders of the Notes may apply in Mexico if (i) the corresponding filings to be submitted after the Substitution of the Issuer are not rejected by the CNBV and the SAT, (ii) the Substitute Issuer is considered the effective issuer of the Notes and (iii) there are no changes to Mexican tax laws and regulations. However, if the CNBV or the SAT reject such filings for any reason, although we expect the

applicable withholding tax rate to be 10%, the Mexican tax authorities could determine the applicable withholding tax rate to be higher than 10%. We cannot assure you that such filings will not be rejected. Regardless of the applicable withholding tax rate, the Substitute Issuer will have an obligation to pay such additional amounts as may be necessary so that the net amount received by Non-Mexican holders of the Notes and beneficial owners of the Notes after such withholding will not be less than the amount said holders and beneficial owners would have received if such taxes had not been withheld. See "Description of the Notes—Redemption of the Notes—Additional Amounts."

Certain Dutch Tax Considerations

This summary solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of Notes and does not purport to describe every aspect of taxation that may be relevant to a particular holder. Tax matters are complex, and the tax consequences of the Offer to a particular holder of Notes will depend in part on such holder's circumstances. Accordingly, a holder is urged to consult his own tax advisor for a full understanding of the tax consequences of the Offer to him, including the applicability and effect of Dutch tax laws.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this summary the terms "the Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of the Netherlands. This summary assumes that the Issuer is organized, and that its business will be conducted, in the manner outlined in this offering memorandum. A change to such organizational structure or to the manner in which the Issuer conducts its business may invalidate the contents of this summary, which will not be updated to reflect any such change.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this offering memorandum. The tax law upon which this summary is based, is subject to changes, possibly with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change.

The summary in this Certain Dutch Tax Considerations section does not address the Dutch tax consequences for a holder of Notes who:

(i) is a person who may be deemed an owner of Notes for Dutch tax purposes pursuant to specific statutory attribution rules in Dutch tax law;

(ii) is, although in principle subject to Dutch corporation tax, in whole or in part, specifically exempt from that tax in connection with income from Notes;

(iii) is an investment institution as defined in the Dutch Corporation Tax Act 1969;

(iv) owns Notes in connection with a membership of a management board or a supervisory board, an employment relationship, a deemed employment relationship or management role;

(v) has a substantial interest in the Issuer or a deemed substantial interest in the Issuer for Dutch tax purposes. Generally, a person holds a substantial interest if (a) such person – either alone or, in the case of an individual, together with his partner or any of his relatives by blood or by marriage in the direct line (including foster-children) or of those of his partner for Dutch tax purposes – owns or is deemed to own, directly or indirectly, 5% or more of the shares or of any class of shares of the Issuer, or rights to acquire, directly or indirectly, such an interest in the shares of the Issuer or profit participating certificates relating to 5% or more of the annual profits or to 5% or more of the liquidation proceeds of the Issuer, or (b) such person's shares, rights to acquire shares or profit participating certificates in the Issuer are held by him following the application of a non-recognition provision; or

(vi) is for Dutch tax purposes taxable as a corporate entity and resident of Aruba, Curaçao or Sint Maarten.

Withholding Tax

All payments under the Notes and the Note Guarantees may be made free from withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority of or in the Netherlands, except that as of January 1, 2021 withholding tax may apply on payments of interest made or deemed to be made to a related party or permanent establishment of such party (i) which related party is resident of or of which the permanent establishment is located in a specifically listed low-tax jurisdiction that has no profits tax or a profits tax rate of lower than 9%, or which is included in the EU list of non-cooperative jurisdictions, or (ii) in certain situations that are considered abusive for purposes of the Dutch Withholding Tax Act 2021.

Taxes on Income and Capital Gains

Non-Resident holders of Notes

Individuals

If a holder of Notes is an individual who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch income tax, he will not be subject to Dutch income tax in respect of any benefits derived or deemed to be derived from or in connection with Notes, except if:

(i) he derives profits from an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, and such enterprise is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and his Notes are attributable to such permanent establishment or permanent representative; or

(ii) he derives benefits or is deemed to derive benefits from or in connection with Notes that are taxable as benefits from miscellaneous activities performed in the Netherlands.

Corporate Entities

If a holder of Notes is a corporate entity, or an entity, including an association, a partnership and a mutual fund, taxable as a corporate entity, which is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch corporation tax, it will not be subject to Dutch corporation tax in respect of any benefits derived or deemed to be derived from or in connection with Notes, except if:

(i) it derives profits from an enterprise directly which is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and to which permanent establishment or permanent representative its Notes are attributable; or

(ii) it derives profits pursuant to a co-entitlement to the net value of an enterprise which is managed in the Netherlands, other than as a holder of securities, and to which enterprise its Notes are attributable.

General

A holder of Notes will not be deemed to be resident in the Netherlands for Dutch tax purposes by reason only of the execution and/or enforcement of the documents relating to the issue of Notes or the performance by the Issuer of its obligations under such documents or under the Notes.

If a holder of Notes is neither resident nor deemed to be resident in the Netherlands, such holder will for Dutch tax purposes not carry on or be deemed to carry on an enterprise, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands by reason only of the execution and/or enforcement of the documents relating to the issue of Notes or the performance by the Issuer of its obligations under such documents or under the Notes.

Gift and Inheritance Taxes

No Dutch gift tax or Dutch inheritance tax will arise with respect to an acquisition or deemed acquisition of Notes by way of gift by, or upon the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax except if, in the event of a gift whilst not being a resident nor being a deemed resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, the holder of Notes becomes a resident or a deemed resident in the Netherlands and dies within 180 days after the date of the gift.

For purposes of Dutch gift tax and Dutch inheritance tax, a gift of Notes made under a condition precedent is deemed to be made at the time the condition precedent is satisfied.

Registration Taxes and Duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands in respect of or in connection with the execution and/or enforcement (including by legal proceedings and including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of Notes, the performance by the Issuer of its obligations under such documents or under Notes, or the transfer of Notes, except that Dutch real property transfer tax may be due upon an acquisition, in connection with Notes, of real property situated in the Netherlands, (an interest in) an asset that qualifies as real property situated in the Netherlands, or (an interest in) a right over real property situated in the Netherlands, for the purposes of Dutch real property transfer tax.

ERISA CONSIDERATIONS

Certain terms used and not defined in this section shall have the meanings attributed to such terms in the Glossary of Certain Defined Terms.

A fiduciary of a pension, profit-sharing or other employee benefit plan subject to ERISA (each, an "ERISA Plan"), should consider the fiduciary standards of ERISA in the context of the ERISA Plan's particular circumstances before authorizing an investment in the notes. Among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the ERISA Plan, and whether the investment would involve a prohibited transaction under ERISA or the Code.

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans, as well as individual retirement accounts, Keogh plans, and other plans that are subject to Section 4975 of the Code (together with ERISA Plans, "Plans"), from engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to the Plan. A violation of these prohibited transaction rules may result in excise tax or other liabilities under ERISA or the Code for those persons, unless exemptive relief is available under an applicable statutory, regulatory or administrative exemption. Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) ("Non-ERISA Arrangements") are not subject to the requirements of Section 406 of ERISA or Section 4975 of the Code but may be subject to ERISA Similar Laws.

The acquisition and holding of the notes by a Plan or any entity whose underlying assets include "plan assets" by reason of any Plan's investment in the entity (a "Plan Asset Entity") with respect to which the Issuer, any Guarantor, the registrar and paying agent, the initial purchasers or a manager or any of their respective affiliates (the "Transaction Parties") is or becomes a party in interest or disqualified person may result in a prohibited transaction under ERISA or Section 4975 of the Code, unless the notes are acquired and held pursuant to an applicable exemption. In addition, the fiduciary of a Plan or Plan Asset Entity that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The U.S. Department of Labor has issued various prohibited transaction class exemptions, or "PTCEs," that may provide exemptive relief if required for direct or indirect prohibited transactions that may arise from the purchase or holding of the notes. These exemptions include PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers), PTCE 90-1 (for certain transactions involving insurance company pooled separate accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 95-60 (for transactions involving certain insurance company general accounts), and PTCE 96-23 (for transactions managed by in-house asset managers). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code provide an exemption for the purchase and sale of the notes, provided that neither the issuer of the notes nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction, and provided, further, that the Plan pays no more and receives no less than "adequate consideration" in connection with the transaction (the "service provider exemption"). There can be no, and we do not provide any, assurance that all of the conditions of any such exemptions will be satisfied with respect to any particular transaction involving the notes.

Any purchaser or holder of the notes or any interest therein will be deemed to have represented by its purchase and holding of the notes or any interest therein that it either (1) is not a Plan, a Plan Asset Entity or a Non-ERISA Arrangement and is not purchasing the notes on behalf of or with the assets of any Plan, a Plan Asset Entity or Non-ERISA Arrangement or (2) (a) the purchase and holding of the notes will not constitute a non-exempt prohibited transaction under ERISA or the Code or a similar violation under any applicable ERISA Similar Laws, and (b) none of the Transaction Parties has acted or will act as a fiduciary to any Plan or Plan Asset Entity, or will be relied upon for any advice, with respect to the Plan or Plan Asset Entity's decision to acquire, continue to hold or transfer a note.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is important that fiduciaries or other persons considering purchasing the notes on behalf of or with the assets of any Plan, a Plan Asset Entity or Non-ERISA Arrangement consult with their counsel regarding the availability of exemptive relief under any of the PTCEs listed above, the service provider exemption or the potential consequences of any purchase or holding under ERISA Similar Laws, as applicable. Purchasers of the notes

have exclusive responsibility for ensuring that their purchase and holding of the notes do not violate the fiduciary or prohibited transaction rules of ERISA or the Code or any similar provisions of ERISA Similar Laws. The sale of any notes to a Plan, Plan Asset Entity or Non-ERISA Arrangement is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by any such Plans, Plan Asset Entities or Non-ERISA Arrangements generally or any particular Plan, Plan Asset Entity or Non-ERISA Arrangement or that such investment is appropriate for such Plans, Plan Asset Entities or Non-ERISA Arrangements generally or any particular Plan, Plan Asset Entity or Non-ERISA Arrangement Plan of Distribution.

PLAN OF DISTRIBUTION

Morgan Stanley & Co. LLC, Goldman Sachs & Co. LLC and SMBC Nikko Securities America, Inc. are acting as representatives (the "Representatives") of each of the several initial purchasers named below. Subject to the terms and conditions set forth in a purchase agreement among the Issuer, the Guarantors and the Representatives of the several initial purchasers, the Issuer has agreed to sell to the initial purchasers, and each of the initial purchasers has agreed, severally and not jointly, to purchase from the Issuer, the principal amount of Notes set forth opposite its name below.

Initial purchasers	Principal Amount of Notes
Morgan Stanley & Co. LLC	$566,648,000
Goldman Sachs & Co. LLC	$128,784,000
SMBC Nikko Securities America, Inc.	$128,784,000
Blackstone Securities Partners L.P.	$128,784,000
Total	$953,000,000

Subject to the terms and conditions set forth in the purchase agreement, the initial purchasers have agreed, severally and not jointly, to purchase all of the Notes sold under the purchase agreement if any of these Notes are purchased. If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting initial purchasers may be increased or the purchase agreement may be terminated. The offering of the Notes by the initial purchasers is subject to receipt and acceptance and subject to the initial purchasers' right to reject any order in whole or in part.

The Issuer and the Guarantors have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

Commissions and Discounts

The Representatives have advised us that the initial purchasers propose initially to offer the Notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed. The initial purchasers may offer and sell Notes through certain of their affiliates. The initial purchasers will receive customary commissions and discounts under the purchase agreement upon the consummation of the offering of the Notes. Blackstone Securities Partners L.P., one of the initial purchasers, is an affiliate of the Sponsor, and therefore an affiliate of the Issuer.

The initial purchasers and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The initial purchasers and their affiliates have provided, and may in the future provide, a variety of these services to the Issuer, the Guarantors and to persons and entities with relationships with the Issuer and the Guarantors, for which they have received or will receive customary fees and expenses. Additionally, an affiliate of Morgan Stanley & Co. LLC, an affiliate of Goldman Sachs & Co. LLC and an affiliate of SMBC Nikko Securities America, Inc., three of the initial purchasers, will act as lenders under the Letter of Credit Facility.

Notes Are Not Being Registered

The Notes have not been, and will not be, registered under the Securities Act or any state securities laws. The initial purchasers propose to offer the Notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A under the Securities Act and Regulation S under the Securities Act. The initial purchasers will not offer or sell the Notes except to persons they reasonably believe to be QIBs or pursuant to offers and sales to non-U.S. persons that occur outside of the United States within the meaning of Regulation S under the Securities Act. In addition, until 40 days following the later of the

commencement or closing of this offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "Notice to Investors in Certain Countries."

New Issue of Notes

The Notes are a new issue of securities, and there is currently no established trading market for the Notes. We have been advised by certain of the initial purchasers that they presently intend to make a market in the Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the Notes. If an active trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement

We expect that delivery of the Notes will be made to investors on or about December 1, 2020 which will be the eighth business day following the date of this offering memorandum (such settlement being referred to as T+8). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes more than two business days prior to delivery will be required, by virtue of the fact that the Notes initially settle in T+8 to specify an alternate settlement arrangement to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to their date of delivery hereunder should consult their advisors.

No Sales of Similar Securities

The Issuer has agreed that it will not and will not permit any of its subsidiaries, for a period of 45 days after the date of this offering memorandum, without first obtaining the prior written consent of the Representatives, directly or indirectly, sell, offer, contract or grant any option to sell, pledge, transfer or establish an open "put equivalent position" within the meaning of Rule 16a-1 under the Exchange Act, or otherwise dispose of or transfer, or announce the offering of, or file any registration statement under the Securities Act in respect of, any debt securities of the Issuer or any subsidiary of the Issuer or securities exchangeable for or convertible into debt securities of the Issuer or any subsidiary of the Issuer, except for the Notes sold to the initial purchasers pursuant to the purchase agreement.

Short Positions

In connection with the offering, the initial purchasers may purchase and sell the Notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve secondary market sale by the initial purchasers of a greater principal amount of Notes than they are required to purchase in the offering. The initial purchasers must close out any short position by purchasing Notes in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the initial purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any

of the initial purchasers make any representation that the Representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Certain of the Initial Purchasers or their affiliates may hold a portion of the borrowings under and/or be agents and/or lenders under our Existing Project Indebtedness. As a result, certain of the Initial Purchasers or their affiliates may receive a portion of the proceeds of the offering of the Notes in connection with the repayment of Existing Project Indebtedness. Some of the Initial Purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. Certain of the Initial Purchasers or their affiliates will be Issuing Banks under our Operating Credit Agreement and will receive customary fees in connection therewith.

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve our securities and/or instruments or those of our affiliates. If the Initial Purchasers or their affiliates have a lending relationship with us, certain of the Initial Purchasers or their affiliates routinely hedge, and certain other of the Initial Purchasers or their affiliates may hedge or otherwise reduce, their credit exposure to us consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions that consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Blackstone Securities Partners L.P. is an affiliate of Blackstone, and therefore an affiliate of the Issuer and the Guarantors. Blackstone Securities Partners L.P. will also act as an initial purchaser in the offering of the notes and will therefore receive a pro rata portion of the gross spread received by the initial purchasers in connection with the sale of the notes. The decision to distribute notes was made independently of the other entities with which the initial purchasers are affiliated, which entities had no involvement in determining whether and when to distribute notes under this offering or the terms of this offering. An affiliate of the Issuer and Blackstone Securities Partners L.P., one of the Initial Purchasers, may place a purchase order for and be allocated the Notes at a purchase price per Note equal to the issue price set forth on the cover page of this Offering Memorandum, subject to a pass through of the Initial Purchasers' discount (ignoring any credit) in respect of the Notes purchased by such person.

Selling Restrictions

European Economic Area

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"), (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Regulation (EU) 2017/1129, as amended (the "Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation.

This offering memorandum has been prepared on the basis that any offers or sales of Notes in any Member State of the EEA or in the UK will be made pursuant to an exemption under the Prospectus Regulation from the requirement

to publish a prospectus for offers or sales of Notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

United Kingdom

Each of the initial purchasers has severally represented, warranted and agreed as follows:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of the securities in circumstances in which section 21 of FSMA does not apply to the Issuer; and

(b) it has complied with, and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the "Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the offer or sale of the Notes may otherwise be lawfully communicated or cause to be communicated (all such persons, together being "Relevant Persons"). This offering memorandum is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this offering memorandum relates is permitted only by Relevant Persons and will be engaged in only with Relevant Persons.

Luxembourg

The terms and conditions of this offering memorandum have not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for purposes of public offering or sale of securities in Luxembourg. Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this offering memorandum nor any other circular, prospectus, form of application, advertisement, communication or other material may be distributed, or otherwise made available in or from, or published in Luxembourg, except in circumstances which, pursuant to the Law of July 16, 2019 on prospectuses for securities (the "Luxembourg Prospectus Law"), constitutes (i) an offer of securities which benefits from an exemption to or (ii) a transaction otherwise not subject to, the requirement to publish a prospectus in accordance with the Luxembourg Prospectus Law.

Hong Kong

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with, the conditions of any other applicable exemption or provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation and the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

- where no consideration is or will be given for the transfer;

- where the transfer is by operation of law;

- as specified in Section 276(7) of the SFA; or

- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The Notes offered in this offering memorandum have not been and will not be registered under the Financial Instruments and Exchange Law of Japan ("Financial Instruments and Exchange Law"). The Notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (which term as used herein means any resident of Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and in compliance with, the Financial Instruments and Exchange Law and any other applicable requirements of Japanese law.

Mexico

The Notes have not been and will not be registered with the National Securities Registry (*Registro Nacional de Valores*) maintained by the CNBV and, therefore, may not be offered or sold publicly in Mexico, except that the Notes may be offered and sold in Mexico to investors that qualify as institutional and qualified investors solely pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*). The information contained in this offering memorandum is our exclusive responsibility and has not been reviewed or authorized by the CNBV.

Canada

The Notes may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights, or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering.

TRANSFER RESTRICTIONS

Because of the following restrictions, you are advised to consult with legal counsel prior to making any offer, resale, pledge or other transfer of the Notes.

An affiliate of the Issuer and one of the Initial Purchasers may place a purchase order and be allocated a portion of the Notes offered hereby. See "Plan of Distribution."

United States:

The Notes have not been, and will not be, registered under the Securities Act or any other applicable securities laws, and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person, except pursuant to an effective registration statement or in a transaction not subject to the registration requirements of the Securities Act or in accordance with an applicable exemption from the registration requirements and those other laws. Accordingly, the Notes are being offered and sold only (1) to persons reasonably believed to be qualified institutional buyers in a private sale exempt from the registration requirements of the Securities Act pursuant to Rule 144A under the Securities Act and any other applicable securities laws and (2) outside the U.S. in compliance with Regulation S.

Each purchase of Notes is subject to restrictions on transfer as summarized below. By purchasing Notes, each purchaser will be deemed to have made the following acknowledgements, representations to and agreements with us and the initial purchasers:

- The purchaser understands and acknowledges that:
    - the Notes have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
    - unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth below.
- That the purchaser is either:
    - a qualified institutional buyer (as defined in Rule 144A under the Securities Act), is aware that the sale to it is being made in reliance on Rule 144A and is purchasing Notes for its own account or for the account of another qualified institutional buyer; or
    - not a U.S. person (as defined in Regulation S under the Securities Act) or is acquiring the Notes for its own account or as a fiduciary or agent for others in a transaction outside the U.S. pursuant to Regulation S.
- The purchaser represents that it is purchasing Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act, subject to any requirement of law that the disposition of its property or the property of that investor account or accounts be at all times within its or their control and subject to its or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. The purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that the Notes may only be offered, sold or otherwise transferred: (1) to the Issuer or its subsidiaries; (2) under a registration statement that has been declared effective under the Securities Act; (3) for so long as the Notes are eligible for resale under Rule 144A, to a person the seller

reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A; (4) through offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act; and (5) under any other available exemption from the registration requirements of the Securities Act; in each case in compliance with any applicable state securities laws; subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control.

- The purchaser also acknowledges that:

  - the Issuer and the trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under clauses (4) and (5) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Issuer and the trustee; and

  - each note being sold pursuant to Rule 144A will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME OR BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL NOT BE REMOVED AT ANY TIME.

- each note being sold pursuant to Regulation S will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY US PERSON, UNLESS SUCH NOTES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE. THIS LEGEND WILL BE REMOVED AFTER THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (i) THE DATE ON WHICH THESE NOTES WAS FIRST OFFERED AND (ii) THE DATE OF ISSUE OF THESE NOTES.

- The purchaser has received a copy of the offering memorandum relating to the offering of the Notes and acknowledges that (1) neither we nor the initial purchasers or any person representing us or the initial purchasers have made any representation to it with respect to us or the offering and the sale of the Notes other than the information contained in this offering memorandum and (2) it has had access to such financial and other information and has been offered the opportunity to ask questions of us and received answers thereto, as it deemed necessary in connection with the decision to purchase Notes.

- Either (1) no portion of the assets used by such purchaser or transferee to acquire or hold the Notes constitutes assets of any employee benefit plan that is subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended, which we refer to as ERISA, a plan, individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended, which we refer to as the Code, or provision under any federal, state, local, non-U.S. or other laws, rules or regulations that are similar to such provisions of ERISA or the Code, which we refer to collectively as "ERISA Similar Laws," or entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement or (2) the purchase and holding of the Notes by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable ERISA Similar Laws, and none of the Transaction Parties (as defined below) is a fiduciary of such purchaser or transferee with respect to the decision to purchase or hold the Notes or is undertaking to provide impartial investment advice or give advice in a fiduciary capacity with respect to the decision to purchase or hold the Notes.

- The purchaser understands that the Issuer, the Guarantors, the initial purchasers and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements and agrees that if any of the representations and acknowledgements deemed to have been made by it by its purchase of the Notes are no longer accurate, the purchaser shall promptly notify the Issuer and the initial purchasers. If the purchaser is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations, acknowledgements and agreements on behalf of such account.

- The purchaser: (1) is able to fend for itself in the transactions contemplated by this offering memorandum; (2) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Notes; and (3) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment.

Singapore:

This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

- to an institutional investor (as defined in Section 4A of SFA) pursuant to Section 274 of the SFA,

- to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or

- otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

- securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

    1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or

    2) where no consideration is or will be given for the transfer; or

    3) where the transfer is by operation of law; or

    4) as specified in Section 276(7) of the SFA; or

    5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

LISTING AND GENERAL INFORMATION

Clearing Systems

An application has been made to have the Notes accepted for clearance through Euroclear and Clearstream. In addition, the Notes have been accepted for clearance through DTC. The CUSIP and ISIN numbers for the Regulation S Notes are L3500L AA7 and USL3500LAA72, respectively. The CUSIP and ISIN numbers for the Rule 144A Notes are 30260L AA3 and US30260LAA35, respectively.

Listing

Approval in principle has been received for the listing and quotation of the notes on the Official List of the SGX-ST. We cannot assure you that the Notes will receive final approval or will remain listed. For so long as the Notes are listed on the SGX-ST and are admitted to trading on the SGX-ST and the rules and regulations of the SGX-ST so require, copies of the following documents may be inspected and obtained free of charge at the specified office of each of the Issuer and the Listing Agent during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

- copies of the Issuer's by-laws;
- the Indenture, as may be amended or supplemented from time to time; and
- Tierra Mojada's Audited Annual Financial Statements and the Issuer's Audited Interim Financial Statements.

To the best of the Issuer's knowledge, the accountant's reports included herein, respectively, have been accurately reproduced. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Notes which are issued in global certificated form are exchanged for Notes in definitive registered form or definitive registered Notes, the Issuer will appoint and maintain a paying agent in Singapore, where the certificates in definitive form in respect of Notes may be presented or surrendered for payment or redemption. In addition, in the event that the Notes which are issued in global certificated form are exchanged for Notes in definitive registered form or definitive registered Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the certificates in definitive form, including details of the paying agent in Singapore. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 (or its equivalent in foreign currencies) for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so provide.

The Notes have not been and will not be listed in the BMV or registered with the National Securities Registry and therefore the Notes may not be offered or sold publicly, or otherwise be the subject of brokerage activities in Mexico, except pursuant to a private placement exemption set forth under Article 8 of the Mexican Securities Market Law.

Authorization

We have obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of each series of Notes.

No Material Adverse Change

Except as disclosed in this offering memorandum, there has been no material adverse change in Tierra Mojada's financial position and prospects since December 31, 2019, which is the date of their latest Financial Statements included in this offering memorandum.

Litigation

Except as disclosed in this offering memorandum, Tierra Mojada is not involved in any litigation or arbitration proceedings relating to claims or amounts that are material in the context of this offering, nor so far as Tierra Mojada is aware is any such litigation or arbitration threatened. See "Business Overview—Legal, Administrative and Arbitration Proceedings."

LEGAL MATTERS

Certain legal matters in connection with the offering will be passed upon for us by Milbank LLP, New York, New York, as to matters of U.S. federal and New York State law, by Ritch, Mueller, Heather y Nicolau, S.C., as to matters of Mexican law, by Arendt & Medernach as to matters of Luxembourg law and by Loyens & Loeff N.V. as to matters of Dutch law. Certain legal matters will be passed upon for the initial purchasers by Latham & Watkins LLP, as to matters of U.S. federal and New York State law, by Galicia Abogados, S.C., as to matters of Mexican law, by Loyens & Loeff Luxembourg S.à r.l. as to matters of Luxembourg law and by Loyens & Loeff N.V. as to matters of Dutch law.

INDEPENDENT AUDITORS

The Audited Annual Financial Statements of Tierra Mojada as of and for the years ended December 31, 2019 and 2018 included in this offering memorandum have been audited by Deloitte, S.L., independent auditors, as stated in their report appearing herein.

The Issuer's Audited Interim Financial Statements as of June 5, 2020 and for the period from May 25, 2020 (date of incorporation) to June 5, 2020 included in this offering memorandum, have been audited by Deloitte Audit S.à r.l., independent auditors, as stated in their report appearing herein.

INDEPENDENT ENERGY MARKET EXPERT

The Independent Energy Market Expert's Report included as Annex A to this offering memorandum has been prepared by PA Consulting and is included herein based upon the experience of such firm as an independent international consulting firm that provides technical consulting services covering, among other industries, the energy and utilities sector. PA Consulting's business address is 1700 Lincoln Street, Suite 3550, Denver, CO 80203, United States.

The Independent Energy Market Expert's Report summarizes PA Consulting's analysis, including the impact of the COVID-19 pandemic, provides an overview of the Mexican Electricity Market, describes the underlying base case market assumptions and modeling methodology as of November 2020, which consider the introduction of the Mexican carbon cap-and-trade program and discusses the projections of the Mexican Electricity Market, wholesale price projections, commodity price projections and supply and demand projections for the Mexican Electricity Market from 2020 through 2039.

PA Consulting is an independent consultant with respect to the Issuer and its respective affiliates and does not own any interest in the assets covered by the Independent Energy Market Expert's Report.

INDEPENDENT ENGINEER

The Independent Engineer's Report included as Annex B to this offering memorandum has been prepared by Leidos Engineering, LLC, and is included herein based upon the experience of such firm as an international engineering firm that provides technical and environmental consulting services to the energy industry. Leidos' business address is 1999 North Broadway, Suite 4200, Denver, Colorado 80202.

The Independent Engineer's Report should be read in its entirety by all prospective investors for information contained therein with respect to us and the related matters discussed therein and any reference to or summary of any such report herein is qualified by reference to such report.

Leidos is an independent engineer with respect to the Issuer and its affiliates and does not own any interest in the assets covered by the Independent Engineer's Report.

The prospective Projected Operating Results included in "Annex B - Independent Engineer's Report" to this offering memorandum was not prepared with a view towards compliance with any published guidelines of the SEC, nor the guidelines established by the American Institute of Certified Public Accountants or the Mexican Institute of Public Accountants (*Instituto Mexicano de Contadores Públicos, A.C.*), for preparation and presentation of prospective financial information. Neither Independent Auditor has examined, compiled or performed any procedures with respect to the prospective Projected Operating Results contained therein and, accordingly, the Independent Auditors do not express an opinion or any other form of assurance on such information or its achievability. The Independent Auditors do not assume any responsibility for and deny any association with the prospective financial information. The Independent Auditors' reports included in this offering memorandum refers exclusively to our historical financial information. The Independent Auditors' reports do not cover any other information in this offering memorandum and should not be read to do so.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

Luxembourg

The Issuer is a company incorporated and established under the laws of Luxembourg under the form of a private limited liability company (*société à responsabilité limitée)* and it may be difficult for you to obtain or enforce judgments against it or its directors in the United States.

In the terms and conditions of the Notes, the Issuer will (1) agree that the courts of the state of New York, will have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with the notes and, for such purposes, the Issuer will irrevocably submit to the jurisdiction of such courts and (2) name an agent for service of process in the Borough of Manhattan in New York. See "Description of the Notes."

The Issuer is organized under the laws of Luxembourg. Most of its assets are located outside the United States. Furthermore, none of the Issuer's managers resides in the United States. As a result, investors may find it difficult to effect service of process within the United States upon the Issuer or these persons or to enforce outside the United States judgments obtained against the Issuer or these persons in U.S. courts, including judgments in actions predicated upon the civil liability provisions of the U.S. federal securities laws. Likewise, it may also be difficult for an investor to enforce in U.S. courts judgments obtained against us or these persons in courts located in jurisdictions outside the United States, including actions predicated upon the civil liability provisions of the U.S. federal securities laws. It may also be difficult for an investor to bring an original action in a Luxembourg court predicated upon the civil liability provisions of the U.S. federal securities laws against the Issuer or these persons. It may be possible for investors to effect service of process within Luxembourg upon the Issuer provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 is complied with.

As there is no treaty in force governing the reciprocal recognition and enforcement of judgments in civil and commercial matters between the United States and Luxembourg, courts in Luxembourg will not automatically recognize and enforce a final judgment rendered by a U.S. court. A valid final, non-appealable and conclusive judgment against an issuer incorporated in Luxembourg with respect to the notes obtained from a court of competent jurisdiction in the United States remains in full force and effect after all appeals as may be taken in the relevant state or federal jurisdiction with respect thereto have been taken, may be entered and enforced through a court of competent jurisdiction of Luxembourg, subject to compliance with the enforcement procedures (*exequatur*) set out in the relevant provisions of the Luxembourg New Code of Civil Procedure (*Nouveau Code de Procédure Civile*) and Luxembourg case-law, being:

- the U.S. court had full jurisdiction over the subject matter leading to the judgment (that is, its jurisdiction was in compliance both with Luxembourg private international law rules and with the applicable domestic U.S. federal or state jurisdictional rules);

- the U.S. court has applied to the dispute the substantive law which would have been applied by Luxembourg courts or, at least, the order must not contravene the principles underlying those rules (based on case law and legal doctrine, it is not certain that this condition would still be required for an exequatur to be granted by a Luxembourg court);

- the judgment must not have been obtained by fraud but in compliance with the rights of the defendant to appear, and if the defendant appeared, to present its defense and its own procedural laws;

- the considerations of the foreign order, as well as the judgment, do not contravene international public policy as understood under the laws of Luxembourg or have been given proceedings of a penal, criminal or tax nature (which would include awards of damages made under civil liabilities provisions of the U.S. federal securities laws, or other laws, to the extent that the same would be classified by Luxembourg courts as being of a penal or punitive nature (for example, fines or punitive damages) or rendered subsequent to an evasion

of Luxembourg law (*fraude à la loi*). Ordinarily an award of monetary damages would not be considered as a penalty, but if the monetary damages include punitive damages such punitive damages may be considered as a penalty); and

- the judgment is enforceable (*exécutoire*) in the U.S.

If an original action is brought in Luxembourg, without prejudice to specific conflict of law rules, Luxembourg courts may refuse to apply the designated law if: (i) the choice of such foreign law was not made *bona fide*, (ii) the foreign law was not pleaded and proved or (iii) pleaded and proved, such foreign law as contrary to mandatory Luxembourg laws or incompatible with Luxembourg public policy rules. In an action brought in Luxembourg on the basis of U.S. federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought. Also, an exequatur may be refused in respect of punitive damages.

In practice, Luxembourg courts now tend not to review the merits of a foreign judgment, although there is no clear statutory prohibition of such review.

Further, in the event of any proceedings being brought in a Luxembourg court in respect of a monetary obligation expressed to be payable in a currency other than Euro, a Luxembourg court would have power to give judgment expressed as an order to pay a currency other than Euro. However, enforcement of the judgment against any party in Luxembourg would be available only in Euro and for such purposes, all claims or debts would be converted into Euro.

Further, the Issuer's managers and officers, past and present, are entitled to indemnification from us to the fullest extent permitted by Luxembourg law against liability and all expenses reasonably incurred or paid by them in connection with any losses or liabilities, claims, actions, suits or proceedings in which any of them is involved by virtue of such person being or having been a director or officer and against amounts paid or incurred by such person in the settlement thereof, subject to limited exceptions. To the extent allowed by applicable law, the rights and obligations among us and any of our current or former managers and officers will, in principle, be governed by the laws of Luxembourg and subject to the jurisdiction of the Luxembourg courts, unless such rights or obligations do not relate to or arise out of their capacities as managers or officers. As a result, in the event any proceedings brought in the United States under U.S. federal securities laws impose any liability on the Issuer's managers and officers in their respective capacities, although there is doubt as to whether U.S. courts could enforce such a provision in an action brought in the United States under U.S. federal securities laws, such provision could make enforcing judgments obtained outside Luxembourg more difficult to enforce against our assets in Luxembourg or in jurisdictions that would apply Luxembourg law.

A contractual provision allowing the service of process against a party to a service agent could be overridden by Luxembourg statutory provisions allowing the valid serving of process against a party in accordance with applicable laws at the domicile of the party.

Subject to the foregoing, purchasers of the notes may be able to enforce judgments in civil and commercial matters obtained from U.S. federal or state courts in Luxembourg. We cannot, however, assure you that attempts to enforce judgments in Luxembourg will be successful.

Mexico

Tierra Mojada is a company organized and existing under the laws of Mexico. Most of its directors, officers, principal equity holders and certain experts named in this offering memorandum, reside outside the United States. A significant portion of its assets are located, and a majority of its revenues are derived from, sources outside the United States. As a result, it may not be possible for investors to effect service of process within the United States or in any other jurisdiction outside of Mexico upon such persons, or Tierra Mojada, or to enforce against them, in United States courts, judgments predicated upon United States federal securities laws.

Our Mexican counsel, Ritch, Mueller, Heather y Nicolau, S.C., has advised that no treaty exists between the United States and Mexico for the reciprocal enforcement of judgments issued in the other country. Generally, Mexican courts would enforce final judgments rendered in the United States if certain requirements are met, including the

review in Mexico of the U.S. judgment to ascertain compliance with certain basic principles of due process and the non-violation of Mexican law or public policy (*orden público*), provided that U.S. courts would grant reciprocal treatment to Mexican judgments. Additionally, there is doubt as to the enforceability, in original actions in Mexican courts, of liabilities predicated, in whole or in part, on U.S. federal securities laws and as to the enforceability in Mexican courts of judgments of U.S. courts obtained in actions predicated on the civil liability provisions of U.S. federal securities laws. See "Risk Factors—Risks Relating to the Notes, the Note Guarantees, the Collateral and Our Corporate and Financing Structure—You may not be able to obtain judgments in civil proceedings based on U.S. securities law violations." In the event that proceedings are brought in Mexico seeking to enforce Tierra Mojada's obligations with respect to the Note Guarantees, it would not be required to discharge such obligations in a currency other than Pesos. Pursuant to Mexican law, an obligation in a currency other than Pesos, which is payable in Mexico may be satisfied in Pesos at the rate of exchange in effect on the date on which payment is made. Such rate of exchange is currently determined by the Central Bank of Mexico each business day in Mexico and published the following banking-business day in the Federal Official Gazette of Mexico (*Diario Oficial de la Federación*).

In connection with the issuance of the Notes, the Issuer and Tierra Mojada have appointed Cogency Global Inc., located at 122 E. 42nd Street, 18th Floor, New York, NY 10168, as our and their authorized agent upon whom process may be served in connection with any action instituted in any United States federal or state court having subject matter jurisdiction in the Borough of Manhattan in New York arising out of or base upon the Indenture governing the Notes and the Note Guarantees. See "Description of the Notes."

The Netherlands

In addition, FEN V, a Guarantor, is incorporated under Dutch law. Therefore, it may be difficult to effect service of process within the United States and enforce judgments or bring actions against FEN V and its directors or officers. The United States and the Netherlands currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment given by any court in the United States, whether or not predicated solely upon U.S. securities laws, would not be enforceable in the Netherlands. In order to obtain a judgment which is enforceable in the Netherlands, the claim must be re-litigated before a competent Dutch court. A Dutch court will, under current practice, generally grant the same judgment without re-litigation on the merits if (a) that judgment results from proceedings compatible with the Dutch concept of due process, (b) that judgment does not contravene public policy (*openbare orde*) of the Netherlands, (c) the jurisdiction of the court has been based on an internationally acceptable ground and (d) the judgment by the court is not incompatible with a judgment rendered between the same parties by a Dutch court, or with an earlier judgment rendered between the same parties by a non-Dutch court in a dispute that concerns the same subject and is based on the same cause, provided that the earlier judgment qualifies for recognition in the Netherlands.

Moreover, a Dutch court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. Enforcement and recognition of judgments of U.S. courts in The Netherlands are solely governed by the provisions of the Dutch Civil Procedure Code (*Wetboek van Burgerlijke Rechtsvordering*).

ANNEX A

INDEPENDENT ENERGY MARKET EXPERT'S REPORT

The Independent Energy Market Expert's Report included as Annex A to this offering memorandum has been prepared by PA Consulting.

TIERRA MOJADA COMBINED CYCLE

CICLO COMBINADO TIERRA MOJADA S. DE R.L. DE C.V.

November 2020

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LICENSE AGREEMENT

PA Consulting Group, S. de R.L. de C.V .("PA") has prepared this Independent Energy Market Expert Report (the “Report”) for the use of Ciclo Combinado Tierra Mojada S. de R.L. de C.V. and its affiliates and subsidiaries (“Tierra Mojada” or the “Client") solely with respect to potential transaction activities associated with the Tierra Mojada project. PA has agreed that the Client may share this Report with its officers, directors and employees; the officers, directors and employees of its subsidiaries and affiliates; its advisors; and certain other third parties, namely, potential buyers, investors, lenders, insurers or financing parties and their respective advisors. Review or use of this Report by any other party or for any other purpose, including but not limited to use of the Report in a transaction to which the Client is not a party, is strictly prohibited and must be authorized by PA in writing.

All use and reliance on this Analysis and Report by any authorized third party is subject to the following terms and conditions:

1. You may not change, alter, or adapt the Report or further distribute the Report. You acknowledge that the Report contains information confidential and proprietary to PA, and you agree to keep the Report confidential.
2. You acknowledge that the Report is not an audit and was not undertaken to express a financial opinion or to provide investment advice, and that PA does not express an opinion on the financial information (or any other information) contained in the Report. You further acknowledge that had PA performed additional due diligence, other matters might have come to its attention that would have been reported.
3. You acknowledge that: (i) some information in the Report is necessarily based on predictions and estimates of future events and behavior; (ii) such predictions or estimates may differ from that which other experts specializing in the electricity industry might present; (iii) PA’s analysis and findings are current as of November 2020 and, where applicable, incorporate underlying market data as of September 28, 2020; (iv) the provision of a Report by PA does not obviate the need for potential investors to make further appropriate inquiries as to the accuracy of the information included therein, or to undertake an analysis on their own; and (v) the Report is not intended to be a complete and exhaustive analysis of the subject issues and therefore will not consider some factors that are important to a potential investor’s decision making. Nothing in the Report should be taken as a promise or guarantee as to the occurrence of any future events.
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1 EXECUTIVE SUMMARY

Ciclo Combinado Tierra Mojada S. de R.L. de C.V. ("Tierra Mojada" or the "Client") engaged PA Consulting Group, Inc. ("PA") to serve as the independent energy market advisor for the evaluation of the Client's 874 MW natural gas-fired Tierra Mojada combined cycle ("Tierra Mojada" or "the Asset") located in Zapotlanejo, in the Mexican state of Jalisco. Tierra Mojada utilizes GE 7HA.02 turbine technology, has a 20-year contract with CFE Calificados and has contracted for firm, long-term (20 years) natural gas supply and transport with CFEnergía indexed to Waha[1].

PA's analysis in this Report reflects PA's standard base case assumptions and methodology with certain modifications relating to the introduction of the Mexican carbon cap-and-trade program. Mexico legislation promulgated an economy-wide cap-and-trade program to begin in 2023 (with a pilot period beginning in 2020), which would cover - among other industries - the power sector. PA recognizes this carbon program will be in place, and while there is uncertainty regarding the annual percentage of allowances[2] permitted on a year-to-year basis, confirmation of the parameters for projects to be classified as offsets, and other key program components, PA believes the assumed weighted average carbon price in this Report is highly plausible and has run its model with this assumption.

This Report summarizes PA's analysis and provides an overview of the Mexican electricity market, PA's underlying market assumptions and modeling methodology, the forecast of market prices and Tierra Mojada's dispatch factor from balance of year 2020 through 2039 under PA's Base Case assumptions. Unless otherwise noted, all projections reflect the Base Case and dollar values in this report are shown in nominal US dollars using 2.2% inflation. See Table 1-1 and Figure 1-1 for a summary of Tierra Mojada.

Table 1-1: Summary of Tierra Mojada[3]

Facility	Unit Type	Technology	COD	Summer Full Load Capacity (MW)	Transmission Zone
Tierra Mojada	Natural Gas Combined Cycle	GE 7HA.02	Oct 2020	874.5[4]	Guadalajara (Occidental)

[1] Tierra Mojada's firm natural gas offer from CFEnergía is for the full amount of gas consumed at the plant. See Section 2.4.2.
[2] The cap is already determined to the extent the Business As Usual base line has been defined by the Instituto Nacional de Ecología y Cambio Climático and the % reduction target has been defined through 2030 both as (i) a 22% unconditional reduction overall (with a breakdown by sector), or (ii) a 36% conditional reduction overall.
[3] Based on preliminary indicative values provide by Fisterra.
[4] Reflects derated capacity based on interconnection limitations.

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Figure 1-1: Location of Tierra Mojada

1.1 KEY MARKET CONSIDERATIONS

The following points outline the key considerations for the Mexican power market generally and the Asset specifically:

- Tierra Mojada features a 2x1 GE 7HA.02 combined cycle ("CC") turbine with a highly efficient heat rate.
  - As one of only a couple H-Class combined cycles in the Mexican market, and the only combined cycle in the Guadalajara zone, Tierra Mojada is one of the most efficient natural gas combined cycle generators since it entered the Mexican market in October 2020. Given the Asset's heat rate advantage over nearly all other combined cycles in Mexico, and location within the Guadalajara zone which has high demand relative to installed capacity and no other efficient gas capacity, Tierra Mojada is projected to operate in hours when the plant is available, and its location at the bottom of the Mexico supply stack positions the facility well for the future.
  - Due to robust interconnections in the vicinity of Tierra Mojada, PA's projections reflect minimal price separation (due to congestion or losses) within the Guadalajara zone, or between Guadalajara and nearby zones.
- Natural gas in Mexico is increasingly sourced from the U.S. via pipeline, meaning generators in Mexico must typically pay (i) incremental basis and delivery charges to flow natural gas to the Mexican border and on to major Mexican hubs; (ii) transport postage rates for delivery within the country (varying by origin and destination); and (iii) any applicable lateral or local distribution company ("LDC") charges.
  - Tierra Mojada has entered into a firm natural gas supply arrangement with CFEnergía for a term of 20 years with an option to extend if there is pipeline availability. In addition, Tierra Mojada has secured capacity on the GAZA pipeline for 20 years once the current CFEnergía contract expires, which affords the plant access to Waha and Sistrangas pipelines and incremental competitive supply optionality.
  - Tierra Mojada's firm natural gas supply arrangement for all of the plant's projected fuel burn is priced at Waha with additional ~$0.01/MMBtu variable transportation cost.

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  - This firm gas arrangement provides for a favorable price advantage and provides protection against potential natural gas market risks, including natural gas unavailability (currently a significant risk for many generators in Mexico).

- Natural gas is projected to be the marginal, price-setting fuel in approximately 67% of hours in the near term, with oil and coal comprising much of the remainder. Over the study period, this is projected to increase to over 92% of hours, with natural gas displacing coal and oil as pipeline infrastructure improves.
- Mexico is a high-growth market relative to other markets in the U.S. and Canada. Mexico's Secretary of Energy ("Secretaría de Energía", or "SENER") is forecasting approximately 3.1% compounded annual peak demand and 2.9% annual energy growth through 2033, or 1.8 GW per year (as compared to under 1.0% in the ISO-NE, NYISO, and PJM markets in the U.S.).
  - Based on the calculations carried out by CENACE for the 2020 Balancing Capacity Market, SIN's peak demand and available capacity in 2019 were 43,236 MW[5] and 48,179 MW[6] respectively, equating to an actual reserve margin of just 10.26%.
  - Historically, electricity demand growth in Mexico has significantly outpaced electricity demand growth in the U.S. Energy growth in Mexico averaged 3.2% per year from 2014 to 2018 while peak demand grew 3.7% annually in the same period, with annual peak growth over 2017 and 2018 even higher at 6% and 4%[7], accordingly. Although the impacts of COVID-19 are expected to lower growth rates in 2020-21, PA expects growth rates to recover to pre-COVID expectations in 2022 and beyond.
  - Reserve margins are projected to widen significantly in 2020-21 as approximately 14 GW of thermal and renewable nameplate capacity enters the market. Thereafter, Mexico is projected to experience a tightening market over the next several years due to load growth as well as the retirement of older, higher-cost, and less efficient generation, which is only partially offset by planned combined cycle and renewable additions. Mexico is projected to require additional generation capacity additions to maintain reserve margins by 2023.
- Widespread energy reforms in Mexico began in early 2014, following changes to the constitution, and have begun to dramatically deregulate the power sector. The wholesale electricity market has been modeled after the success of advanced power markets in the U.S., borrowing elements from PJM, MISO, and CAISO[8] system designs, including market regulatory schemes, transaction types, and capacity, energy, and ancillary service products.
  - In January 2016, as part of the reforms, a nodal market structure and associated congestion pricing were introduced, along with the potential for higher capacity compensation (i.e., prices) in constrained load zones such as the one Tierra Mojada is located in (similar to constrained zones in formalized capacity market structures in the eastern U.S.). These changes are designed to provide the appropriate price signals for investment in given locations to minimize overall system costs.
  - CENACE[9] was separated from the incumbent state owned-electric utility, Comisión Federal de Electricidad ("CFE"), in 2014 to promote a transparent competitive environment and open access for new competitors. CENACE independently matches supply and demand, determines production levels to ensure safe and reliable grid operations, and develops proposals for transmission construction and expansion projects similar to a U.S. Independent System Operator ("ISO") or Regional Transmission Operator ("RTO").
- New president Andrés Manuel López Obrador (AMLO) took office in December 2018. Key market changes put forth by the new government include:

[5] Source: CENACE's Demand of Capacity for the 2020 Balancing Capacity Market.
[6] Source: CENACE's Delivered Capacity for the 2020 Balancing Capacity Market.
[7] Based on CENACE's Maximum Integrated Demand evolution tracking.
[8] "Pennsylvania, Jersey, and Maryland Power Pool," "Mid-continent Independent System Operator," and "California Independent System Operator."
[9] "National Center for Energy Control" or "Centro Nacional de Control de Energía"

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- Cancellation of several transmission lines, the SMP-1/2018 mid-term auction as well as the fourth long-term auction;
- Continued reinforcement of CFE, which includes the proposed delay of retirement of CFE capacity as well as several GW of CC conversions of existing steam turbines, upgrades to existing and construction of new hydroelectric facilities[10] and deploying distributed generation projects throughout the country with a special focus in solar PV technology;
- Modification of several renewable policies to favor existing resources, including:
  - Expanding CEL eligibility to legacy renewable assets (mostly CFE-owned hydro);
  - Increases in self-supply transmission tariffs;
  - Suspension of the interconnection testing process targeted at solar and wind projects that had not reached commercial operation by April 29, 2020; and
  - Increased control of CENACE over certain elements of renewable project development.
- Taken together these changes, if all upheld, would slow down the pace of renewable development in Mexico, to the benefit of existing CFE generation and privately owned thermal generation (like Ciclo Combinado Tierra Mojada). However, to this date, most of the measures have been suspended by the courts and are awaiting a final resolution.
- There is considerable uncertainty as to how much of AMLO's proposed plan can be accomplished during his six-year term, given funding constraints, competing political considerations, international treaties and, most importantly, a legal framework that has largely stymied current AMLO initiatives. For this reason, PA has incorporated only limited elements of his plan, including; i) cancellation of the Baja-SIN and Ixtepec to Puebla transmission lines, ii) inclusion of 1.8 GW of distributed generation build-out by 2023, and iii) delay of retirement of over 5 GW of plants coming off legacy contracts over the next few years.

- Large-load customers now have retail choice – meaning Qualified Suppliers may compete with CFE, the government owned utility, to serve large retail customers. In 2015, this was limited to customers with loads over 3 MW, but the threshold has decreased to 1 MW for 2017 and beyond. These large loads are referred to as "Qualified Customers".
  - PA estimates that approximately 40% of CFE's existing retail load could potentially be serviced through an alternative "Qualified Supplier"[11]. The potential for Qualified Suppliers to provide discounts to CFE rates, either via the wholesale market or with contracted or self-owned supply, may in turn lead to a migration of large users from CFE, providing greater contracting opportunities for private generators such as Tierra Mojada.
  - In addition, there will be opportunities for private generators to compete with legacy CFE generation to serve the needs of "Basic Service Customers" (customers below 1 MW of supply needs, who do not have retail choice) through medium and long-term auctions between generators and "Basic Service Suppliers".
- The Mexican electricity market features a Balancing Capacity Market that provides a capacity revenue stream for merchant generators for actual performance during the prior year's minimum operational reserve margin hours[12].
  - Clearing prices in the most recent Balancing Capacity Market increased from $6/kW-yr to $12/kW-yr.
  - The increase occurred due to lower energy margins made by CENACE's reference unit in the Balancing Capacity Market for the National Interconnected System relative to what was observed in 2018. This link between energy revenues and the Balancing Capacity Market's

[10] According to the document "Plan de Nación 2018-2024 Acelerar la Transición a Energías Renovables" to which PA had access in February 2019.
[11] PA's estimate assumes all of the CFE high-voltage and approximately one-third of the CFE medium-voltage load is eligible and could potentially switch over to a Qualified Supplier. Based on 2018 CFE sales data, this comprises ~40% of CFE's total sales.
[12] In the first two years (2017 and 2018) of the Balancing Capacity Market, generators' performance was assessed during the prior's year 100 peak hours. Starting in 2019, the criteria has changed to the 100 hours with the lowest operational reserve margin.

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capacity revenues provides downside protection to low energy prices, although this is less relevant for plants like Tierra Mojada that have a majority of their output (energy and capacity) contracted.

- Several other market instruments provide opportunity to reduce the financial risks of generation investment. The market includes medium and long-term auctions for energy, capacity, and Clean Energy Certificates ("Certificados de Energía Limpias" or "CELs"), as well as a (spot) energy market and an annual Balancing Capacity Market. It also enables risk management through financial transmission rights ("FTR"), bilateral hedges, and hedges to U.S. gas markets.

1.2 MEXICAN MARKET PROJECTIONS

Mexico's new Wholesale Electric Market ("Mercado Eléctrico Mayorista" or "MEM"), reflects elements from several U.S. markets, including the PJM, MISO, and CAISO market designs. Common elements include market regulatory schemes and transaction types as well as capacity, energy, and ancillary service products. The legal foundation for the reform was set by changes to the constitution which were implemented in December 2013. Prior to these reforms, Mexico's state-owned CFE provided all electricity as a vertically integrated monopoly.

The country is divided into nine transmission regions, as shown in Figure 1-2.

Figure 1-2: Mexico's Current Transmission Regions and Transmission Lines[13,14]

Mexico's projected capacity mix for 2021 includes approximately 40% gas-fired combined cycle and peaking units, 15% hydro, 13% legacy steam oil and gas (primarily high heat rate, inefficient resources), and 7% coal, with the remainder primarily made up of smaller amounts of nuclear and renewable energy sources (see Figure 1-3). Approximately three-quarters of Mexico's total installed capacity is owned by CFE and the rest is owned by private generators. Most of the existing combined cycle private generation is under long-term contracts with CFE.

[13] Mulegé currently represents a 10th region which is typically counted with Baja California Sur.
[14] Source: ABB's Energy Velocity Suite.

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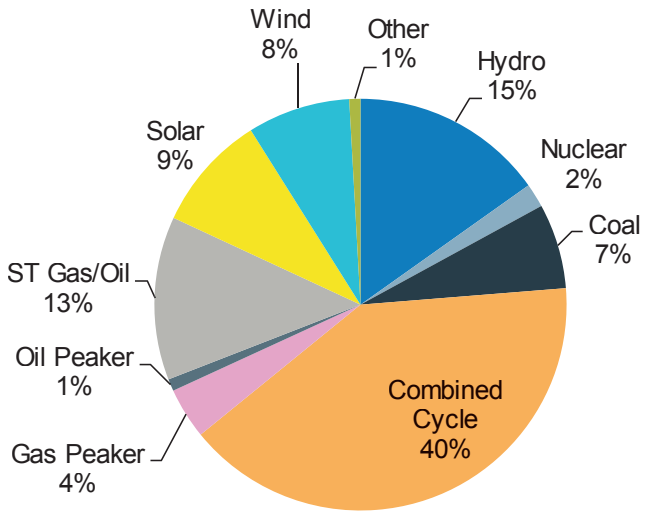
Figure 1-3: Mexico 2021 Nameplate Capacity



Under the energy reforms, market dispatch and grid operation have been separated from the generation function, and are now controlled by CENACE under the oversight of SENER. Transmission and distribution functions are separated into different CFE subsidiary companies under the continued oversight of the Energy Regulatory Commission ("Comisión Reguladora de Energía" or "CRE").

The generation portion of CFE has been split into six companies that compete with each other as well as private-sector power producers. Legacy IPP contracts with CFE remain and are assigned to one of six CFE generation companies. In addition, generation historically owned by CFE is obliged to serve basic service suppliers at cost under SENER's discretion. Selected details of the legacy contracts, with the exception of pricing, have been made publicly available.

CENACE operates the new wholesale electricity market, which includes a day-ahead energy market, real-time market, Balancing Capacity Market, ancillary services market, financial transmission rights market, and medium and long-term auctions for capacity, energy, and clean energy certificates. CENACE operates the auctions but is not a counter-party to the transactions. CENACE is also responsible for eventual dispatch of power, which is determined by merit order, independent of generators' existing contracts, as these contracts for energy are financially settled. Any differences between contract obligations and actual generation are settled through the real-time spot market.

Three long-term auctions have been completed to date. The first, SLP 2015, began in 2015 and was completed in early 2016, while SLP 2016 took place entirely in 2016. For both auctions, sellers consisted of prequalified generators, and the Basic Service Supplier, CFE, served as the lone buyer[15]. SLP 2017 and subsequent auctions allow other entities besides CFE (e.g., Qualified Suppliers) to participate as buyers as well. Load Serving Entity[16] ("LSE") buyers, including Basic Service and Qualified Suppliers, will inform CENACE of the quantities and maximum prices they are willing to pay for energy, CELs, and capacity in the auctions. These long-term auctions provide a 15-year term for energy and capacity, and 20 years for CELs. SLP 2018 was cancelled in early 2019.

1.2.1 On-Peak[17] Power Prices

As illustrated in Figure 1-4, power prices in Guadalajara were very high in recent years, reflecting limited natural gas pipeline capability across central-and-southern Mexico, delays to several planned combined cycle additions, continued reliance on expensive oil and imported LNG and high forced outage rates at

[15] Suppliers serving Basic Service Customers under the 1 MW threshold.
[16] According to SENER's "Bases of the Electric Market", a Load Serving Entity is any representative of Load Centers: Basic Suppliers, Qualified Suppliers, Suppliers of Last Resort, Qualified Users that participate in the Market or Intermediation Generators.
[17] When modelling the Mexican market, PA uses the same convention as the U.S. PJM market. On-peak hours are from 7:00 a.m. to 11:00 p.m. Mondays through Fridays. Off-peak hours are from 11:00 p.m. to 7:00 a.m. Mondays through Fridays; also, all day Saturday and Sunday.

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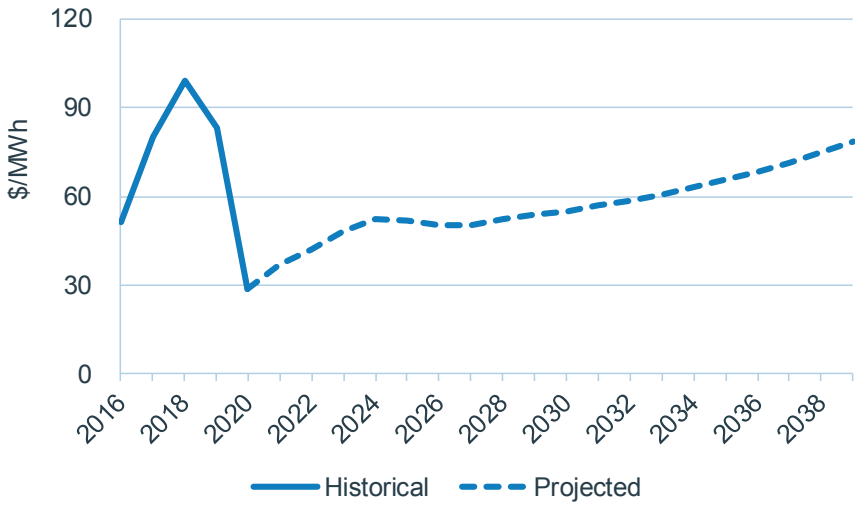
several thermal plants (some due to unit conversions to natural gas). Beginning in mid-2019, power prices declined as natural gas pipeline completions occurred[18] and additional natural gas-fired capacity came online. In the first three quarters of 2020, the start of operations of additional natural gas-fired and renewable capacity, coupled with COVID-19 and lower load[19], a lower commodity price environment as well improved gas availability in the central and southern parts of the country have all contributed to the decreasing trend observed in power prices this year.

PA projects ample gas supply to be available to serve Tierra Mojada, with gas deliveries available from the North via the recently completed Wahalajara system. This system, along with the Sur de Texas - Tuxpan pipeline will help alleviate gas availability in central and southern Mexico which will pose downward pressure in power prices. Moreover, Tierra Mojada's gas supply contract with CFEnergía means that CFEnergía (not Tierra Mojada) is responsible for this sourcing with financial penalties if not done so.

PA projects power prices to gradually rise from current levels. This trend is predominantly driven by electricity demand recovering starting in 2021 as well as increasing natural gas prices, which disproportionately impact the dispatch cost of less-efficient natural gas-fired peaking units setting the price of power. Additionally, starting in 2023, the introduction of the Mexican carbon cap-and-trade program will increase thermal generators' variable costs. Given that thermal generators generally set prices in the country, this will create an uplift in power prices. These upward pressures on power prices is moderated in the mid 2020s by the entry of new, more efficient natural gas-fired and renewable generation entering the market to maintain the target reserve margin.

Figure 1-4: Guadalajara Historical and Projected On-Peak Power Prices[20]



1.2.2 Capacity Compensation

CENACE establishes capacity requirements for LSEs based upon their load served during the 100 critical hours. Currently there are three separate capacity market zones: SIN (where Tierra Mojada clears), Baja California, and Baja California Sur. CENACE also has the ability to create new capacity zones in constrained regions such as Guadalajara. If CENACE were to create a new capacity zone in the Guadalajara region, this would likely result in a capacity price premium in the region relative to the SIN capacity price, which would benefit Tierra Mojada. LSEs other than Basic Supply may procure capacity through the long or medium-term auctions, a spot Balancing Capacity Market, or bilaterally. Basic Suppliers may not procure capacity through bilateral contracts. The three following public processes are organized by CENACE:

[18] Although the Sur de Texas - Tuxpan pipeline was completed in the first half of 2019, natural gas didn´t start flowing until September of 2019 due to contract renegotiations with CFE.
[19] In the first half of 2020, the impact of COVID-19 and a slowing economy has lowered electricity demand in Mexico. PA expects the impact to demand growth to be temporary.
[20] Unless otherwise noted, all monetary values throughout the report are in US Dollars ($ or USD).

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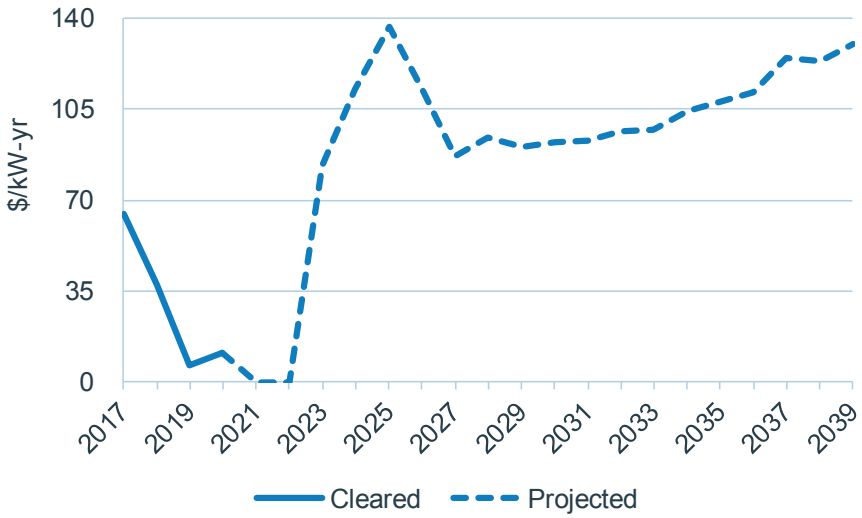
- Annual Balancing Capacity Market, which is a capacity market for supply and demand not already covered under contracts that features a downward-sloping demand curve based on the levelized Cost of New Entry[21] (CONE) of a natural gas-fired open cycle (or "CT", an acronym for "Central Turbogás"), the reference technology as determined by CENACE for the National Interconnected System.
- Long-Term Auctions (SLPs), which are performed three years prior to the delivery date and award 15-year terms for energy and capacity and 20-year for CELs; and
- Medium-Term Auctions (SMPs), which are performed four months prior to the delivery date and award three-year terms.

PA's capacity compensation projections reflect the Balancing Capacity Market. The projected capacity compensation represents the amount of revenue, incremental to revenue available through the participation in the energy markets, that the marginal unit required for reliability would need to ensure fixed and non-sunk investment cost recovery. When the market is projected to need new supply, the capacity price reflects the new build cost of a natural gas-fired open cycle. Although the Market clears and settles on an ex-post basis against the prior year's 100 hours with the lowest operational reserve margin, PA's projections are recognized in the year that they are accrued (i.e, without a lag).

Tierra Mojada came online in October 2020 and will be eligible for Balancing Capacity Market payments in 2022 (based on 2021 performance). Over the next two years, PA projects clearing prices to decline from current levels, reflecting high reserve margins (in UCAP terms). With peak demand growth strongly recovering in 2021 after the effects of COVID-19 and steadily growing over 3% thereafter, PA projects the Mexican market to require additional supply (beyond firm additions) by 2023 to maintain its target reserve margin, at which point capacity compensation represents the net Cost of New Entry ("net CONE") of a CT. The net CONE represents CONE after netting out energy and ancillary services margins projected to be earned by the reference CT unit. After 2023, PA expects an increase in capacity prices over time as the energy and ancillary services margins that the reference CT is projected to earn decline, i.e., with declining energy and ancillary services margins, the reference CT will need higher capacity prices to recover its capital investment and fixed costs. See Figure 1-5.

Figure 1-5: Mexico SIN Projected Balancing Capacity Market Capacity Prices



[21] CONE represents the total of the projected annual levelized capital cost and ongoing fixed cost for the reference CT unit, based on PA's going-forward projections for overnight capital costs and other financing assumptions.

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2 THE MEXICAN MARKET

This section provides an overview of the Mexican power market in general (Section 2.1), as well as details on the regulatory structure and clean energy economics of the Mexican power market (Sections 0 and 2.3). Section 2.4 and beyond provide an overview of the market assumptions PA has used in its analysis to develop the market price projections in Chapter 3.

2.1 STATE OF THE MEXICAN POWER MARKET

Electric deregulation may be classified into three forms: (i) transmission access; (ii) retail choice; and (iii) wholesale supply. Mexico has incorporated recent reforms that have dramatically deregulated the power sector in all three forms, incorporating aspects of the major U.S. markets including forward long and medium-term auctions, financial tools such as FTRs, and a nodal pricing structure. Since the 1930s, state-owned and vertically-integrated CFE has been the dominant electric utility in Mexico. While there was a smaller state-owned utility until 2009[22] and a mechanism for customers to self-supply electricity, historically CFE has effectively provided generation, transmission, and distribution services to most of the nation.

Mexico's historical dependence on oil-fired generation and a reputation for inefficiency are contributors to the historic high cost of electricity in the country. Low-demand residential and agricultural customers receive subsidized electric rates. High industrial and commercial rates led many large-load customers to seek out self-supply solutions, culminating with approximately 10.5 GW of capacity[23] being used to serve the domestic market with self-supply and cogeneration as of 2018[24].

While minor reforms during the 1990s attempted to deregulate the market, President Enrique Peña Nieto initiated wide scale energy sector constitutional reforms that were adopted by Congress in December 2013. These reforms and subsequent laws and regulations have resulted in dramatic changes to the Mexican power landscape, with further incremental changes expected (such as the start of FTR trading, originally planned to begin operating in 2019[25]). The primary stated objectives of the Energy Reform were to reduce rates, increase clean energy, and increase transparency to attract investment. Some of the mechanisms used to implement these changes include a wider range of options under which private companies can participate in the market, medium and long-term auctions, real-time and day-ahead markets, clean energy targets, and competitive retail choice.

The defined roles of existing organizations under the Energy Reform are given in Table 2-2, and a timeline of events surrounding the reform efforts is shown in Table 2-1.

Table 2-1: Timeline of Mexican Market Events

Year	Energy Market	Resource Adequacy
1938	**National Electricity Code** and **CFE** created	
1960-1980	Private investment alienated and market forces prevented from entering the power system	
1993	**CRE** created to regulate energy industry	
2008-2009	**Renewable Energy** and **Energy Efficiency** laws established	**CFE** takes control of state-owned electric utility Central Light and Power
2013	Enactment of the **2013 Energy Reform** which opened the value chains of both the power[26] and oil & gas industries to private participation	
2014	Federal Electricity Commission Law (**LCFE**) established	**CENACE** takes on many of CFE's tasks

[22] Central Light and Power ("Luz y Fuerza del Centro" or "LyFC") was responsible of serving customers in the central region of the country. However, in 2009 the utility was extinguished with most of its assets becoming part of CFE.
[23] Delivered capacity to the grid.
[24] Source: SENER, "Programa de Desarrollo del Sistema Eléctrico Nacional 2019-2033", June 2019.
[25] According to the 2019 Wholesale Electric Market Annual Report conducted by the Independent Market Monitor, during 2019 CENACE performed several tests to the software that will be used to conduct the FTR auctions. More importantly, given that the results were successful, CENACE considers the software to be ready and is now awaiting authorization from SENER to carry out the auctions.
[26] Transmission and Distribution activities remain closed to private companies.

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2016	First long-term power auction (SLP-1/2015) concluded	Nodal day-ahead and real-time markets open. CEL purchase requirement enacted
2017	**CRE** continues to regulate electricity tariffs[27]	As of July 2017, fuel is sold at market prices
2018	**CENACE** cancelled 4th long-term auction (SLP-1/2018) **SENER** cancelled transmission lines Ixtepec-Yautepec and Baja-SIN	
2019	**CENACE** cancelled 2nd medium-term auction (SMP-1/2018) Increased focus towards revitalizing CFE through CC conversions of existing units, increased investment in hydro and distributed generation	

Table 2-2: Overview of Mexican Energy Regulatory Entities

Entity		Description
SENER	Secretary of Energy	Executive government office in charge of all energy-related activities in Mexico, including production, transportation, sale, import, and export of electricity and hydrocarbons.
CRE	Energy Regulatory Commission	The CRE has a regulatory role similar to that of the state public utility commissions in the U.S. CRE grants and revokes generation permits, regulates transmission and distribution rates, and directs how the basic service providers serve customers without retail choice.
CFE	Federal Electricity Commission	The CFE continues to own and maintain the transmission and distribution system, as would a transmission and distribution utility in a deregulated U.S. power market. The CFE generation business is an unregulated business separated into six subsidiaries, each a State Productive Enterprise. To create stable prices for basic users, a number of existing generators continue to generate under cost-based contracts defined by the CRE for certain units.
CENACE	National Center for Energy Control	The operation of the transmission system and the dispatch of generation fall under the control of the CENACE. Like a U.S. ISO, CENACE independently matches supply and demand, determines production levels to ensure safe and reliable grid operations, and develops proposals for transmission construction and expansion projects.
IMM	Independent Market Monitor	A market surveillance unit monitors the operations of CENACE and the market, and reports to the CRE.

Since the election of President Andres Manuel López Obrador in December 2018, the pace of electricity market reforms has slowed. The regulatory direction of the AMLO administration has slowed necessary investments (such as long-term auctions or tenders for transmission projects) and trying to favor national champions such as CFE and Pemex. The AMLO administration is currently attempting to slow down the pace of renewable entry via proposed rulemakings that dilute the value of CELs and make it more difficult to achieve COD. Given the strong need for international investment, PA ultimately expects many of these issues to be resolved. However, certain market decisions such as whether to keep aging, inefficient generators online may continue to reflect political preferences rather than economics.

2.2 MEXICAN MARKET AND REGULATORY STRUCTURE

The market changes discussed in Section 2.1 have been successful in spurring private investment in energy infrastructure, with the first three long-term auctions (SLP 2015, 2016 and 2017) being highly competitive. Moving forward under the deregulated market, private generators will be able to hedge electricity prices to Qualified Suppliers and Basic Service Suppliers. The introduction of retail choice for Qualified Users meeting a minimum consumption level will further encourage competition to capture large commercial and industrial

[27] CRE sets Basic Service Supply and transmission and distribution tariffs.

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("C&I") end users. An additional role was created for providers of last resort ("POLR") to take over the CFE retail entity's POLR obligation for Basic Supply Customers.

CFE still owns and operates all transmission and distribution assets. New transmission lines will allow additional integration of remote renewable resources. Additional transmission build-out will also reduce the impact of existing reliability constraints on economic dispatch, and potentially allow electrically isolated assets located in Baja California to connect to the larger SIN; however, an effort by the former government administration to link the two regions was cancelled at the end of 2018 and is excluded from PA's projections. Moreover, the evolution of the market, including financial products such as FTRs and eventual additions of virtual transactions[28] in the energy market, will help suppliers manage financial risk and improve prospects for private investment.

One of the Reform's stated objectives was to reduce rates, specifically for industrial and commercial customers, given that residential and agricultural rates are highly subsidized (except for high-consumption residential customers "Doméstica de Alto Consumo" or "DAC"). However, the results to date have been mixed. An overview of the key features, market structure and oversight bodies of the Mexican market is provided in Table 2-3.

[28] The operation of virtual offers was scheduled to occur during the second stage of the implementation of the Short-Term Energy Market as stated in SENER's Bases of the Electric Market. However, as of October 2020, virtual offers have not yet been introduced.

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Table 2-3: Market Overview

Feature	Profile	Characteristics
Footprint	Mercado Eléctrico Mayorista ("MEM")	• Covers the entirety of the country. • State-owned CFE is the sole transmission and distribution owner and operator.
Policy Making Entity	SENER	• Determines energy policy at the national level. • Promotes energy diversification, a competitive market, and lower energy prices.
Regulator	CRE	• Grants and revokes generation permits and regulates transmission, distribution, and the clean energy certificate (CEL) market.
System/Market Operator	CENACE	• Dispatches interconnected power plants based on nodal pricing and constraints. • Operates the spot market and conducts an annual Balancing Capacity Market and mid and long-term auctions.
Capacity Market	Annual Balancing Capacity Market, long-term auctions, and medium-term auctions	• LSEs are required to procure capacity to meet their portion of total peak load plus reserve margin. • Backward-looking Balancing Capacity Market began in early 2017 and incorporates a demand curve construct. The ex-post market will resolve market power concerns and prevent incentives to over-report capacities. • Long-term auctions (SLPs – 15-year term, 3 years prior to delivery date) and medium-term auctions (SMPs – 3-year term, 4 months prior to delivery date). To date three long-term auctions and one medium-term auction have been completed. • Bilateral contracts between LSEs and Basic Suppliers other than CFE Basic Supply are allowed.
Competitive energy and ancillary services markets	Day-ahead, and Real-time market	• Day-ahead and real-time markets featuring cost-based offers and nodal prices (over 2,500 nodes). • Energy and ancillary services are co-optimized by CENACE. • Ancillary services include regulation reserves, spinning reserves, non-spinning reserves, and supplementary reserves.
Clean Energy Certificate Market	20-year contracts (long-term auctions only)	• The first year of obligation for CELs requirement was 2018. • LSEs can secure CELs through signing 20-year contracts with generators to meet clean energy requirements and enable generators to finance new clean energy resources. Alternatively, there will be a short-term market and Qualified Suppliers can secure CELs through bilateral transactions. • A flexibility mechanism for compliance with CELs obligations has been included in SENER's guidelines that establishes the criteria for the granting of CELs and the requirements for their acquisition. Participants will be able to shift 25% of their obligation per year for up to two years with the shifted obligation increasing by 5% per year until its payment. • A SENER-proposed rulemaking to dilute the value of CELs by making all existing renewable generation (mostly CFE-owned hydroelectric capacity), rather than only new renewable generation[29], eligible to sell CELs is not expected to prevail.
Financial Transmission Rights ("FTR")	Annual contracts	• Grants the titleholder the right to receive, or obligation to pay the difference of, the Marginal Congestion Components of the locational marginal price ("LMP") between the destination and origin node. • FTR auctions, will occur annually with monthly updates, but have not been introduced[30].
Virtual Transactions	Day-ahead	• Contribute to price convergence between day-ahead and real-time markets. • Allow physical and financial-only participants to buy and sell power in day-ahead. • The operation of virtual offers was scheduled to occur during the second stage of the implementation of the Short-Term Energy Market as stated in SENER's Bases of the Electric Market. However, as of October 2020, it remains unknown when this product will be launched.

2.2.1 Energy Market

As part of the initial phase of reforms, CENACE was separated from the CFE in 2014 to promote a transparent competitive environment and open access for new competitors, culminating with the creation of

[29] With operations start date after the 2013 Energy Reform.
[30] According to the 2019 Wholesale Electric Market Annual Report conducted by the Independent Market Monitor, during 2019 CENACE performed several tests to the software that will be used to conduct the FTR auctions. More importantly, given that the results were successful, CENACE considers the software to be ready and is now awaiting authorization from SENER to carry out the auctions.

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a wholesale electricity market. CENACE operates the MEM by dispatching interconnected power plants based on variable costs and constraints. The energy market has over 2,500 nodes, and energy prices reflect the sum of energy, marginal congestion, and marginal losses. Dispatch occurs through short-term transactions via bids in day-ahead and real-time energy markets.

In the second phase of reforms specific to the energy market (which have not yet been implemented and have no clear timeline), controllable demand offers were supposed to be implemented and virtual transactions were supposed to be introduced along with the hour-ahead energy market[31], enabling financial entities with no physical assets or presence on the grid to participate (where offers are made in the day-ahead market and settled against the real-time market). The creation of virtual transactions should increase market liquidity and enhance the ability of market participants to hedge their market exposure. Virtual bidding mitigates market power concerns by allowing virtual traders to compete to supply power in constrained areas, given the nodal market structure. Virtual trading also tends to create day-ahead and real-time market price convergence via the aforementioned enhanced liquidity and hedging activity, which can reduce price volatility.

Table 2-4 compares the previous method for dispatching CFE units to what is in place now; under the new market, energy payments are calculated more efficiently using a bid-based LMP method (similar to certain US electricity markets).

Table 2-4: Energy Payment Calculations

Pre-reform	Post-reform
$CTCP_{pi} = C_{vargen} + C_{vartrans}$ **Where:** **$CTCP_{pi}$ is the marginal cost** **C_{vargen} is the fuel, market operator fee (CENACE) and variable O&M costs** **$C_{vartrans}$ is the transmission costs**	$LMP = \text{Marginal Energy Price} +$ $\text{Marginal Congestion Charges} + \text{Marginal Losses}$

In the hour-ahead physical energy market, generators will be required to make cost-based bids including fuel and operating costs that vary with production. Cost-based bids will also include start-up and no-load variable costs. CENACE and the Market Monitor examine bids to ensure that no generators are exercising market power or manipulating the market. Furthermore, generators are obliged to offer 100% of their available energy to avoid the possibility of arbitrage between the Day-Ahead Market and the Real-Time Market. Generation units are dispatched economically by marginal cost, subject to out-of-merit dispatch required by transmission constraints and to maintain system reliability.

2.2.2 Resource Adequacy

Suppliers must secure appropriate amounts of capacity, proportional to their load obligations and as directed by CENACE. Basic Service suppliers will secure capacity through a combination of legacy contracts assigned by SENER, medium- and long-term auctions administered by CENACE, and the mandatory annual Balancing Capacity Market. Qualified Suppliers must secure sufficient capacity to cover their load obligations through a combination of bilateral contracts, participation in the auctions administered by CENACE, and the Balancing Capacity Market.

CENACE will assign capacity obligations by capacity zone based upon the reserve requirements established by SENER, with capacity zones developed by CENACE based upon load-flow constraints and expected local reserve margins. Currently, there are three capacity zones, one for each system ("Sistema Interconectado Nacional", "Sistema Interconectado Baja California" and "Sistema Interconectado Baja California Sur"). In Mexico, the target capacity constrained reserve margin, or efficient reserve margin (i.e., based on unforced capacity adjusted for the actual availability experienced in the previous year) is currently

[31] As of October 2020, these products have not been implemented in the market. An updated timeline for their implementation in the market has not been published.

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set at 15.3% over the average demand of the 100 lowest reserve margin hours.[32] The minimum reserve margin is 7.7%, and CRE imposes penalties on market participants that have not covered their minimum supply requirement.

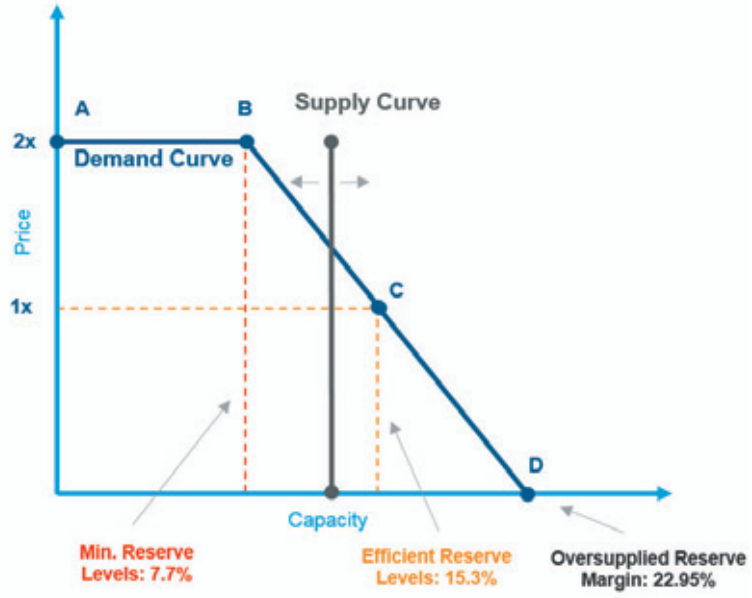
The combination of different contracting mechanisms and the Balancing Capacity Market are intended to facilitate the recovery of fixed costs not recovered through the energy and ancillary markets. The medium- and long-term auctions facilitate bids to provide capacity, energy, and CELs that may be offered together or as separate products. Purchasers define the maximum price they are willing to pay, against which suppliers bid. If supply exceeds demand, there may be a descending price subject to the constraint of the maximum price defined by purchasers. Entities serving in the role of Basic Supply must contract through the auction process. In contrast to the Basic Suppliers, Qualified Suppliers may engage in bilateral contracting and contract directly with Qualified Users who have over 1 MW of load or with other Qualified Suppliers.

Balancing Capacity Market

For the National Interconnected System, the annual Balancing Capacity Market features (i) a downward-sloping demand curve determined by CENACE using the cost of new entry of a reference natural gas-fired open cycle[33] and (ii) a fixed supply curve based on actual availability during the 100-critical hours in the prior year. The demand and supply curves associated with the Balancing Capacity Market pricing are based upon net demand[34] and net supply; similar to the MISO market in the U.S., this is the demand not already covered under contracts and the supply not already obligated under contracts.

Figure 2-2 shows how the Balancing Capacity Market clearing price is determined. The demand curve is determined by CENACE using the CONE of the reference technology, a generic CT (refer to section 2.6 for more detailed analysis of CONE). The curve is set at 2.0x CONE for a reserve margin of 7.7% or less [**A – B**]. The curve is adjusted on a downward sloping basis such that the target reserve margin of 15.3% is equal to 1x CONE [**C**]. The curve is then extended to determine the reserve margins above which capacity pricing would always equal zero [**D**].

Figure 2-1: Balancing Capacity Market Illustrative Supply and Demand Curve



The supply curve is based on availability during the 100-critical hours (lowest reserve margin hours) in the prior year. Availability is analyzed at the plant level and aggregated to create system-wide supply curve. A

[32] For 2017 and 2018, the calculation was based on the average demand of the top 100 peak load hours.
[33] A reference technology is selected for each capacity zone.
[34] For the third long-term auction CFE Basic Supply requested only 700 MW of capacity. However, over the last years, many CFE plants were not available during critical hours, resulting in capacity shortages. Until the underlying issues are resolved, PA anticipates that capacity shortages may continue, resulting in significant prices in the Balancing Capacity Market. However, only previously uncommitted capacity is paid these high prices.

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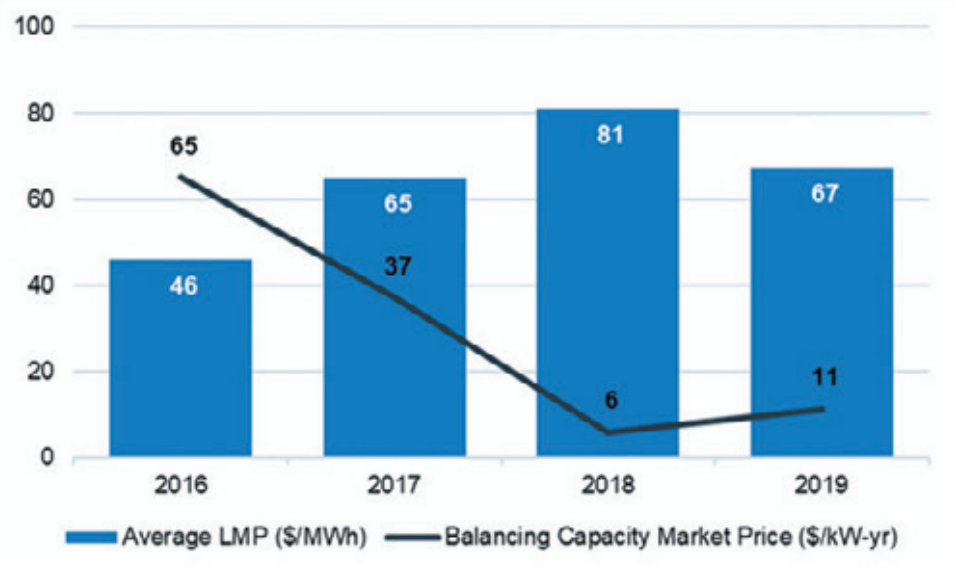
vertical line is drawn at the average capacity available during these 100-critical hours and represents a fixed amount of supply. The intersection between the demand and supply curves represents the closing price, not the final clearing (or net) price. The final net price is the closing price less the average energy margins that the reference technology earned during the year.

The annual Balancing Capacity Market began in February 2017. Firm capacity assigned to each generator is awarded based on available capacity, which represents the lower of the accredited interconnection capacity or actually offered capacity in the Real Time Market, during the 100 hours with the lowest reserve margin. There are penalties if CENACE discovers capacity is unavailable, though unavailability in the event of scheduled maintenance is only penalized for two (2) hours per day. If capacity is not available, then it must be provided through the Balancing Capacity Market, which is cleared annually. It is illegal to withhold capacity – available generation must be bid into the market.

Because the demand curve of the annual Balancing Capacity Market is set using the Net CONE of the reference technology (a CT), capacity prices act as a form of a hedge for capacity resources in the market. When market spark spreads are relatively low, energy margins realized by the reference CT are low, leading to higher Net CONE and a higher capacity price, all else equal. Conversely, when market spark spreads are high, energy margins realized by the reference CT are high, putting downward pressure on Net CONE and capacity pricing. Figure 2-3 shows how this relationship has held since the introduction of the markets in 2016.

Figure 2-2: Historical Relationship Between SIN Energy Prices and Balancing Capacity Market Clearing Prices



Long-Term Auctions (SLPs)

Long-term contracts are intended to provide the mechanism to encourage private investment in new generation capacity. The long-term auctions have a 15-year term and are awarded three (3) years prior to the delivery date. The first three auctions held to date have focused primarily on procuring renewables to meet Mexico's clean energy goals, although most of the awarded capacity was to combined cycles. Prices varied between resources depending on fuel type, with renewables clearing at a lower price. Table 2-5 shows the results of the first three auctions. A fourth auction, scheduled for late 2018, was delayed and ultimately cancelled.

TIERRA MOJADA COMBINED CYCLE November 2020
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Table 2-5: SLP Auction Results

	SLP 2015	SLP 2016	SLP 2017
Date Held	Q4 2015	Q2 2016	Q4 2017
Awarded Price per MWh	$31.56	$20.35	$13.70

Plants awarded contracts under the first auction were scheduled to be online by the end of September 2018. Of the 16 contracts awarded in SLP 2015, 12 are currently online while the remaining 16 are delayed or still under construction. Plants that cleared the second auction did not have to be online until the beginning of 2019, though several were granted exceptions allowing for an additional three to ten months.

It is likely that some of the developers awarded contracts under the auctions will face financing and competition challenges. Projects that are not being financed off of corporate balance sheets but on a project finance basis will have challenges due to the low anticipated margins that are a consequence of the low bid prices. In addition, PA has observed that some projects are facing challenges in obtaining interconnection agreements as well as the necessary permits.

Medium-Term Auctions (SMPs)

Medium-term energy and capacity auctions are for three (3) year terms, and are awarded four (4) months prior to the delivery date. The first medium-term auction cleared in early 2018 but featured far lower transaction volumes than the SLPs. The primary counterparty in the medium- and long-term auctions are the Basic Supply Entities. As in the third (and subsequent) long-term auction, private Qualified Suppliers will be able to participate, in addition to the purchasing subsidiary of the CFE. The medium-term auctions were intended to occur annually, but SMP-1/2018 was cancelled in June 2019.

2.2.3 Ancillary Services Market

Mexico's market for ancillary services began in late 2016 alongside the day-ahead energy market. A real-time energy market was introduced in 2017. The Mexican ancillary services market is similar to the PJM market, where regulation and reserves are co-optimized with generation so that compensation for regulation is based upon the opportunity costs of not generating electricity. For efficient plants like Tierra Mojada, this affords assets the ability to earn incremental revenue streams from the market.

The following ancillary services are included in the market:

- Regulation reserves: Generating capacity that must be immediately available to maintain frequency at 60 Hz;
- Spinning reserves: Generating capacity which can be made available to a transmission system with ten (10) minutes notice and can operate continuously for at least two (2) hours.
- Non-spinning reserves: Generating capacity capable of being brought online within ten (10) minutes from an offline state; and
- Supplementary reserve: Generating capacity capable of being brought online within 30 minutes from an offline state.

Ancillary services not included in the market, but which are compensated through regulated rates, are reactive power, reactive reserve, emergency start, backup and black start capability.

2.2.4 Congestion Management

The nodal market structure, higher congestion charges, and higher capacity compensation in constrained load zones introduced by the energy reform is expected to benefit system congestion by incentivizing construction of generation in locations that minimize overall system costs. In any nodal market, price separation due to congestion between two locations reflects the presence of transmission constraints that can be alleviated by (1) building additional transmission between the two locations or (2) adding generation in the high-priced area. Over time, natural gas-fired generation additions on the higher-priced side of transmission constraints will reduce congestion and basis between zones across Mexico.

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The energy reform laws include mechanisms to hedge transmission risk with a liquid market for FTRs. One FTR is equal to 1 MWh of transmission, and the price is the difference in basis between the node of injection and withdrawal. However, holders of pre-existing transmission contracts (e.g., CFE) are awarded legacy rights at no cost. CENACE was planning to auction excess FTRs for terms of one (1), three (3), or 10 years, so income would be allocated to LSEs. FTRs auctions were scheduled to begin in late 2018 but have not yet been introduced. However, FTRs do not grant the physical right to use the transmission lines.

2.2.5 Competitive Retail Choice

Mexico has introduced competitive retail choice for Qualified Customers, defined as having loads over 1 MW in 2017 and beyond. These Qualified Customers can buy from Qualified Suppliers, while Qualified Customers with loads over 5 MW can buy directly from the wholesale market. There are over 10,000 high voltage customers with loads greater than 1 MW. The introduction of retail choice will further encourage competition to capture large commercial and industrial ("C&I") end users. PA projects the market for competitive retail supply will be over 70,000 GWh in 2020 (excluding current self-supply customers). PA assumes that existing self-supply arrangements remain in place subject to the counterparties agreeing not to cancel the contracts.

Qualified Suppliers are required to hedge a certain amount of load in advance of delivery year, affording privately-owned plants in Mexico the ability to contract with these Qualified Suppliers under short- and medium-term contracts.

2.2.6 Electric Rates and Subsidies

Residential electricity rates in Mexico are currently subsidized. The average weighted subsidy for all consumers in the system, including cross-subsidies, represent approximately 20% of total generation costs. With subsidies, low-load residential rates are generally lower. However, high-load residential, commercial, and industrial customers receive no subsidies. When subsidies are accounted for, rates in Mexico are about 70% higher than U.S. rates, on average, and commercial and industrial rates are approximately 130% and 80% higher, respectively, than parallel rates in the U.S.

The Secretariat of Finance and Public Credit (SHCP) will establish the subsidies to supply basic users (through CFE only). While the government's goal of electricity reform is to reduce rates across all classes, the most impactful changes would likely be felt by the unsubsidized high-load residential, commercial, and industrial users. No specific policies regarding the elimination of subsidies for low consumption residential users and agricultural users have been announced – and the elimination may prove difficult in practice.

2.2.7 Market Monitor

Consistent with practices in the United States, an Independent Market Monitor ("IMM") has been established as part of the market reform. The IMM will confirm the costs used by generators in their market bids, determine whether generators are offering their full available capacity, and monitor for market manipulation, ultimately reporting to the CRE and the Federal Commission of Economic Competition ("Comisión Federal de Competencia Económica" or "COFECE"), thereby reducing risks of market manipulation.

2.3 CLEAN ENERGY ECONOMICS AND POLICY

A combination of government policies, targets, and incentives are expected to drive growth in renewable energy penetration in Mexico, where, in 2019, approximately 23%[35] of the electricity produced (Real-Time Market) came from clean energy sources. The large majority of it was generated by hydroelectric resources.

2.3.1 Energy Transition Law and Clean Energy Certificates

The Energy Transition Law ("Ley de la Transición Energética" or "LTE") was approved by Congress in December 2015 and implements legal, regulatory, and tax conditions to boost renewables, replace fossil fuels, and facilitate meeting clean energy, emissions reduction, and energy efficiency targets. From 2018,

[35] Based on Evaluation of the Requirement for the Acquisition of CELs in 2019. Source: ESTA International "Reporte Anual del Mercado Eléctrico Mayorista 2019", May 2020.

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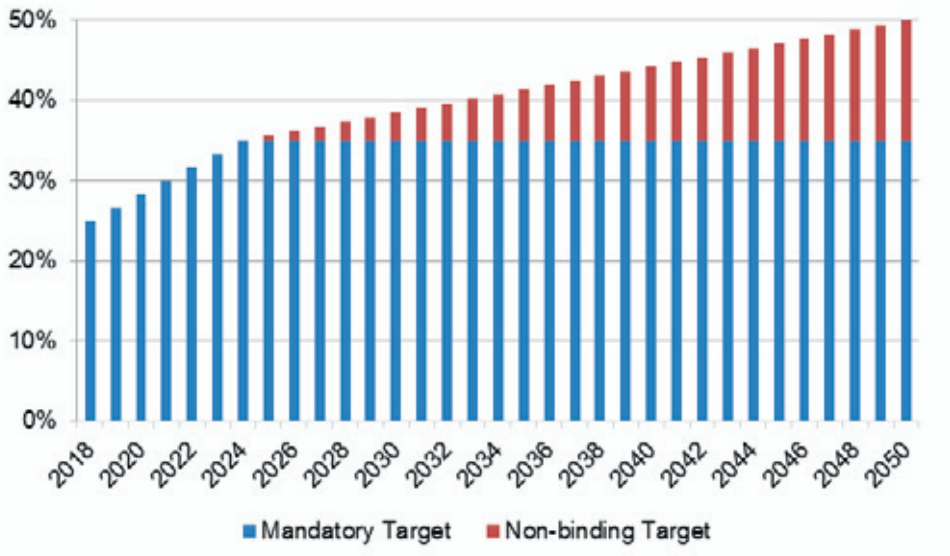
retailers and large consumers that participate in the wholesale market[36] will be required to obtain CELs equivalent to 5% of their energy supply. These requirements will increase so that the combination of legacy and new clean energy additions reaches the national targets of 35% total energy by 2024, increasing to 50% (non-binding) by 2050 (see Figure 2-3). Only units built or expanded after the Energy Industry Law ("Ley de la Industria Eléctrica" or "LIE") of 2014[37] will qualify for CELs, and qualifying technologies will include wind, solar, geothermal, nuclear, hydro and efficient cogeneration. Clean generation sources receive one CEL per MWh, while new efficient cogeneration receives CELs for a percentage[38] of its total output based on its efficiency and how much power they sell back to the grid.

Figure 2-3: Growth in Clean Energy Targets (Share of Total Generation)[39]



A flexibility mechanism for compliance with CELs obligations has been included in SENER's guidelines that establishes the criteria for the granting of CELs and the requirements for their acquisition. Participants will be able to shift 25% of their obligation per year for up to two years with the shifted obligation increasing by 5% per year until its payment. Additionally, there is a nominal upstream carbon tax on fuel sources, approved in 2015. Natural gas is exempt from the carbon tax and provides a baseline for higher-emitting fuels (described below).

Basic Service suppliers will primarily secure CELs through the long-term auctions, which include 20-year CEL contracts. Qualified Suppliers serving Qualified Customers can participate in the long-term auctions as well as procure CELs through bilateral contracts. Self-supply customers who secure their electricity through legacy contracts with clean energy are exempt from acquiring CELs (given they are using the legacy clean energy, de facto, to meet obligations).

The CEL pricing structure is intended as a means to drive clean energy build-out in pursuit of the clean energy targets. If anticipated revenues from capacity, energy, and renewable subsidies are less than the marginal cost of developing an additional MW of wind or solar capacity, the differential must be sufficiently covered by the CEL price in order for development to move forward. If the maximum CEL price is too low, it

[36] Qualified Users with a minimum demand of 5 MW and an annual consumption of 20 GWh have the right to participate in the wholesale market. Qualified Users that are served by Qualified Suppliers do not have to comply with the CELs target as this obligation is the responsibility of the Qualified Supplier in this case.
[37] An October 2019 proposal by SENER to allow renewable generation (mostly owned by CFE) built prior to the release of the Energy Industry Law to also qualify for CELs was temporary invalidated by federal courts in December 2019. Final decision from the courts is still pending.
[38] The amount will correspond to its "fuel-free energy", calculated as per CRE's "general administrative provisions that contain the efficiency criteria and establish the calculation methodology to determine the percentage of fuel-free energy in energy sources and electric power generation processes".
[39] Source: CRE.

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will not be economically viable to develop that additional MW of clean energy, and the CEL mechanism will not be sufficient to spur the renewable energy build-out need to meet clean energy targets.

While the price for CELs is anticipated to decrease, it is subject to uncertainty. In theory, the market price of CELs will be determined by the cost differential between the levelized cost of the lowest cost renewable resource (likely wind or solar) and the levelized value of the revenue that can be earned by that resource through existing energy and capacity markets. The CEL price differential will typically decrease as the levelized cost of solar and wind declines, but it will also be impacted by cost factors that drive energy market prices (a decline in projected natural gas prices, for example, would drive CEL prices up because the revenue recovery available through the energy market would decline with energy prices).

Despite this uncertainty, the LTE provides long-term certainty for investments in clean energy assets. Under the law, the State is required to implement financial and regulatory conditions to boost renewables, replace fossil fuels, and facilitate meeting targets for clean energy uptake, emissions reductions, and energy efficiency. For example, an Energy Transition Fund of approximately $240 million was created to direct financing streams to programs for generation mix diversification, GHG reduction, and energy efficiency, supplementing investments made through the wholesale energy market.

2.3.2 Other Renewable Incentives

In addition to the LTE, renewable developers have historically benefited from various financial incentives and regulatory policies, including:

- Accelerated depreciation for investments with environmental benefits (e.g., renewable energy investments) is extended to renewable self-supply projects and IPPs. Up to 100% of the total investment can be deducted in a single year. To comply, IPPs are obligated to maintain the machinery and equipment in operation for a minimum of five (5) years;
- Preferential postage-stamp tariff for transmission services by CFE under the old law and currently only applicable to self-supply projects;[40] and
- Energy banking instruments, under which excess renewable energy self-supply generation permits or cogeneration (> 500 kW) can be sold to the Supplier (CFE) at 85% of the LMP of that specific month or can be saved in an Energy Bank for a maximum of 12 months to be sold or used for compensation in the following months. The impact to market prices of energy banking are minimal, although values received by the individual sellers may vary based on the values received for liquidation in selling to CFE, if energy was not banked. This mechanism was terminated for new permits and replaced by other financial instruments, namely CELs and the hourly markets administered by CENACE. Self-supply customers permitted under the old law are grandfathered and continue to act under the previous law unless they choose to convert their permits to the new law.

Carbon Tax

The carbon reductions benefits to be realized through the LTE are reinforced by the Fossil Fuel Carbon Tax, a 2014 law which introduced a carbon tax to Mexico.[41] A carbon tax is applied to fossil fuel sales as well as imports by manufacturers and producers. The tax rate by fuel is determined not by the full carbon content of the fuels, but instead according to the quantity of emissions that would be displaced if natural gas were substituted for the fuel in question. As a result, natural gas is currently exempt from the tax due to its role as the baseline fuel for emissions comparison. The tax rate has a ceiling of 3% of the sales price of the fuel.[42] The carbon tax increases according to the carbon content of the fuel type, as shown in Table 2-6.

[40] Tariff system has been recently changed by the government to ensure rates are in line with market costs; however, this change is being appealed by affected generators.
[41] Sources: Secretary of Environment and Natural Resources ("SEMARNAT"), Ministry of Finance.
[42] Source: World Bank.

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Table 2-6: Mexican Carbon Tax by Fuel Type[43]

Fuel	Tax (USD)
Diesel	0.71¢ per liter
Gasoline	0.58¢ per liter
Fuel oil	0.76¢ per liter
Coke (petroleum)	$0.88 per ton
Coal	$1.55 per ton

Because the tax is applied "upstream", it is reflected in fuel prices and will flow through to dispatch costs and power prices. The impact to market power prices is expected to be limited, with natural gas-fired generation costs un-impacted, and coal rarely on the margin.

2.3.3 AMLO Policies

In July 2018, Andrés Manuel López Obrador (AMLO) was elected president of Mexico. His campaign document, "National Plan 2018-2024" sets forth a vision of a revitalized energy sector that strengthens PEMEX and CFE and boosts domestic energy production. A later document on renewable generation is consistent with the campaign document and emphasizes investment in hydroelectric generation as well as distributed wind and solar projects. The Plan calls for increases in renewable and distributed generation as well as increased investment into CFE-owned generation. In the first few months of his administration, which began in December 2018, several announcements that are likely to slow the transition to lower energy prices include cancelling (1) the fourth long-term power auction and (2) transmission lines connecting Baja California Norte to SIN and Ixtepec to Puebla.

Several key tenets of AMLO's proposed plan include:

- Repowering existing CFE hydroelectric plants (65 plants totaling over 1 GW), as well as an additional 2.6 GW of new hydro.
- 30 GW increase in distributed generation
- Dual-fuel conversions at 14 plants totaling up to 4 GW
- Delayed retirement and CC conversions of 10 steam gas plants totaling up to 6 GW

There is considerable uncertainty as to how much of AMLO's Plan can be accomplished during his six-year term, given funding constraints and competing political considerations. For this reason, PA's projections reflect only portions of the AMLO plan including cancellation of the BAJA-SIN and Ixtepec to Puebla transmission lines, incorporation of 1.8 GW of distributed generation[44] by 2023, and delay of retirements for over 5 GW of capacity coming off of legacy contracts over the next few years.

2.4 FUEL PRICES

Fuel prices impact the projected dispatch cost of thermal power generating assets as well as the resource planning decisions of retail electric providers. While Mexico has historically been a producer of natural gas, in recent years pipeline imports from the U.S. have grown significantly to make up for declining domestic production, contrasted with growing demand across sectors. As a result, the supply and demand dynamics, and associated pricing, of gas in the U.S. have a significant impact on pricing and supply within Mexico.

[43] Source: SEMARNAT.
[44] Distributed generation takes the form of solar PV and does not have any capacity credit; for this reason it does not impact the 100 Critical Hours.

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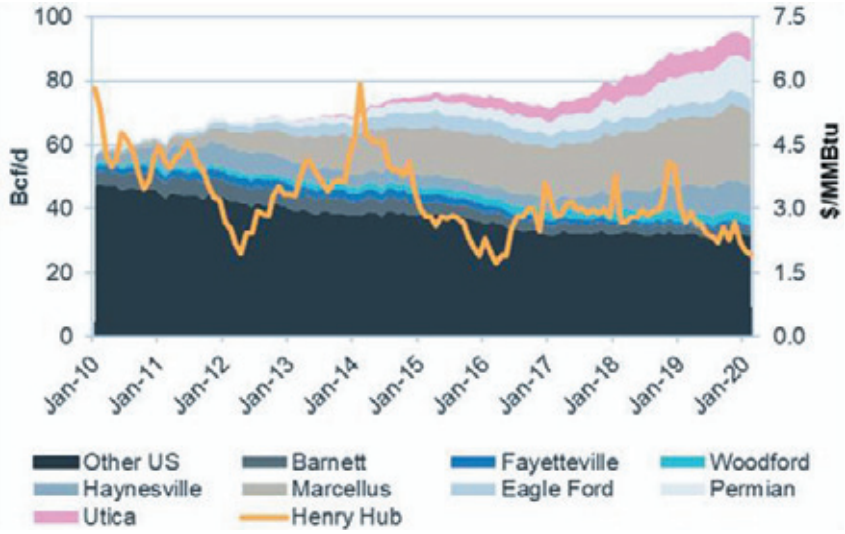
2.4.1 U.S. Natural gas

Natural Gas Supply

As a result of the shale revolution, U.S. natural gas production has grown from 55 Bcf/d in 2008 to over 90 Bcf/d in 2019. The resiliency of US shale dry gas production is illustrated below in Figure 2-4, with a map of North American shale gas basins shown in Figure 2-5. Availability of shale gas production has led to a decline of Henry Hub gas price from peak levels in 2008 to a current price below $3/MMBtu, yet shale production has still grown from 2008 to present; increased efficiencies and continued demand growth has continued to spur additional production despite falling prices. Through 2019, the top five natural gas producing shale basins were the Marcellus (23.3 Bcf/d), Permian (10 Bcf/d), Haynesville (9 Bcf/d), Utica (7.3 Bcf/d), and Eagle Ford (4.4 Bcf/d).

Figure 2-4: Lower 48 Dry Gas Production (Bcfd) vs. Henry Hub Natural Gas Prices ($/MMBtu)[45]



Dry gas production in the Marcellus and Utica was just over 3 Bcf/d in 2010 and averaged 29.6 Bcf/d in 2019, representing just over 32% of daily US production. The Permian emerged as a key player in the past two years, with over 130% growth in dry gas production over 2016 as a result of an uptick in global crude oil prices. Production growth in the Permian has led to severe constraints in the basin, similar to those seen in the Northeast in 2017 and 2018. Lack of adequate gas gathering and takeaway infrastructure has driven spot prices at Waha in West Texas into negative territory at times during 2019, with producers unable to move gas and relying heavily on flaring to dispose of excess supply. The 1.9 Bcf/d Gulf Coast Express recently came online to help alleviate Permian takeaway constraints and another 5.9 Bcf/d of capacity is due online by the end of 2022.

[45] As of April 2020. Source: EIA and NYMEX ClearPort.

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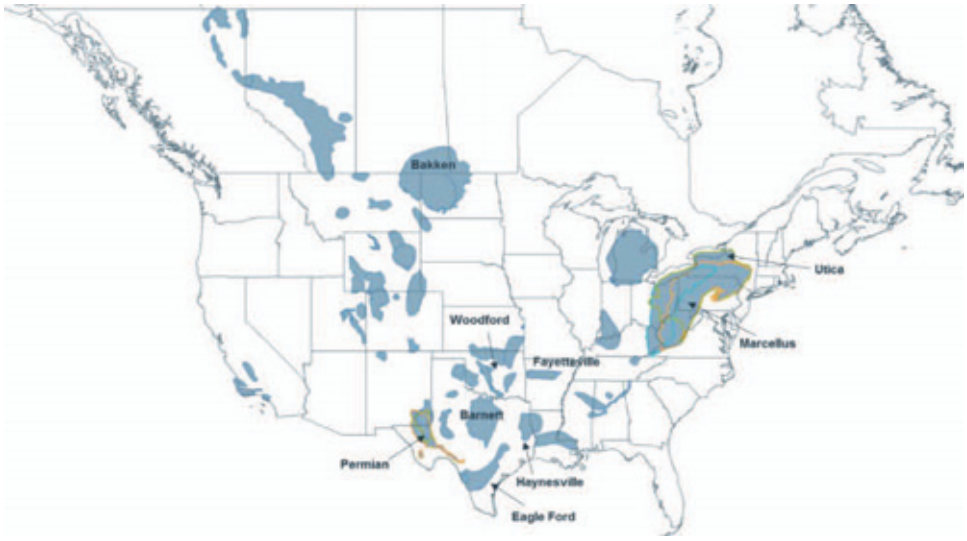
Figure 2-5: Key U.S. Gas Producing Regions[46]



Well-level breakeven costs (the price at which producers can earn a reasonable rate of return from drilling and completing a well) have declined in recent years and producers have increased efficiencies via targeted drilling techniques. At the same time, advances in technology have improved well economics and made production more profitable even at low commodity prices. For cross-basin comparisons, breakevens in the Marcellus trend around $2.50 or higher whereas the Permian has a zero-dollar gas breakeven as long as crude oil prices remain in the $40 per barrel range or above. As of early fall 2020, oil prices have retraced some of their losses from earlier this year, but near-term forwards are still in the $36-to-$38/bbl range, and do not approach $40 until April 2021.

Further improvements in E&P technology and upward movements in market prices are likely to unlock additional reserve volumes, providing additional supply for years to come. PA's projection of US natural gas production reaches 100 Bcf/d by 2025 and 105 Bcf/d by 2030, representing increases of 10% and 14%, respectively, over 2019 production levels. The magnitude and timing of forward-looking growth is dependent on several factors including degree of commodity price recovery as well as when the well production efficiency limit (or point of diminishing return) is reached. Of the US shale plays, the Appalachian (the combined Marcellus and Utica) is by far the largest, expected to account for 38% of natural gas production in 2030. With outlooks for crude oil pricing stabilizing, the Permian is anticipated to continue to produce high volumes of associated gas. Dry natural gas production averaged over 10 Bcf/d in 2019, and PA projects this to climb to 14.8 Bcf/d by 2025. These shale plays are likely to add substantial production volumes to the US supply stack, leading to downward pressure on Henry Hub despite increasing domestic demand.

[46] Source: ABB's *Energy Velocity Suite*.

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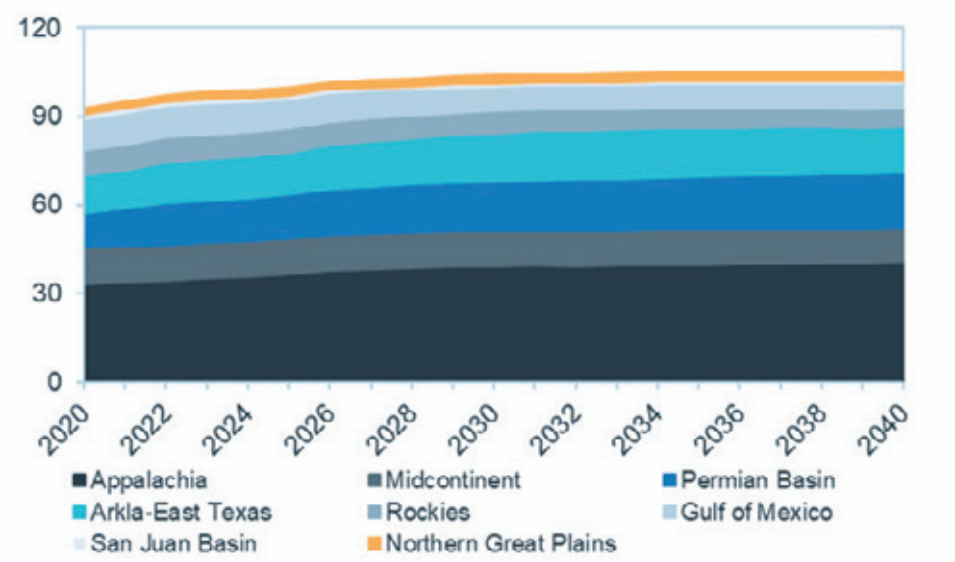
Figure 2-6: PA's Projection of U.S. Natural Gas Production (Bcf/d)[47]



Natural Gas Demand

Electric power makes up approximately 35% of total U.S. consumption not including exports, with industrial uses making up 26%. Residential (18%) and commercial (12%), and LNG feedgas (5%) end users make up most of the remainder. In addition, cross-border pipelines into Mexico (discussed in Section 2.4.2) are providing a growing sink for U.S. supply, particularly as downstream constraints in Mexico begin to clear.

Power Sector Demand

Power sector demand for natural gas is expected to continue to grow as more coal capacity retires and new natural gas-fired power plants enter the market. Although demand is expected to grow by only 2.7 Bcf/d by 2030, power sector demand is nonetheless an important demand sink during low price environments. Relatively cheaper natural gas encourages fuel switching on the margin for power generation, which can provide price support, increase natural gas demand, and help bring stability to the market.

Industrial Demand

Industrial demand for natural gas is primarily driven by its use as a feedstock and in improving process efficiency. Natural gas is a key component in the production of petrochemicals, fertilizer, hydrogen, and other compounds, with much activity focused in the manufacturing and mining sectors. Industrial demand for natural gas in the US has risen 30% from 17 Bcf/d in 2009 to over 23 Bcf/d in 2019.

PA projects small amounts of incremental growth in this sector, predominantly driven by rising petrochemical demand and increased economic output. In particular, three new methanol facilities are expected to come online by the end of 2020 and are slated to add 3.3 million tonnes/year, bringing total US methanol capacity to 9.4 million tonnes/year. In addition, over 5 million tonnes/year of ammonia capacity have come online since 2016; significant growth is expected to continue across the country over the next few years, with most activity occurring in the Midwest and the Gulf Coast. PA projects that industrial demand will reach 23.5 Bcf/d by 2025 and slowly grow to over 24 Bcf/d by 2030, representing a 12% increase from current levels.

International LNG Demand

Historically, LNG terminals were constructed to receive gas in the US with the early adaptation of natural gas-fired power plants. However, growth of domestic production to the point of exceeding domestic demand sparked US producers to look overseas for new sources of demand. Japan, China, India, and Europe were the largest markets, seeking import diversification from Russia. Once developers received authorization to start exporting LNG from the US in 2012, over 16 Bcf/d of capacity entered the approval pipeline.

[47] Source: PA, DrillingInfo Prodcast, and GPCM; 2020.

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Current US LNG export capacity stands at just under 9 Bcf/d across six terminals currently in operation. As of October 2020, Cheniere's Sabine Pass, Corpus Christi Trains 1 and 2, Cameron LNG Trains 1-3, and Dominion's Cove Point are commercially operational. Elba Island recently began commercial operations at its tenth and final unit. Freeport has brought online all three of its trains, and Corpus Christi Train 3 is under construction and due online in late 2021. See Figure 2-7.

Figure 2-7: Approved U.S. LNG Export Terminals

PA projects feedgas demand to rise from approximately 8 Bcf/d in 2020 to 11.5 Bcf/d by 2025[48].80 By mid-2026 just over 15 Bcf/d of export capacity is projected to be online in the US, with an additional 2 Bcf/d coming online in Canada in the form of LNG Canada in British Columbia, as shown in Figure 2-8. LNG export projects that do not yet have a final investment decision are not included in PA's assumptions.

[48] Exports have temporarily declined to approximately 3 Bcf/d (~30% utilization) in summer 2020 due to the impacts of COVID.

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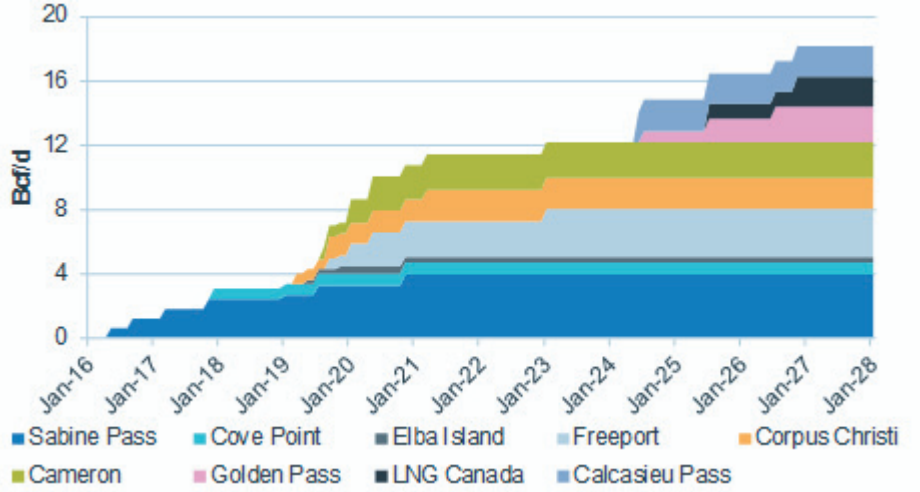
Figure 2-8: U.S. LNG Export Terminal Capacity (Bcf/d)[49]



Of the 10 Bcf/d of export capacity currently online in the US, the majority of it is relatively inelastic to prices as it is secured by long-term take or pay contracts. Offtakers under these contracts have little to no ability to turn down cargoes – as they might otherwise be inclined to when netbacks are weak -- without incurring financial penalties. Thus, from a pricing standpoint, the impact of US LNG export demand on domestic prices is well accounted for by the market as it remains mostly steady and predictable despite fluctuations in commodity prices. However, lingering oversupply in the global LNG market coupled with weak demand in early 2020 due to the economic slowdown has led to a slowdown in US exports, which fell to as low as 3.1 Bcf/d in July 2020.

As US export capacity and LNG feedgas demand increase, PA projects that this will support domestic prices at Henry Hub and along the Gulf Coast. However, as new LNG facilities come online, they are doing so with more flexible contract structures, which leads to greater elasticity to LNG demand. This could contribute to increased price volatility due to fluctuations in LNG terminal utilization, but the overall portion of LNG demand that is price-sensitive will still be minimal in comparison to total US demand, which mitigates the associated impacts to pricing. However, year-to-date US terminal utilization is down relative to 2019, and offtakers that have the ability to cancel or re-schedule cargoes are doing so. PA expects utilization to remain below capacity through the summer and possibly into the fall before picking back up. Utilization in the winter of 2020-2021 will be largely dependent on weather in Northwest Europe and Asia, and a cold start to the winter heating season could lead to a rebound in utilization at US terminals

Natural Gas Infrastructure

The U.S. has a vast network of natural gas pipelines with over 3 million miles of mainline according to U.S. Energy Information Administration ("EIA"). Historically these pipelines were developed to primarily move natural gas from the Gulf and Midcontinent regions to demand hubs in the north and eastern portions of the U.S. such as Chicago, New York, and Boston. Over the past five to eight years, the focus on pipeline buildout has shifted to the Northeast as a result of rapid production gains in the Marcellus and Utica. Pipelines designed to move natural gas east across Ohio and Pennsylvania were flooded with receipts which overwhelmed capacity. Producers were then forced to severely discount their natural gas as they jockeyed for limited access to demand.

In recent years, many pipeline projects have crossed the finish line or are close to doing so. These projects have enabled production in the Marcellus and Utica to grow from 7.7 Bcf/d in 2012 to 28 Bcf/d in 2019. Additionally, backhaul projects, where pipeline capacity is reversed from its original flow pattern, have brought Marcellus and Utica gas south and west to serve growing demand in the industrial, power, and export sectors. A number of large greenfield pipelines are still facing uphill battles and represent that last of the initial infrastructure projects that came out of the shale boom.

[49] Source: ABB's *Energy Velocity Suite*.

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Further south in Texas, increased drilling activity in the Permian has incentivized a large push for new natural gas transportation infrastructure. Producers have already met pipeline takeaway capacity in the basin, and production is forecast to grow from 10.9 Bcf/d year-to-date to 14.7 Bcf/d by 2025 (PA projects only slight long-term impacts to Permian production related to COVID-19). Currently there are over 13 Bcf/d of long-haul pipelines proposed to enter service over the next three years and given Texas's friendly stance towards the oil and gas industry, PA projects that three of these projects will move forward[50]. These projects will allow production growth to continue and will support lower Henry Hub pricing in the longer-term. Additionally, these projects should compress basis in the Permian back to the variable cost of transport and leave the basin unconstrained through 2024. These projects are shown in Table 2-7.

Table 2-7: Major Permian Natural Gas Pipelines Under Development

Pipeline	Capacity	Status	Projected In-Service Date
Permian Highway Pipeline	2.0 Bcf/d	Under Construction	Q2 2021
Whistler	2.0 Bcf/d	In Development	Q3 2021
Pecos Trail	1.9 Bcf/d	Proposed	Q2 2022

Additionally, flows out of the Permian on pipelines such as Roadrunner, Trans-Pecos, and Comanche Trail had been running at very low utilizations due to downstream constraints in Mexico[51]. With this corridor representing roughly ~3 Bcf/d, the basin's total incremental takeaway capacity including the new pipelines could reach 9 Bcf/d, well beyond projected production volumes, by the end of 2022. New capacity of this magnitude would allow Permian production to nearly double over the same timeframe before reaching takeaway constraints. These new projects, plus the additional capacity that will flow volumes once constraints in Mexico are resolved, will allow production growth to continue and will support lower Henry Hub pricing in the longer-term. Additionally, these projects will help to compress basis in the Permian back to the variable cost of transport.

Henry Hub Price Projections

As shown in Figure 2-9, PA projects Henry Hub prices to rise over the study period. PA's Henry Hub natural gas price forecast incorporates Henry Hub futures through 2021 and a long-term forecast beginning 2024. For the years 2022 and 2023, PA's forecast interpolates between the 2021 forwards price and the 2024 forecast price. By 2024, PA projects Henry Hub to reach $3.03/MMBtu (in nominal terms). This slight increase in Henry Hub is driven primarily by higher demand from the present through the early 2020s, as LNG and Mexican exports ramp up and power sector consumption grows due to coal retirements and new natural gas-fired generation entering the market. By 2025, PA projects an additional 12 Bcf/d of natural gas demand compared to 2019, representing a 12.7% increase. In the long term, PA projects Henry Hub to continue to rise, reaching $5.35/MMBtu in 2040, representing a 3.6% compound annual growth rate from 2024 through 2040. The long-term upward movement is driven by the need to drill slightly higher-priced wells in the future because of producers depleting the available inventory of low-cost wells.

[50] The Gulf Coast Express pipeline, with approximately 1.9 Bcf/d capacity, entered service in August 2019.
[51] The recent start of operations (October 2020) of the Wahalajara system and the soon to be completed Samalayuca - Sásabe pipeline will help alleviate the situation.

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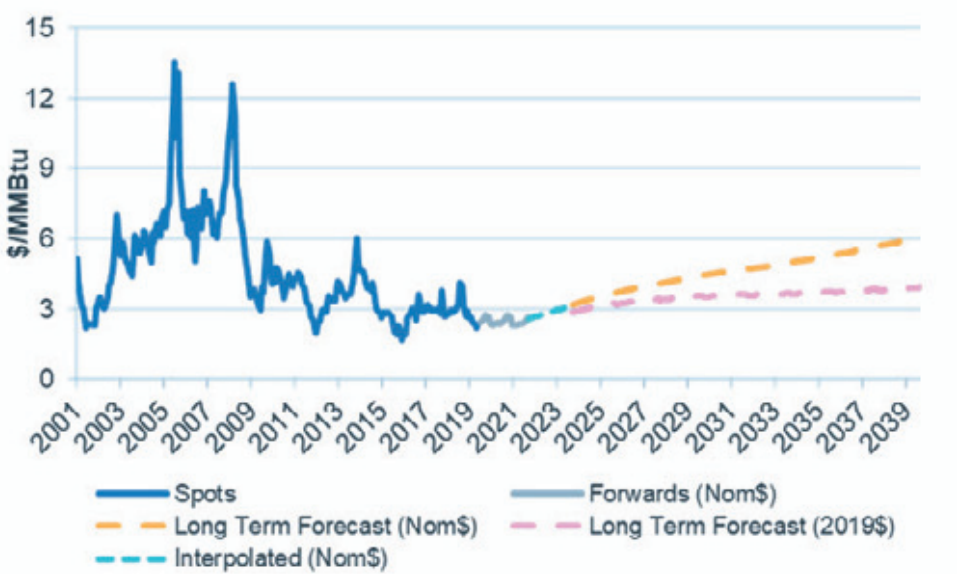
Figure 2-9: Henry Hub Projections[52]



2.4.2 Mexico Natural Gas

Mexico is a fast-growing source of demand for U.S. natural gas supply. Mexico's natural gas demand is projected to rise from approximately 8 Bcf/d today to 10 Bcf/d by 2032, according to the Secretariat of Energy, SENER, and most of the natural gas is projected to be imported via pipeline from the U.S. Pipeline capacity across the U.S.-Mexico border now exceeds 10 Bcf/d, providing a substantial 'sink' for Gulf and, increasingly, Permian production. The growth in demand for U.S. supply will be dictated by the pace of (1) natural gas pipeline buildout, particularly downstream of existing cross-border pipelines and (2) rising power burn in Mexico. In recent years, energy reforms liberalizing the electric power, natural gas and oil markets in Mexico have accelerated this trend.

The most significant driver is the current and expected increase in natural gas-fired electric generating capacity. Currently, the electricity sector accounts for nearly half of all natural gas demand in Mexico, and this is only expected to grow. In 2017-18, CFE largely completed the conversion of seven power plants (totaling 5 GW of capacity) from oil-fired to natural gas-fired plants. Additionally, PA projects over 5 GW of new natural gas capacity will be added in Mexico by the end of 2020. This additional capacity translates into approximately 1 Bcf/d of additional demand.

A smaller share of projected demand is driven by state-owned Petroleos Mexicanos, or PEMEX, which uses natural gas-derived methane in enhanced oil recovery, refining, and petrochemical processes. Total PEMEX consumption accounted for 2 Bcf/d of demand in 2018. The industrial sector is also a large and growing source of consumption, accounting for approximately 1.5 Bcf/d of demand in 2018. Growth in the sector is driven by increased economic activity, and a general economic shift to the production of goods and products that ship globally. Much of this demand is concentrated in the northern portions of the country (the states of Nuevo Leon, Coahuila and Sonora), where additional growth is expected. Overall, SENER projects this demand to reach nearly 2 Bcf/d by 2020. Demand from other sectors, such as residential demand, collectively make up less than 0.2 Bcf/d.

[52] Source: PA Consulting Group with copyrighted material excerpted from NYMEX Clearport, ABB's Energy Velocity, Bloomberg, and from Platts, a division of the McGraw-Hill Companies.

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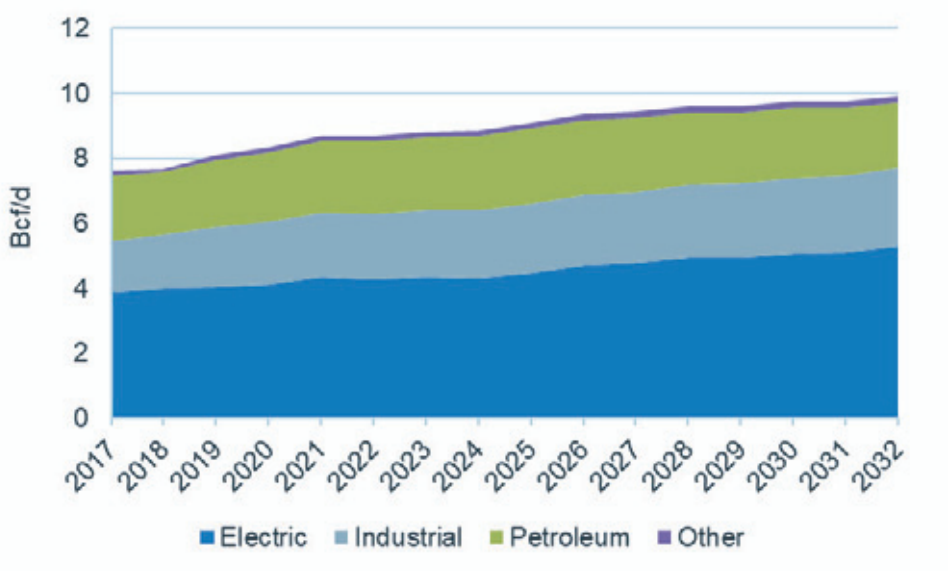
Figure 2-10: Mexico Natural Gas Demand, by Sector[53]



Changes in Price Formation

As part of structural reforms to the natural gas market, CENAGAS conducted a series of auctions to allocate existing pipeline capacity: "Round zero," open only to domestic bidders, was conducted in 2016, and the first "official" auction was conducted in 2017. At the conclusion of these auctions, PEMEX, which had previously managed 100% of pipeline capacity, was awarded 2.7 Bcf/d of pipeline capacity out of a total of 6.3 Bcf/d.

However, as a supplier of oil and gas and owner of a hub in the south, PEMEX has a non-negligible conflict of interest in fuel pricing. To mitigate this issue, and because PEMEX is a state-run agency, changes made to the Hydrocarbons Law ("Ley de Hidrocarburos" or "LH") in 2014 granted the Energy Regulatory Commission ("Comisión Reguladora de Energía" or "CRE") authority to asymmetrically establish a maximum VPM ("venta de primera mano," or "firsthand sale") price which PEMEX was allowed to charge per molecule of gas. This was intended as a temporary measure to limit PEMEX's ability to push up natural gas prices arbitrarily due to market power, until further market reforms were implemented making this control unnecessary.

In July of 2017, recognizing the development of more robust market dynamics, CRE removed the VPM price cap. While intended to reduce price distortion, the move stoked fear in the market (particularly in the industrial sector) that PEMEX could still drive the price of natural gas up over short periods to make fuel oil competitive with gas. While a legitimate concern, the removal of the VPM control is an important step toward pure market competition. And, while it will expose the market to the potential for larger price spikes (akin to AGT city-gates and others in the Northeastern U.S.), ultimately the move should lure more liquidity to the Mexican market.

Since the removal of the VPM, CRE has begun publishing a monthly Natural Gas Price Index ("IPGN" by its initials in Spanish) – the expectation is that as the market develops, this price will be published daily on a regional basis. The nationwide published prices to date are shown in Figure 2-12. Beginning in February 2018, CRE has also published regional prices for six separate regions (see map below); Region IV covers Occidental and is priced lower than regions further south to its proximity and access to U.S. supply.

[53] Source: SENER 2018-2032 Natural Gas Outlook.

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Figure 2-11: Mexican Monthly IPGN prices[54]

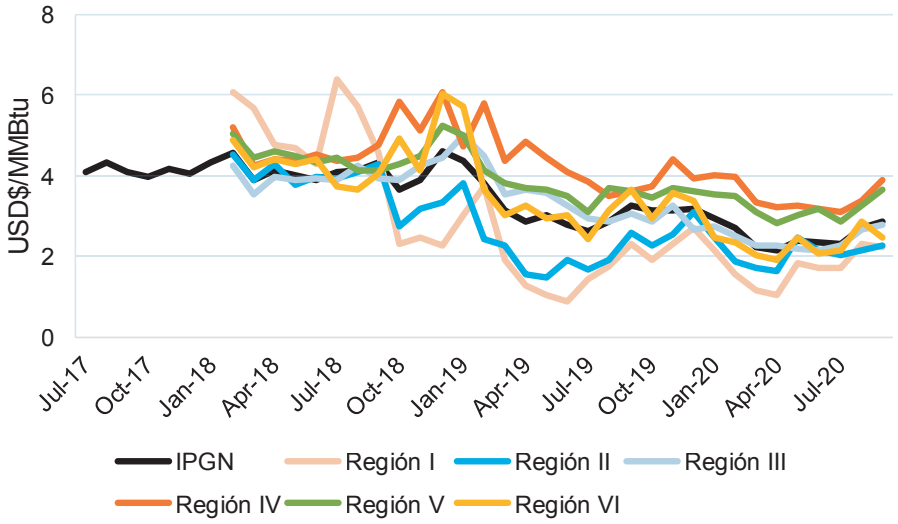

Figure 2-12: Mexico Natural Gas Price Regions[55]

Current Price Formation

With U.S. natural gas imports now accounting for approximately two-thirds of supply in Mexico, and with that volume expected to grow in the coming years, the cost of imported U.S. gas and the tariff rates associated with moving that gas are becoming increasingly impactful on domestic price formation. Similarly to the U.S., the delivered cost of interruptible gas in Mexico reflects the price of the commodity and the variable cost to transport the commodity to the demand point. Currently, with the bulk of U.S. gas supply entering Mexico via South Texas, the Reynosa Hub has emerged as reference point from which other delivered gas prices can be calculated. From the Reynosa Hub, interruptible natural gas prices throughout the rest of Mexico are formed based on the variable charge associated with transport on the pipeline system.

The national system of natural gas pipelines and storage facilities, SISTRANGAS, is operated by CENAGAS, a new entity created in 2014 to take over control of pipelines and natural gas transportation

[54] Source: CRE.
[55] Source: EIA based on Natural Gas Intelligence and CRE.

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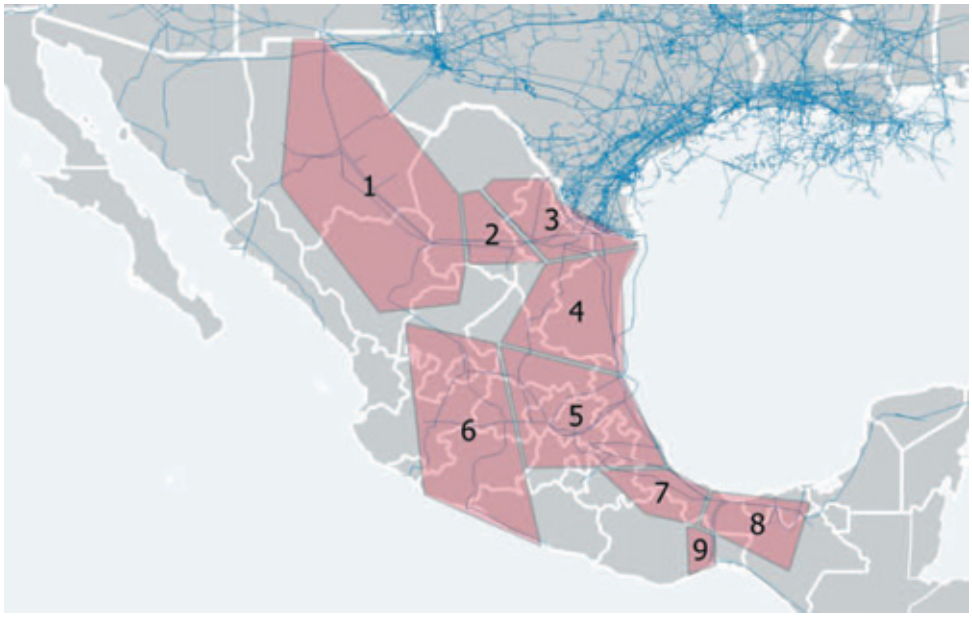
from PEMEX. Published rates from CRE (the regulatory body monitoring CENAGAS) show a wide range of fees associated with moving gas across all parts of Mexico by tariff zone. CENAGAS switched from a six-zone system to a nine-zone system in October 2018. An overview of these tariff zones is shown in Figure 2-13 below.

Figure 2-13: CENAGAS Pricing Zones[56]



The rates govern prices to extract gas in one region depending on the region where the gas was injected into the pipeline, and account for the distance between regions, as well as pipeline capacity and constraints. Currently[57], the maximum fully loaded tariff price is $0.67/MMBtu, which applies to moving gas from Zone 3 (in the north) to Zone 6 (in the west). The lowest rate, of roughly $0.07/MMBtu, applies to moving gas within zones 7 and 8. There is also an additional national rate that applies to all zones. The number of private pipelines across Mexico has also increased over the past year or so, and additional capacity is expected to enter service over the next years. This pipeline capacity has a similar cost structure to the CENAGAS system.

Natural Gas Infrastructure

Following liberalization in the energy sector, CFE tendered the development of roughly 18 natural gas pipelines starting in 2014. The goal of these tenders was to provide the infrastructure that would be needed for years of demand growth while also introducing non-state run entities into the supply and marketing space. After years of delays, many of these pipelines are now online (including the Sur de Texas-Tuxpan and Villa de Reyes-Aguascalientes-Guadalajara pipelines, which began flowing in September 2019 and October 2020[58], accordingly), while another 2.5 Bcf/d of capacity is projected to enter service over the next two years, as shown below in Table 2-8. Once these pipelines are completed, natural gas will be able to flow more freely across the county, reducing dependence on LNG imports and providing end-users with a more diverse set of options for procuring fuel. LNG imports at Altamira, which totaled 9.3 Bcf in 2019, have practically not occurred in 2020.

[56] Source: CENAGAS, PA Consulting.
[57] Source: CENAGAS, 2020 Tariffs for Natural Gas Transportation Route for the Integrated National Natural Gas Transportation and Storage System. Exchange rate, 22.50 MXN/USD.
[58] Source: Fermaca, “Fermaca announces the entry into operation of the Villa de Reyes - Aguascalientes - Guadalajara gas pipeline, the last section to complete the ‘Wahalajara’ system”, October 2, 2020.

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Table 2-8: Mexico Natural Gas Pipelines[59]

Pipeline	Capacity	Projected In-Service Date
Samalayuca - Sasabe	0. 5 Bcf/d	Q4 2020
Cuxtal I	0. 2 Bcf/d	Q1 2021
Tula - Villa de Reyes	0.9 Bcf/d	Q4 2022
Tuxpan - Tula	0.9 Bcf/d	Q4 2022

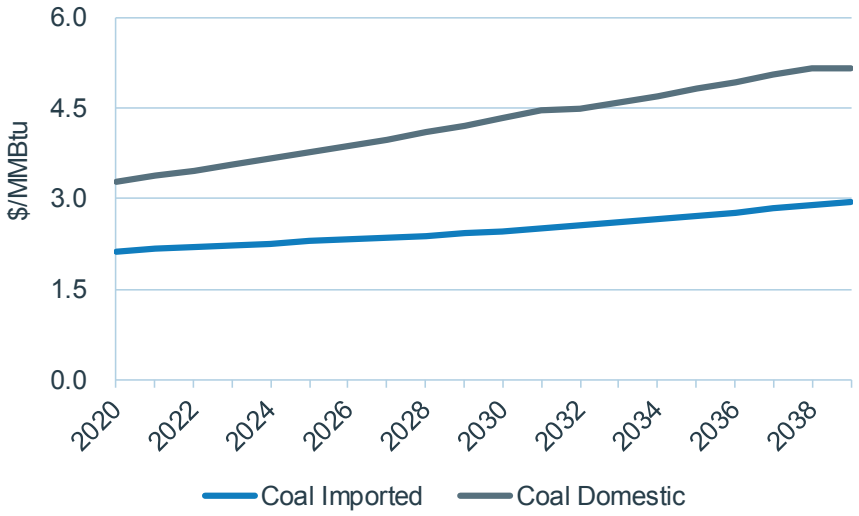
Tierra Mojada Natural Gas

Natural gas supply is currently a challenge for some generators without firm transportation, which has resulted in higher than anticipated forced outage rates in the first three years of the Balancing Capacity Market. For this reason, Tierra Mojada has arranged for firm natural gas supply and transport with CFEnergía for 20 years. Importantly, Tierra Mojada's gas supply is also indexed to Waha, which affords the plant the ability to take advantage of lower cost natural gas.

2.4.3 Coal

Mexico's three (3) coal plants are supplied by a combination of domestic and imported coal. The power plants Carbón II and Río Escondido operate with domestic coal from the State of Coahuila, while the Petacalco plant operates with imported coal of high calorific, low humidity, low ash and low sulfur values from Australia, U.S., Canada, Colombia and South Africa. The resulting coal prices vary according to the origin of supply. PA's projected coal prices are shown in Figure 2-14, and are forecasted based on estimates of future transportation costs as well as coal commodity costs. These costs are informed by a review of historical prices to the three (3) coal plants, and are generally highly correlated with Colombian coal prices. Delivered prices are projected to increase at a steady rate for both imported and domestic coal.

Figure 2-14: Delivered Coal Prices ($/MMBtu), 2020-2040[60]



[59] In 2019, TC Energy temporarily suspended work on the Tula - Villa de Reyes and Tuxpan – Tula pipelines. PA has assumed these projects will be completed by the end of 2022.
[60] Source: PA Consulting Group.

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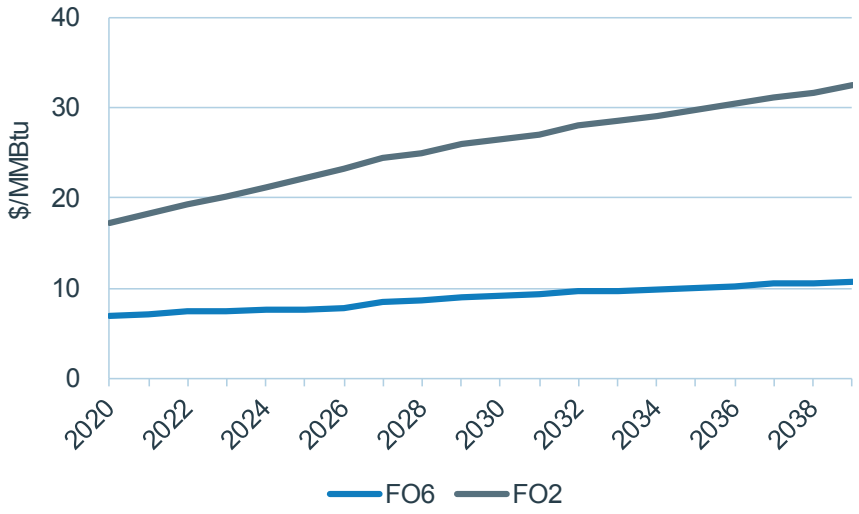
2.4.4 Fuel Oil

Mexico has historically relied on USD-denominated petroleum derivatives such as residual fuel oil ("FO6") and distillate fuel oil ("FO2") as its primary fuel for thermal generation. As previously discussed, fuel oil will likely continue to have a declining role in the power sector and is projected to be the marginal fuel approximately 30% of the time in 2021[61], declining to 7% by 2036 (see discussion of fuel on the margin in Section 3.3). Although Mexico is a major producer of crude oil, it is an importer of refined petroleum products. Since oil is a fungible commodity, it is priced based upon global markets accounting for differences in quality as well as transportation costs. In August 2015, the U.S. Department of Commerce approved the sale of crude oil from the U.S. to Mexico in swaps of high-quality crude oil from the U.S. for heavy oil from Mexico to benefit each country's refining configuration. These types of transactions reduce price premiums created by in-country refining constraints.

PA's oil price forecast for FO6 is initially based on retail delivered prices of Mid-Atlantic residual fuel oil, trending to the EIA's Annual Energy Outlook ("AEO") long-term forecast – adjusted to reflect supply from Texas, plus an average delivery charge across various regions of Mexico. FO2 pricing is based on a similar methodology, and both prices also include carbon tax adders. Projected delivered FO6 and FO2 prices ($/MMBtu) are shown in Figure 2-15.

Figure 2-15: Delivered Fuel Oil Prices ($/MMBtu), 2020-2040[62]



2.5 SUPPLY AND DEMAND

The supply and demand balance in a power market is one of the most critical factors in determining power generating asset value. In addition to capacity retirements, peak demand growth is a key factor in determining when a market will need new capacity to maintain its target reserve margin (see additional discussion of reserve margin above in Section 2.2.2).

Historically, peak demand in Mexico has significantly outpaced electricity demand growth in the US. In the past five years, peak demand growth has averaged 3.7%, while energy growth has averaged 3.2% per annum. PA relies on SENER's view of peak demand and energy growth, which projects that Mexico will continue to see significantly higher peak demand growth than that of developed countries, with the Occidental zone expected to grow at an average rate of 3.4% through the projection period, slightly higher than the SIN as a whole. Table 2-9 shows historical and projected growth rates for energy and peak demand in the SIN.

[61] In the near-term, this figure may be higher on a non-normalized basis due to constraints on natural gas supply; additionally, CFE is currently must-running several oil-fired facilities due to near-term local transmission issues.
[62] 2020 and 2021 reflects forwards as of 09-28-2020.

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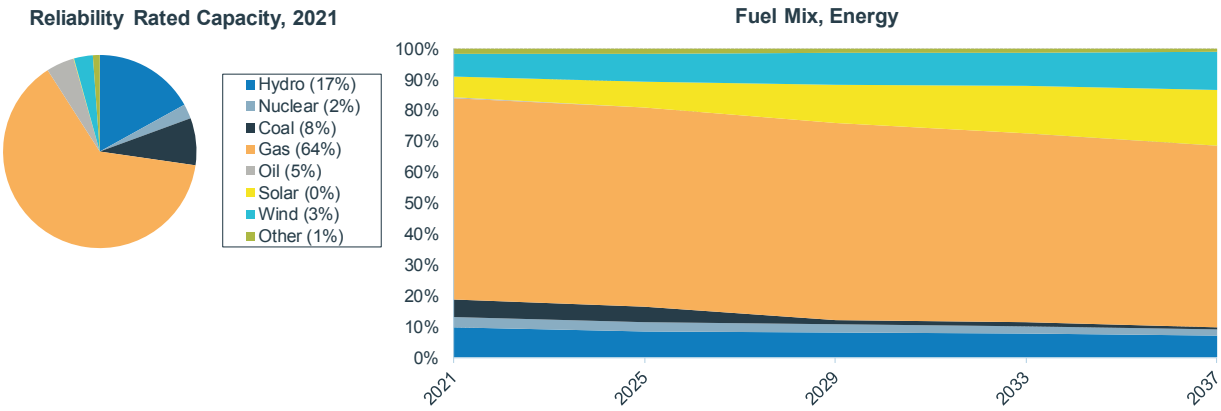
Table 2-9: SIN Historical and Projected Average Annual Growth Rates[63]

Term	Peak Demand	Energy
Historical, 2014-2018	3.7%	3.2%
Projected, 2019-2033	3.1%	2.9%

In the near term, PA reflects lower demand in 2020 to reflect observed impacts of COVID-19 on peak demand. Beginning in 2021, PA forecasts that peak demand (and energy) will begin to recover, and returning to pre-COVID-19 expectations by 2022. In 2022, peak demand resumes growing at the annual rates SENER previously projected.

Currently, over 64% of Mexico's reliability-rated capacity is fuelled by natural gas, with 5% fuelled by oil, 17% hydro, and 8% coal. The remainder consists of nuclear and renewable generation. However, energy policy in Mexico is focused on further shifting supply away from fuel oil generation and towards natural gas and renewable energy generation. Current reliability rated capacity and the projected system-wide generation breakdown, by year, is provided in Figure 2-16. Reliability-rated capacity is adjusted for each technology's contribution into peak hours, which in Mexico occurs in the early evening. For this reason, very little solar capacity currently contributes to reliability.

Figure 2-16: Mexico (SIN) Fuel Mix: Capacity and Generation



2.5.1 Thermal Supply

For decades, oil-fired steam generation dominated the electric supply in Mexico. However, since the early 2000s natural gas-fired generators have played an increasing role. This is partly driven by CFE's conversion, completed in 2014-18, of 17 oil-fired units[64] (at seven power plants) to gas-fired units. The total capacity of these 17 units is nearly 5 GW. These oil conversions were completed with the goals of reducing fuel costs by approximately 50%, reducing emissions, and decreasing oil use by approximately 45 million barrels per year. Overall the conversion increases the likelihood of these units receiving dispatch orders in a competitive market, and should put downward pressure on energy prices with oil setting prices in a smaller percentage of hours. However, the converted units, being steam generators, have a higher heat rate than combined cycle units.

Mexico also has approximately 5.4 GW of coal-fired generation from three (3) facilities: Carbón II, Río Escondido, and Petacalco. Power plants in Mexico burning coal and fuel oil together accounted for approximately 20% of total operating capacity in 2021.

At current fuel price projections, newer gas-fired combined cycles have lower dispatch costs than existing coal and oil-fired facilities, but the market heat rate advantage and associated peak energy rents for

[63] Source: SENER's 2019 PRODESEN. Historical energy growth rate is 2014-2018.
[64] Includes: Puerto Libertad – 4 units, Presidente Emilio Portes Gil – 1 unit, Villa de Reyes – 2 units, Francisco Pérez Ríos – 5 units, Manuel Álvarez Moreno – 2 units, Juan de Dios Bátiz Paredes – 2 units and José Aceves Pozos – 1 unit. Source: Prodesen 2018-2032 and CFE Generación III EPS' Public Account 2018.

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combined cycles are expected to decline as the market transitions away from oil. PA projects that the dispatch cost advantage over oil- and coal-fired generation will dissipate by the early 2030s due to gas pipeline expansions, persistent combined-cycle build-out, and growth in of renewable resources.

2.5.2 Clean Energy Supply

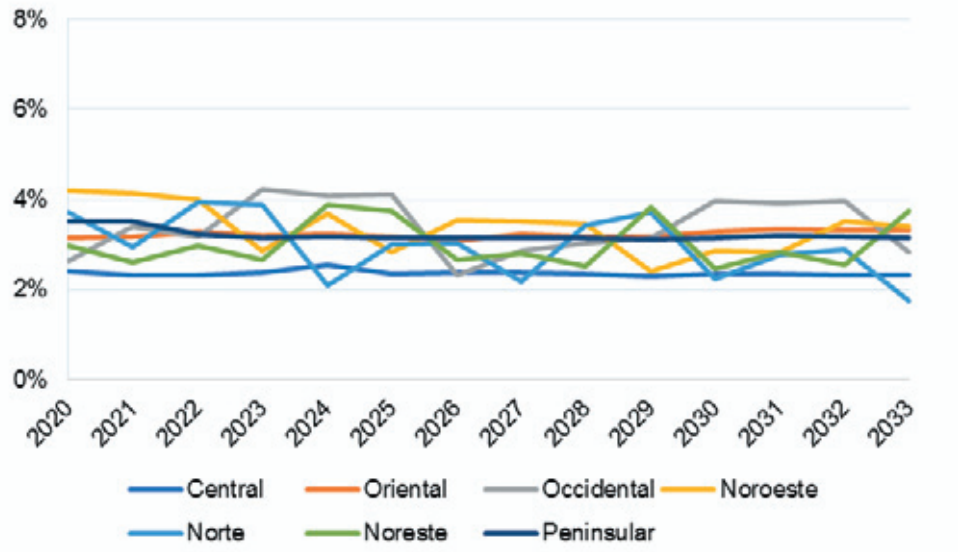
In addition to 12,700 MW of hydro, Mexico currently has renewable capacity of 6,300 MW of wind, 1,000 MW of geothermal, 50 MW of biofuel (mostly sugar-cane husks), and 5,000 MW of solar. Renewable resources will comprise a larger fraction of the future generation mix, given resource availability, projected load growth, and declining technology costs.

With the exception of self-supply, wind and solar currently constitute a small fraction of the public capacity supply and generation. However, as the power market reform legalizes private generation for the purposes of resale, there should be ample opportunities to develop abundant untapped renewable resources throughout the country. Unlike many U.S. renewable energy markets, there are no separate requirements or "carve outs" for specific renewable resource types. Thus, wind, utility-scale solar, and distributed solar will compete for compliance CELs, and credits for cogeneration will displace some solar and wind.

2.5.3 Demand

A central component of the supply-demand balance is the load growth forecast. As illustrated in Figure 2-17, PA projects load to grow annually at 2-4% by region across the study period: for the SIN grid, the compound annual growth rate for this period is 3.1%. This load growth is driven by growth in both population and GDP. Load growth in Occidental, where Guadalajara is located, is projected to be slightly faster (3.4%) than in the SIN overall.

Figure 2-17: Annual Load Growth by Region, 2019-2033[65]



2.5.4 Reserve Margins[66]

The overall supply-demand balance in a market can be summarized in the form of a reserve margin. The reserve margin is the amount of excess capacity available to meet the annual peak hour demand. This excess capacity provides the system with a buffer to handle expected forced outages as well as unexpected system conditions, such as unusually warm summer weather.

[65] BCA: Baja California. BCS: Baja California Sur (includes Mulegé). Source: SENER's 2019 PRODESEN.
[66] All figures in this section correspond to SIN.

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Due to high forced outage levels attributable to aging generators, natural gas unavailability, coal-to-gas unit conversions and adjustments for renewable contribution during the 100 critical hours, the UCAP reserve margin in 2019 was only 10.26%, indicating a strong need in the SIN for new supply. Average outage rates across the SIN gradually decline as pipeline infrastructure improves and as some of this aging capacity is replaced by new combined cycles. PA projects the UCAP reserve margin to reach the target of 15.3% in 2023, at which point generic capacity enters the market to maintain this target.

2.6 COST OF NEW ENTRY

CONE is generally considered as the cost to build new power generation, incorporating financial assumptions such as debt/equity ratio, interest rate on debt, return on equity, etc., in addition to construction costs. It is also referred to as a capital cost. A power market's capital costs help define the premium a market places on capacity, and the overall compensation levels achievable in the market.

In determining CONE (and thereby setting the demand curve for the Balancing Capacity Market), CENACE relies on a CT as the reference unit. PA expects that the CT will remain the reference unit for the foreseeable future as that market is designed to retain capacity needed for meeting peaking conditions; in practice, in Mexico, the peaking technology must be replicable anywhere on the system and needs to be the lowest cost among available options. This is similar to certain U.S markets, such as PJM, which have cited price stability as a reason for having the CT as its reference unit, even though most market entry in recent years has been combine cycles.

To establish Net CONE, CENACE calculates the energy and ancillary services margins that the reference unit would earn over the course of the previous year. CENACE's cost of new entry assumptions vary each year, with the reference technology reviewed every three years. In 2019 (production year), the location of its reference unit changed from Reynosa to Altamira (Tamaulipas), which has implications on the energy margins earned by the reference unit. CENACE also increased the financing assumptions of its reference unit, which increased the capital costs considerably[67]. All else equal, higher capital costs increase balancing auction clearing prices. PA assumes long-term entry into the Mexico market occurs under the assumptions listed below in Table 2-10. Note that PA's assumptions represent long-run average market conditions for financing and developing new capacity, and as such, may not comport directly to current short-run market conditions; it should be noted that PA's cost of equity and debt assumptions are consistent with those utilized by CENACE in the Balancing Capacity Market.

[67] CENACE previously assumed a return on equity of 11.5% and an interest rate on debt of 9.5%, for a WACC of 7.62%. CENACE's most recent view increased the return on equity to 14.32% and the interest rate on debt to 11.32%, for a WACC of 13.57%.

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Table 2-10: Cost of New Entry, Mexico (2020$)

Assumptions	Combined Cycle 2Hx1	Combined Cycle 1Hx1	Combustion Turbine 1H	Wind	Solar PV
Capacity (MW)	920	475	205	100	100
Installed Capacity Cost ($/kW)	760	770	590	1,190	855
Interest Rate on Debt (Nominal)	8.2%	8.2%	8.2%	8.2%	8.2%
Return on Equity (Nominal)	13.0%	13.0%	13.0%	13.0%	13.0%
Debt/Equity Ratio	60/40	50/50	50/50	50/50	50/50
Debt Term (years)	20	20	20	20	20
Property Tax	2.0%	2.0%	2.0%	2.0%	2.0%
Full Load Heat Rate (Btu/kWh)	6,550	6,568	9,707	n/a	n/a
Fixed O&M ($/kW)	17.90	18.15	8.50	24.55	12.30
Variable O&M ($/MWh)	3. 17	3.22	8.18	0.00	0.00

2.7 TRANSMISSION

Mexico's transmission network is divided into nine transmission regions and 53 transmission zones across the country; a zonal map and inter-zone transfer capabilities are provided in Appendix A.5. The wholesale electricity market's nodal structure and associated charges for congestion costs and losses, along with potential for higher capacity compensation in constrained load zones[68], should incentivize the construction of generation in locations that minimize overall system costs. Recent congestion costs have at times been significant, as shown in the historical price separation reflected in Figure 2-18. In 2020, price separation between northern zones and southern zones have widened, with prices lowest in Noroeste and highest in Peninsular.

[68] Refers to import constrained zones or zones that have less supply than they need for capacity market purposes even considering their ability to import electric power.

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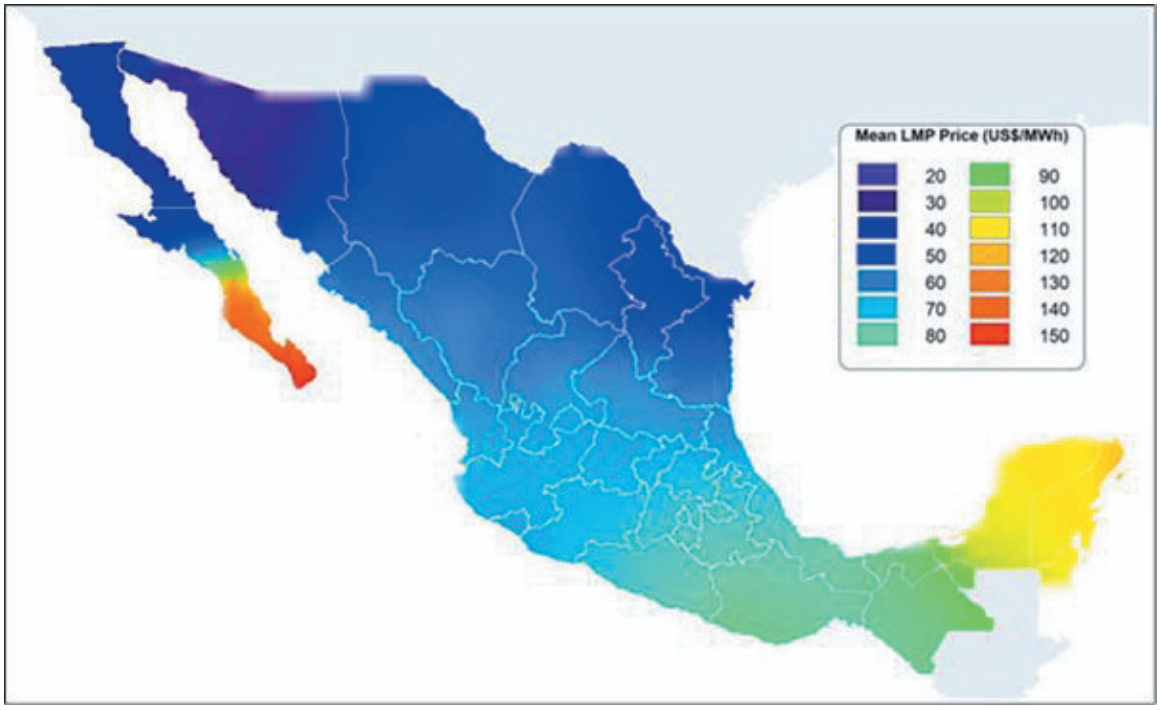
Figure 2-18: Distribution of Day-Ahead LMPs, 2020[69,70]



The opening of Mexico's competitive electricity market is expected to spur an increase in the currently-limited interconnections with Central America and the United States. Mexico has historically been a modest net exporter of power to the U.S., but as of 2012 is now a net importer due to the opening of the Mexican market and surplus energy export from the U.S. Exports on the southern border are less significant than those to the north but have been growing steadily in recent years. In general, however, exports and imports are not expected to be major drivers of electricity prices in the Mexican power market.

2.7.1 Scheduled and Proposed Transmission Projects

Figure 2-19 shows a representation of the transmission system across Mexico. Tierra Mojada is located in the Guadalajara subzone, identified as Zone 23 in the figure below. In addition to the SIN, there are three separate electricity grids on the peninsula of Baja California: Baja California Sur (50-52) in the south, Mulegé (53) in the center, and Baja California (46-48) in the north, which is interconnected to CAISO. Although SENER had set a target date of 2021 for the integration of Baja California with the SIN, a tender process for the construction of the line was cancelled in early 2019. For this reason, PA does not incorporate this transmission upgrade in its projections.

[69] Source: ABB's Energy Velocity Suite.
[70] Used monthly average MXN/USD exchange rates with data from Mexico's central bank (BANXICO).

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Figure 2-19: Mexico Transmission Zones[71]

CFE similarly cancelled the Ixtepec to Puebla transmission line in early 2019, which aimed to move renewable generation from southern Mexico toward load centers in the middle of the country. Other proposed or generic inter-zonal transmission developments outlined in PRODESEN 2018-2032 – none of which are considered firm by SENER – are excluded from PA's analysis, since the timing and cost-benefit of these projects are too uncertain.

2.7.2 Tierra Mojada Transmission

Over the past several months, delayed natural gas midstream infrastructure and falling domestic production as well as a growing load and high CFE generator outages in the central part of the country, have caused north-to-south[72] geographic separation in power prices. While the Noroeste and Norte control regions have seen generally better access to Permian supply and cheap Waha natural gas hub prices than the central-and-southern portions of the country, resulting cheap power prices in the North have not pushed down power prices in central-and-southern regions of the country due to limited transmission capacity. More recently, in the case of Guadalajara[73], LMPs have flattened on average over the past twelve months and the premium to the broader Noroeste and Norte regions has compressed which reflects more ample natural gas supply due to pipeline completions as well as additional natural gas-fired and renewable capacity coming online. However, due to Tierra Mojada's natural gas arrangement securing supplies of inexpensive Waha gas, it benefits both from lower-cost fuel supply and higher power prices in the Guadalajara zone.

[71] Source: PA Consulting Group and SENER.
[72] The northern part of the country is comprised of the Noroeste, Norte and Noreste control regions while the southern region is comprised of the Occidental, Central, Oriental and Peninsular control regions.
[73] Tierra Mojada is located in the Guadalajara subzone within the broader Occidental region.

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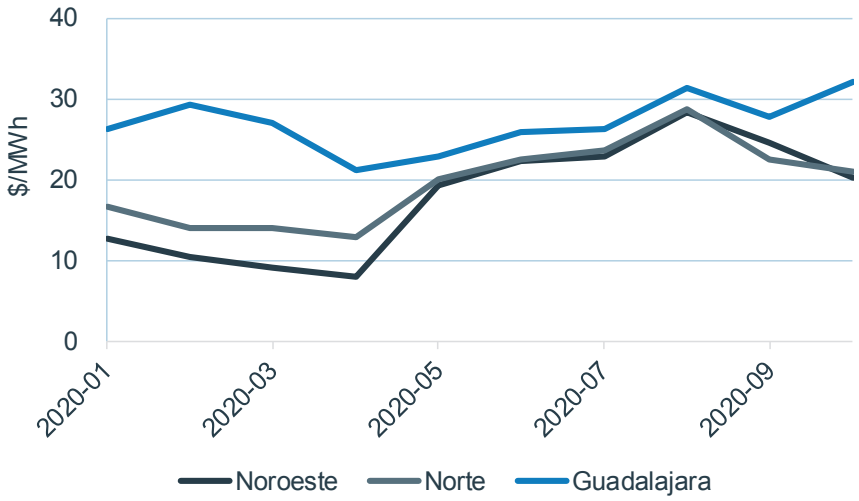
Figure 2-21: Noroeste, Norte and Guadalajara Day-Ahead LMPs, 2018-2020



At the nodal level, since 2018 pricing near Tierra Mojada's interconnection has averaged an approximately 1% discount to the Guadalajara zonal price driven by an average 1% marginal losses and congestion that has tracked the zonal prices closely. Looking to the future, Tierra Mojada prices are projected to track the Guadalajara prices very closely and are projected to realize a discount of approximately 1% to the subzone prices throughout the year. PA models the Mexican market on the 53-subzone level, which captures changes to transmission between all zones, including in and out of Guadalajara. PA's modelling does not project material changes to historical congestion or loss patterns out of Guadalajara, including after the inclusion of Tierra Mojada at the end of 2019. For the avoidance of doubt, PA built the Tierra Mojada facility in the Guadalajara subzone in its modelling of the Mexican market with COD of October 2020, so all of PA's projections incorporate the impacts of the Tierra Mojada Asset on regional transmission dynamics.

At the subzone level, and despite having nearly 2 GW of regional hydropower, as shown in Figure 2-20, the Guadalajara subzone is projected to import on average 22-54% of its power in order to meet growing demand.

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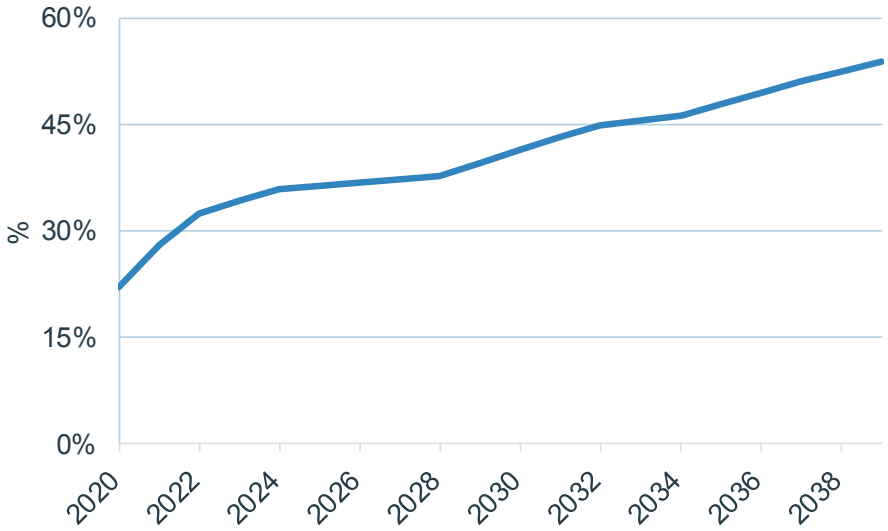
Figure 2-20: Average Power Imports in Guadalajara[74]



[74] Imports net of exports.

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3 MARKET PROJECTIONS

This section provides an overview of the market projections for the Mexican power market based on the market assumptions described in Section 2. Specifically, this section provides PA's Base Case projections of on-peak market power prices and capacity compensation from balance of year 2020 to 2040.

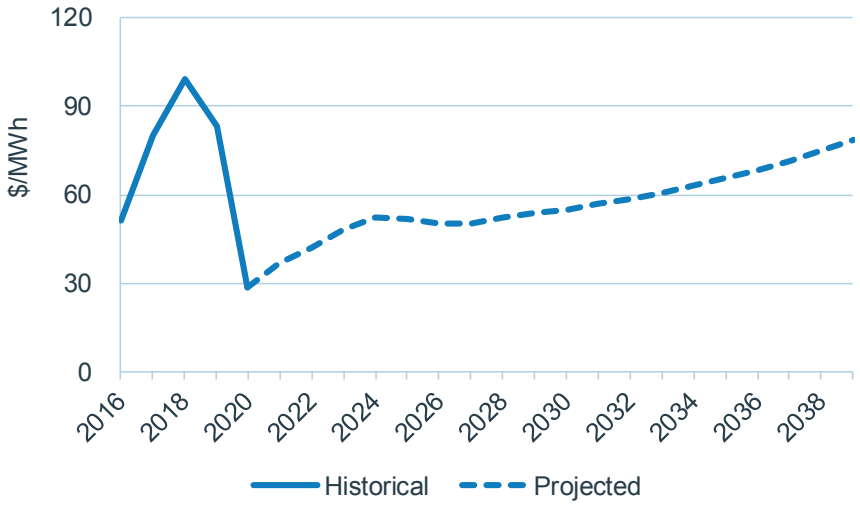
3.1 ON-PEAK POWER PRICES

As illustrated in Figure 3-1, power prices in Guadalajara were very high in recent years, reflecting limited natural gas pipeline capability across central-and-southern Mexico, delays to several planned combined cycle additions, continued reliance on expensive oil and imported LNG and high forced outage rates at several thermal plants (some due to unit conversions to natural gas). Beginning in mid-2019, power prices declined as natural gas pipeline completions occurred[75] and additional natural gas-fired capacity came online. In the first three quarters of 2020, the start of operations of additional natural gas-fired and renewable capacity, coupled with lower load[76], a lower commodity price environment as well improved gas availability in the central and southern parts of the country have all contributed to the decreasing trend observed in power prices this year.

PA projects ample gas supply to be available to serve Tierra Mojada, with gas deliveries available from the North via the recently completed Wahalajara system. This system, along with the Sur de Texas - Tuxpan pipeline will help alleviate gas availability in central and southern Mexico which will pose downward pressure in power prices.

PA projects power prices to gradually rise from current levels. This trend is predominantly driven by electricity demand recovering starting in 2021 as well as increasing natural gas prices, which disproportionately impact the dispatch cost of less-efficient natural gas-fired peaking units setting the price of power. Additionally, starting in 2023, the introduction of the Mexican carbon cap-and-trade program will increase thermal generators' variable costs. Given that thermal generators generally set prices in the country, this will create an uplift in power prices. These upward pressures on power prices is moderated in the mid-2020s by the entry of new, more efficient natural gas-fired and renewable generation entering the market to maintain the target reserve margin.

Figure 3-1: Guadalajara Zone Historical and Projected On-Peak Power Prices[77]



[75] Although the Sur de Texas - Tuxpan pipeline was completed in the first half of 2019, natural gas started flowing until September of 2019 due contract renegotiations with CFE.
[76] In the first half of 2020, the impact of COVID-19 and a slowing economy has lowered electricity demand in Mexico. PA expects the impact to demand growth to be temporary.
[77] 2020 historical values reflect partial year, January to October.

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3.2 CAPACITY COMPENSATION

CENACE establishes capacity requirements for LSEs based upon their load served. Currently there are three separate capacity market zones: SIN (where Tierra Mojada clears), Baja California, and Baja California Sur. CENACE also has the ability to create new capacity zones in constrained regions such as Guadalajara. If CENACE were to create a new capacity zone in the Guadalajara region, this would likely result in a capacity price premium in the region relative to the SIN capacity price, which would benefit Tierra Mojada. LSEs other than Basic Supply may procure capacity through the long- or medium-term auctions, a spot Balancing Capacity Market, or bilaterally. Basic Suppliers may not procure capacity through bilateral contracts. The five public processes organized by CENACE are:

- Annual Balancing Capacity Market, which is a capacity market for supply and demand not already covered under contracts that features a downward-sloping demand curve based on the levelized Cost of New Entry (CONE) of a CT, the reference technology as determined by CENACE.
- Long-Term Auctions (SLPs), which are performed three years prior to the delivery date and award 15-year terms for energy and capacity and 20-year for CELs; and
- Medium-Term Auctions (SMPs), which are performed four months prior to the delivery date and award three-year terms.
- Reliability Auctions, which are a mechanism available to CENACE to manage the acquisition of capacity for reliability when it foresees conditions of capacity deficit in the SEN that could cause non-compliance with the reliability criteria of the Network Code ("Código de Red"), but which should not duplicate the mechanisms that have the objective of increasing the installed capacity in the SEN, such as the long-term planning carried out through the Development Program of the National Electric System (PRODESEN) issued by SENER and the long and medium-term auctions.
- Emergency Auctions, which are a mechanism established by the CRE, and available to CENACE to issue corrective and preventive protocols to procure capacity in the case of emergency. The corrective and preventive protocols constitute expedited procedures to respond when imminent conditions of supply rationing may interrupt the supply of electric power to the users of the SEN.

PA's capacity compensation projections reflect the Balancing Capacity Market. The projected capacity compensation represents the amount of revenue, incremental to revenue available through the participation in the energy markets, that the marginal unit required for reliability would need to ensure fixed and non-sunk investment cost recovery. When the market is projected to need new supply, the capacity price reflects the new build cost of a CT. Although the Balancing Capacity Market clears and settles on an ex-post basis against the prior year's 100 hours with the lowest reserve margin, PA's projections are recognized in the year that they are accrued (i.e, without a lag).

Over the next two years, PA projects clearing prices to decline from current levels, reflecting high energy and reserve margins (in UCAP terms). With peak demand growth strongly recovering in 2021 after the effects of COVID-19 and steadily growing over 3% thereafter, PA projects the Mexican market to require additional supply (beyond firm additions) by 2023 to maintain its target reserve margin, at which point capacity compensation represents the net Cost of New Entry ("net CONE") of a CT. The net CONE represents CONE after netting out energy and ancillary services margins projected to be earned by the reference CT unit. After 2023, PA expects an increase in capacity prices over time as the energy and ancillary services margins that the reference CT is projected to earn decline, i.e., with declining energy and ancillary services margins, the reference CT will need higher capacity prices to recover its capital investment and fixed costs. See Figure 3-2.

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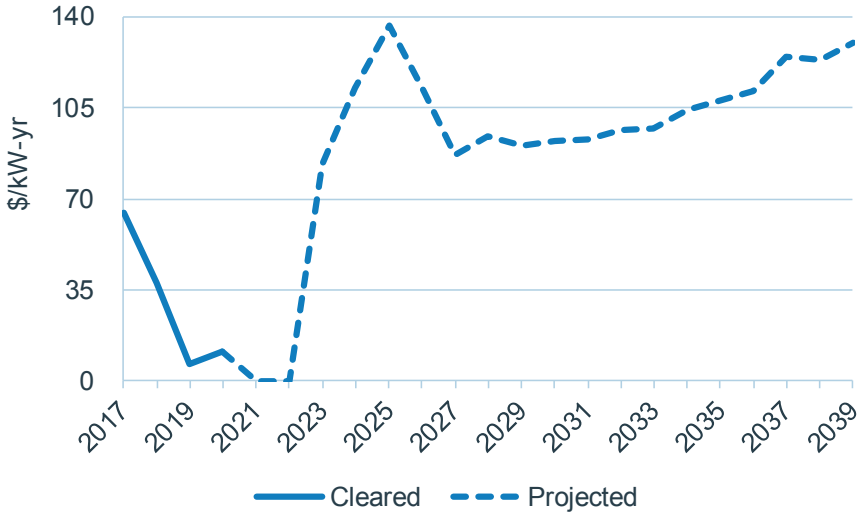
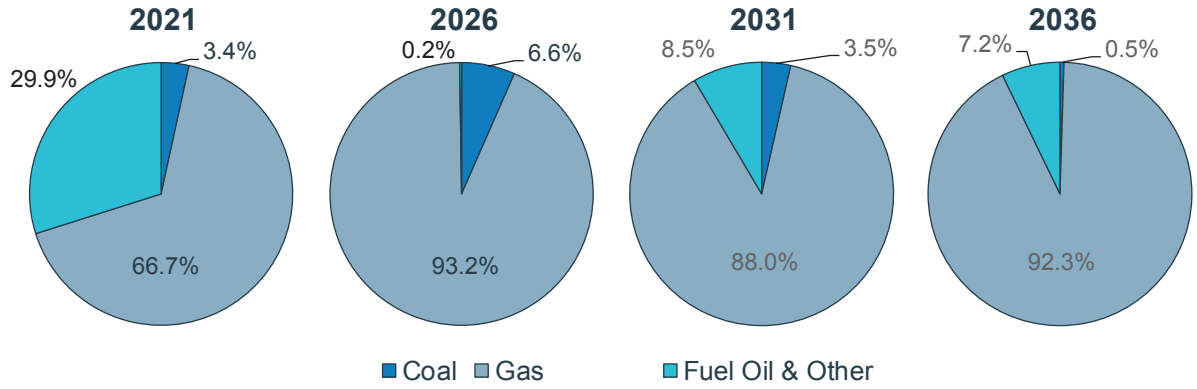
Figure 3-2: Mexico SIN Projected Balancing Capacity Market Capacity Prices



3.3 FUEL ON THE MARGIN

Within the SIN, the amount of time where natural gas generation is projected to determine the price of power is expected to increase over the study period, from 67% of hours in 2021 to 92% of hours by 2036, as shown in Figure 3-3. As the penetration of natural gas-fired generation grows, it displaces other fuel sources, most notably coal and fuel oil, which is projected to set price in 30% and 3% of hours, respectively, in 2021. In the near-term, oil's share on the margin is higher due to constraints on the natural gas system; additionally, CFE is currently must-running several oil-fired facilities due to near-term local transmission issues.

Figure 3-3: Mexico SIN Fuel on the Margin



3.4 DISPATCH MERIT ORDER CURVE

A dispatch merit order curve, or dispatch curve, illustrates power generating assets in order of their individual variable cost of operation, also referred to as their dispatch cost. Figure 3-4 shows the annual average, short-run marginal dispatch cost of power generating assets located in Mexico SIN for 2020. As an efficient combined cycle with advantageous fuel arrangement, Tierra Mojada is projected to have the lowest dispatch cost among combined cycles in the Mexican market and among the lowest-cost generators on the system.

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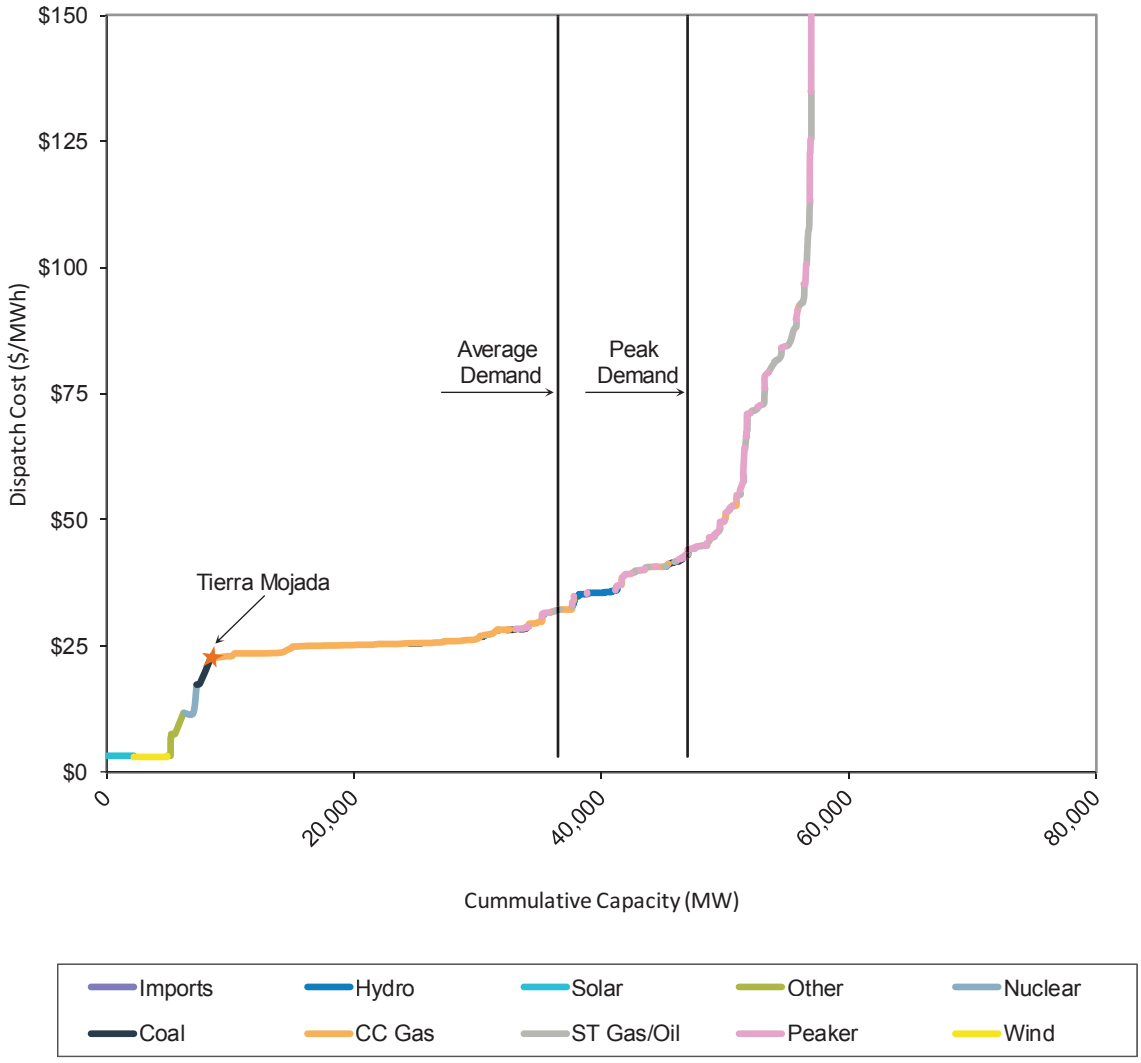
It is important to note that the dispatch curve shows the relative average variable cost of operations for generators in the wholesale electricity market but does not reflect the full value of a generation asset or its market value. For example, while solar has a low variable cost and is lower on the dispatch curve than thermal assets such as Tierra Mojada, its output is limited to just daylight hours and hours with no cloud cover. Hence it does not supply energy in the evening peak hours nor does it have any significant capacity or ancillary value. In order to meet full load obligations, additional resources would have to be secured to follow the customer's load and to fulfil the needed capacity and ancillary requirements. The limitations of renewable assets such as solar generators are important factors when considering the full value of those assets versus that of a thermal generator and are projected to limit the amount of renewable generation on the system over time, leaving significant opportunities for efficient thermal generators such as Tierra Mojada.

Figure 3-4: Mexico SIN 2021 Dispatch Curve



In particular, at the subzone level and as shown in Figure 3-5, since its entrance into the market and through 2038, Tierra Mojada is forecasted to hold the largest portion of generation capacity in Guadalajara.

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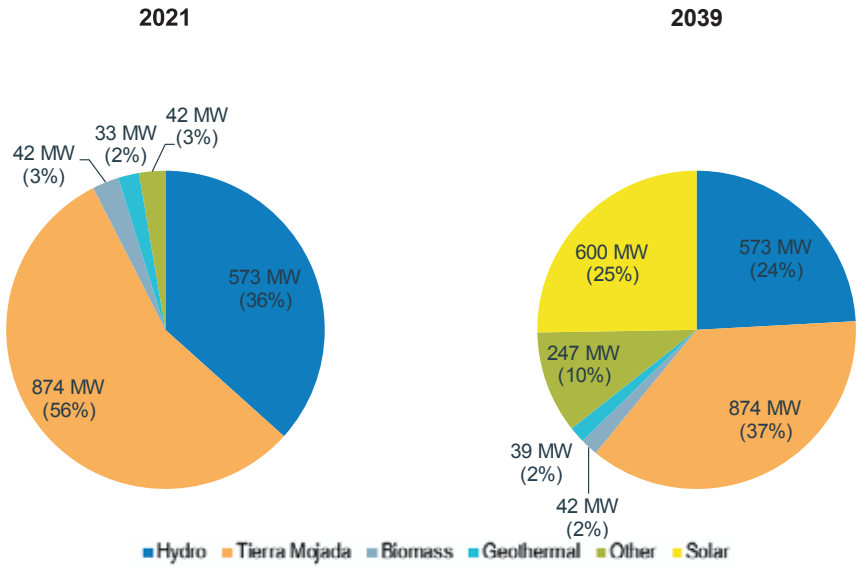
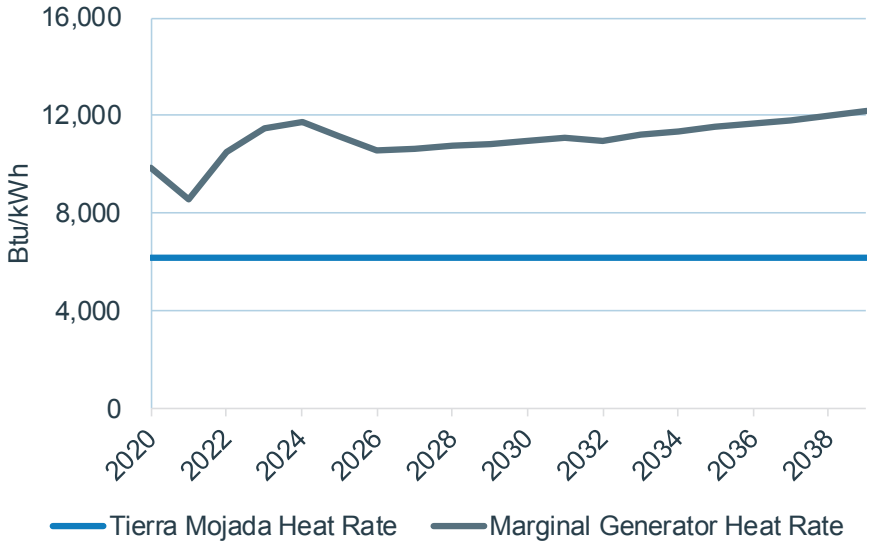
Figure 3-5: Guadalajara Subzone Generation Profile[78]



Additionally, Tierra Mojada is forecasted to retain its competitiveness in the market during the study period through its advantageous heat rate when compared to other thermal generators. In particular, despite assuming the entrance of new thermal generation projects in the near-to-medium term, Tierra Mojada's heat rate advantage remains well below the marginal generator. Figure 3-6 shows Tierra Mojada's heat rate to be at least 2,370 Btu/kWh below the marginal generator through 2039.

Figure 3-6: Heat Rate Advantage: Tierra Mojada vs. Marginal Generator



[78] Assumes a derated hydro based on a 30% capacity. Non derated capacity includes an additional 1,338 MW.

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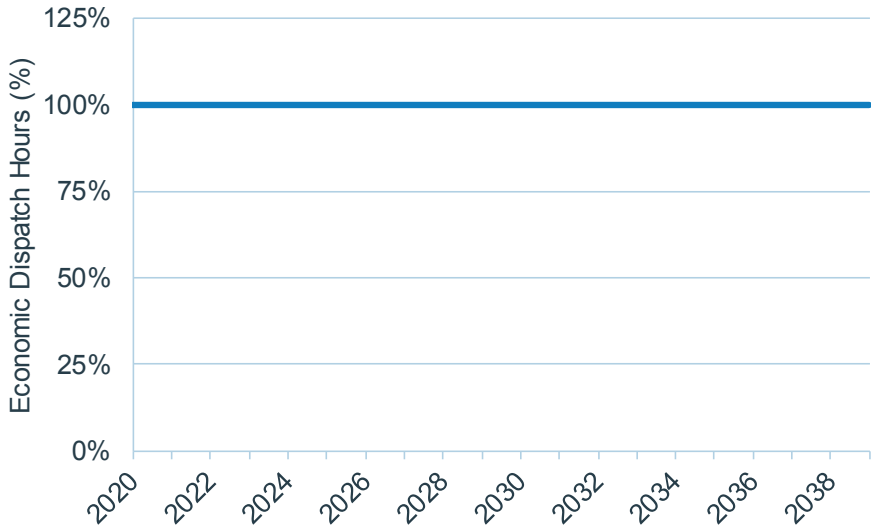
4 ASSET PROJECTIONS

PA projected Tierra Mojada's dispatch factor using its standard modeling approach (see Appendix B for a detailed description), incorporating market power prices from PA's fundamental energy market model and preliminary indicative operating dispatch characteristics provided by Fisterra. The market assumptions underlying PA's fundamental energy market model are outlined in Section 2, the resulting power prices are described in Section 3, and the operating dispatch characteristics for the Asset are shown in Appendix A.6.

4.1 DISPATCH FACTOR

Tierra Mojada will utilize GE 7HA.02 turbine technology with a highly efficient heat rate, which – in addition to its very competitive gas price tied to Waha – makes it among the most efficient natural gas combined cycle generators in the Mexican market. PA's forecast assumes a heat rate of ~6,200 Btu/kWh. Its firm natural gas arrangement provides for a delivered natural gas price advantage over many other generators in the Occidental Zone and the broader Mexican market. For these reasons, and based on PA's analysis of market dynamics and the preliminary set of indicative asset dispatch characteristics provided by Fisterra, **PA projects Tierra Mojada to dispatch at 100% of availability over the study period, as shown in Figure 4-1**.

Figure 4-1: Tierra Mojada Dispatch Factor[79]



[79] Represents PA's projected percentage of hours in which the Asset is economical to dispatch, divided by total hours of availability for dispatch.

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APPENDIX

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A MEXICO PROJECTIONS AND ASSUMPTIONS

This section provides an overview of PA's market analysis and projections for the Mexican power market, including key input assumptions. All values, unless otherwise noted, are presented in nominal dollars based on an inflation rate of 2.2%.

A.1 MARKET PROJECTIONS

Table A-1(a): Market Price Projections, nominal $USD – Guadalajara Zone[80],[81],[82]

Year	Capacity Price ($/kW-yr)	On-Peak Market Power Price ($/MWh)	Off-Peak Market Power Price ($/MWh)	Delivered Natural Gas Price ($/MMBtu)
2020	11.46	35.31	30.34	4.04
2021	0.00	36.89	30.49	4.31
2022	0.00	41.83	35.38	4.01
2023	83.47	48.37	41.17	4.26
2024	112.60	52.13	45.00	4.52
2025	136.75	51.96	47.21	4.80
2026	112.63	50.13	47.46	5.02
2027	87.00	50.34	49.51	5.15
2028	93.88	52.15	52.67	5.30
2029	90.69	53.68	55.52	5.46
2030	92.04	54.93	58.13	5.60
2031	92.68	57.08	60.68	5.77
2032	96.57	58.71	62.37	5.97
2033	97.14	60.78	65.47	6.10
2034	104.48	63.08	67.82	6.23
2035	108.08	65.67	70.80	6.40
2036	111.31	68.29	73.75	6.56
2037	124.71	71.16	76.95	6.78
2038	123.66	75.01	80.29	6.98
2039	130.39	78.83	83.06	7.18

[80] 2020 reflects partial year projections, October-December.
[81] Delivered NG price includes variable transport costs.
[82] PA's projections reflect a tightening spread between on-peak and off-peak power prices over time. This is driven by an increasing amount of solar on the system over time, which results in instances where net load (load net of solar output) during off-peak periods when solar output is low or zero (night-time hours) is comparable, or even higher, than on-peak periods which are primarily comprised of day-time hours when solar output is high.

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Table A-1(b): Market Price Projections, 2020 $USD – Guadalajara Zone[83],[84]

Year	Capacity Price ($/kW-yr)	On-Peak Market Power Price ($/MWh)	Off-Peak Market Power Price ($/MWh)	Delivered Natural Gas Price ($/MMBtu)
2020	11.46	35.31	30.34	4.04
2021	0.00	36.10	29.83	4.21
2022	0.00	40.05	33.87	3.84
2023	78.19	45.31	38.56	3.99
2024	103.22	47.78	41.25	4.14
2025	122.65	46.61	42.35	4.30
2026	98.84	43.99	41.65	4.41
2027	74.70	43.23	42.51	4.42
2028	78.88	43.82	44.26	4.45
2029	74.56	44.13	45.64	4.49
2030	74.04	44.19	46.77	4.51
2031	72.95	44.93	47.77	4.54
2032	74.37	45.22	48.04	4.59
2033	73.21	45.80	49.34	4.60
2034	77.04	46.52	50.01	4.59
2035	77.98	47.38	51.08	4.61
2036	78.58	48.21	52.06	4.63
2037	86.15	49.15	53.16	4.68
2038	83.58	50.70	54.27	4.72
2039	86.23	52.14	54.93	4.75

A.2 COMMODITY AND EMISSION PRICE PROJECTIONS

Table A-2(a): Natural Gas Price Commodity Projections, nominal $USD[85]

Year	Henry Hub ($/MMBtu)	Waha ($/MMBtu)	South Texas ($/MMBtu)	Guadalajara Delivered ($/MMBtu)
2020	2.72	1.88	2.65	4.04
2021	2.99	2.58	2.89	4.31
2022	2.66	2.22	2.56	4.01
2023	2.88	2.44	2.78	4.26
2024	3.12	2.66	3.01	4.52
2025	3.37	2.94	3.25	4.80
2026	3.56	3.11	3.44	5.02
2027	3.64	3.17	3.53	5.15
2028	3.76	3.31	3.65	5.30
2029	3.88	3.47	3.77	5.46
2030	3.99	3.60	3.88	5.60
2031	4.12	3.73	4.01	5.77
2032	4.28	3.88	4.17	5.97
2033	4.37	3.97	4.26	6.10
2034	4.46	4.06	4.35	6.23
2035	4.59	4.18	4.48	6.40
2036	4.71	4.30	4.60	6.56
2037	4.89	4.47	4.77	6.78
2038	5.05	4.63	4.93	6.98
2039	5.20	4.78	5.09	7.18

[83] 2020 reflects partial year projections, October-December.
[84] Delivered NG price includes variable transport costs.
[85] <<< Incorporates forwards as of 09-28-20.

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Table A-2(b): Natural Gas Price Commodity Projections, 2020 $USD[86]

Year	Henry Hub ($/MMBtu)	Waha ($/MMBtu)	South Texas ($/MMBtu)	Guadalajara Delivered ($/MMBtu)
2020	2.72	1.88	2.65	4.04
2021	2.93	2.52	2.83	4.21
2022	2.54	2.12	2.45	3.84
2023	2.70	2.29	2.60	3.99
2024	2.86	2.44	2.76	4.14
2025	3.03	2.63	2.92	4.30
2026	3.12	2.73	3.02	4.41
2027	3.13	2.72	3.03	4.42
2028	3.16	2.78	3.07	4.45
2029	3.19	2.85	3.10	4.49
2030	3.21	2.90	3.12	4.51
2031	3.24	2.93	3.16	4.54
2032	3.29	2.99	3.21	4.59
2033	3.30	3.00	3.21	4.60
2034	3.29	2.99	3.21	4.59
2035	3.31	3.02	3.23	4.61
2036	3.33	3.04	3.25	4.63
2037	3.38	3.09	3.30	4.68
2038	3.41	3.13	3.33	4.72
2039	3.44	3.16	3.36	4.75

[86] <<< Incorporates forwards as of 09-28-20.

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Table A-2(c): Other Fuel Price Projections, nominal $USD[87,88,89]

Year	Coal Imported ($/MMBtu)	Coal Domestic ($/MMBtu)	FO6 ($/MMBtu)	FO2 ($/MMBtu)
2020	2.12	3.28	6.92	17.28
2021	2.16	3.37	7.06	18.19
2022	2.20	3.47	7.36	19.23
2023	2.23	3.56	7.45	20.14
2024	2.26	3.66	7.55	21.10
2025	2.29	3.77	7.64	22.11
2026	2.32	3.87	7.74	23.20
2027	2.36	3.98	8.44	24.44
2028	2.38	4.09	8.58	24.97
2029	2.42	4.21	9.04	25.94
2030	2.45	4.33	9.13	26.50
2031	2.50	4.46	9.30	27.09
2032	2.55	4.48	9.69	28.00
2033	2.60	4.59	9.59	28.48
2034	2.66	4.70	9.83	29.07
2035	2.72	4.81	9.94	29.80
2036	2.77	4.93	10.12	30.48
2037	2.83	5.05	10.57	31.18
2038	2.89	5.17	10.51	31.73
2039	2.95	5.16	10.72	32.44

Table A-2(d): Other Fuel Price Projections, 2020 $USD[90,91,92]

Year	Coal Imported ($/MMBtu)	Coal Domestic ($/MMBtu)	FO6 ($/MMBtu)	FO2 ($/MMBtu)
2020	2.12	3.28	6.92	17.28
2021	2.11	3.30	6.91	17.79
2022	2.10	3.32	7.04	18.41
2023	2.09	3.34	6.98	18.86
2024	2.07	3.36	6.92	19.34
2025	2.05	3.38	6.85	19.83
2026	2.04	3.40	6.79	20.36
2027	2.02	3.42	7.25	20.99
2028	2.00	3.44	7.21	20.98
2029	1.99	3.46	7.43	21.32
2030	1.97	3.48	7.35	21.32
2031	1.97	3.51	7.32	21.32
2032	1.96	3.45	7.46	21.56
2033	1.96	3.46	7.23	21.46
2034	1.96	3.47	7.25	21.43
2035	1.96	3.47	7.17	21.50
2036	1.96	3.48	7.14	21.52
2037	1.96	3.49	7.30	21.54
2038	1.95	3.49	7.10	21.45
2039	1.95	3.41	7.09	21.46

[87] <<< Incorporates forwards as of 09-28-20.
[88] [a] FO6 pricing based on FO6 West South Central US pricing plus an average delivery charge across various regions of Mexico; [b] FO2 pricing based on FO2 West South Central US pricing.
[89] Fuel prices for oil, diesel, and coal include carbon tax adders based on the 2014 Law; there is no carbon tax associated with natural gas.
[90] <<< Incorporates forwards as of 09-28-20.
[91] [a] FO6 pricing based on FO6 West South Central US pricing plus an average delivery charge across various regions of Mexico; [b] FO2 pricing based on FO2 West South Central US pricing.
[92] Fuel prices for oil, diesel, and coal include carbon tax adders based on the 2014 Law; there is no carbon tax associated with natural gas.

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Table A-2(e): Emission Allowance Price Projections, nominal $USD[93,94]

Year	Federal CO_2 ($/short ton)	Federal CO_2 ($/metric ton)
2020	0.00	0.00
2021	0.00	0.00
2022	0.00	0.00
2023	8.02	8.85
2024	9.38	10.34
2025	10.79	11.90
2026	12.23	13.48
2027	13.76	15.17
2028	15.35	16.92
2029	16.97	18.71
2030	18.69	20.60
2031	20.06	22.11
2032	21.52	23.72
2033	23.10	25.46
2034	24.78	27.32
2035	26.60	29.32
2036	28.54	31.46
2037	30.63	33.76
2038	32.87	36.23
2039	35.27	38.88

Table A-2(f): Emission Allowance Price Projections, 2020 $USD[95,96]

Year	Federal CO_2 ($/short ton)	Federal CO_2 ($/metric ton)
2020	0.00	0.00
2021	0.00	0.00
2022	0.00	0.00
2023	7.52	8.29
2024	8.60	9.48
2025	9.68	10.67
2026	10.74	11.83
2027	11.82	13.03
2028	12.90	14.22
2029	13.95	15.38
2030	15.04	16.57
2031	15.79	17.40
2032	16.58	18.27
2033	17.41	19.19
2034	18.28	20.14
2035	19.19	21.15
2036	20.15	22.21
2037	21.16	23.32
2038	22.21	24.49
2039	23.32	25.71

[93] Based on Second Transitory Article (Artículo Segundo Transitorio) of the 2018 amendments to the Climate Change Law. Pricing reflects a 50:50 probability of reduction targets set at 22% or 26% below business-as-usual emissions by 2030; prices grow at 5% above inflation thereafter, consistent with methodology employed in California's AB 32 floor pricing.
[94] Within the financial model, Tierra Mojada's CO_2 costs are calculated as $/short ton x (1 / 2000 lb) x (117 lbs/MMBtu) x Tierra Mojada Heat Rate (in MMBtu/MWh terms). 117 lbs/MMBtu is the CO_2 content of natural gas fuel supply.
[95] Based on Second Transitory Article (Artículo Segundo Transitorio) of the 2018 amendments to the Climate Change Law. Pricing reflects a 50:50 probability of reduction targets set at 22% or 26% below business-as-usual emissions by 2030; prices grow at 5% above inflation thereafter, consistent with methodology employed in California's AB 32 floor pricing.
[96] Within the financial model, Tierra Mojada's CO_2 costs are calculated as $/short ton x (1 / 2000 lb) x (117 lbs/MMBtu) x Tierra Mojada Heat Rate (in MMBtu/MWh terms). 117 lbs/MMBtu is the CO_2 content of natural gas fuel supply.

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A.3 SUPPLY AND DEMAND PROJECTIONS

Table A-3(a): Mexico Supply and Demand Projections: 2020-2029[97,98]

MW	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
2019 Supply[a]	47,840									
Combined Cycle	5,045	1,851	-	503	-	1,843	2,304	1,843	1,843	2,304
Coal	-	-	-	-	-	-	-	-	-	-
O/G GT	-	574	-	-	597	597	199	398	1,193	597
O/G ST	-	-	-	-	-	-	-	-	-	-
Other Thermal	-	-	-	-	-	-	-	-	-	-
Renewable	485	(111)	62	351	140	720	110	54	123	271
Nuclear	-	-	-	-	-	-	-	-	-	-
Hydro	-	-	-	-	-	151	151	151	151	151
Imports	-	-	-	-	-	-	-	-	-	-
Retirements	-	-	-	-	(2)	-	-	(743)	(1,320)	(1,186)
Total Supply	53,370	55,683	55,745	56,599	57,333	60,644	63,408	65,111	67,101	69,237
Peak Demand[b]	43,543	48,872	50,408	52,025	53,737	55,523	57,048	58,661	60,343	62,248
Peak Demand (Top 100 hours)	41,236	46,515	47,886	49,684	51,264	53,281	54,833	56,434	58,103	59,937
Load Growth[c]	-5.4%	12.2%	3.1%	3.2%	3.3%	3.3%	2.7%	2.8%	2.9%	3.2%
Reserve Margin	29.4%	19.7%	16.4%	13.9%	11.8%	13.8%	15.6%	15.4%	15.5%	15.5%

Table A-3(b): Mexico Supply and Demand Projections: 2030-2039[99,100]

MW	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
2019 Supply[a]										
Combined Cycle	2,304	1,843	1,843	1,843	922	461	922	1,382	922	1,843
Coal	-	-	-	-	-	-	-	-	-	-
O/G GT	795	-	994	795	994	994	199	597	1,193	597
O/G ST	-	-	-	-	-	-	-	-	-	-
Other Thermal	-	-	-	-	-	-	-	-	-	-
Renewable	310	81	183	119	111	368	424	529	343	12
Nuclear	-	-	-	-	-	-	-	-	-	-
Hydro	161	151	151	151	151	151	151	151	151	151
Imports	-	75	-	-	-	450	300	38	75	425
Retirements	(1,330)	(180)	(765)	(680)	223	(11)	446	-	-	-
Total Supply	71,478	73,448	75,855	78,083	80,485	82,898	85,340	88,037	90,721	93,749
Peak Demand[b]	64,089	66,056	68,075	70,105	72,240	74,439	76,705	79,040	81,447	83,926
Peak Demand (Top 100 hours)	61,841	63,658	65,664	67,612	69,656	71,803	73,987	76,275	78,669	81,222
Load Growth[c]	3.0%	3.1%	3.1%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Reserve Margin	15.6%	15.4%	15.5%	15.5%	15.5%	15.5%	15.3%	15.4%	15.3%	15.4%

[97] Renewable generation is derated based on the top 100 net load hours in each region of Mexico. Thermal resources shown on an unforced capacity basis. [a] Renewable generation is derated based on the top 100 net load hours in each region of Mexico. Thermal resources shown on an unforced capacity basis. [b] Reflects a 7-zone SIN without Baja California Norte. [c] 2020 and 2021 growth rates reflect impact of COVID-19.
[98] Peak demand reflects a 7-zone SIN without Baja California Norte.
[99] Renewable generation is derated based on the top 100 net load hours in each region of Mexico. Thermal resources shown on an unforced capacity basis. [a] Renewable generation is derated based on the top 100 net load hours in each region of Mexico. Thermal resources shown on an unforced capacity basis. [b] Reflects a 7-zone SIN without Baja California Norte. [c] 2020 and 2021 growth rates reflect impact of COVID-19.
[100] Peak demand reflects a 7-zone SIN without Baja California Norte.

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A.4 FIRM CAPACITY ADDITIONS SUMMARY

Table A-4(a): Firm Thermal Additions – Mexico[101],[102]

Project Name	Developer	Zone	Estimated COD (Year)	Fuel Type	Unit Type	Capacity (MW)
Cogeneración de Altamira	ContourGlobal	Noreste	2020	Natural Gas	CC	350
El Carmen	Iberdrola	Noreste	2020	Natural Gas	CC	843
Empalme I	Sener / OHL	Noroeste	2020	Natural Gas	CC	792
Empalme II	Duro Felguera / Elecnor	Noroeste	2020	Natural Gas	CC	791
Topolobampo II (Noroeste)	Iberdrola	Noroeste	2020	Natural Gas	CC	766
Norte III	Macquarie Capital / Techint	Norte	2020	Natural Gas	CC	944
Tierra Mojada	Fisterra	Occidental	2020	Natural Gas	CC	874
Jorge Luque	Generadora Fénix	Central	2021	Natural Gas	CT	37
Valle de México II	Grupo Cobra	Central	2021	Natural Gas	CC	615
Compañía De Electricidad Los Ramones	Invenergy	Noreste	2021	Natural Gas	CT	550
Topolobampo III	Iberdrola	Noroeste	2021	Natural Gas	CC	779
Centro	CFE	Oriental	2021	Natural Gas	CC	656
Tamazunchale II	Iberdrola	Noreste	2023	Natural Gas	CC	514

Table A-4(b): Firm Renewable Additions – Mexico

Project Name	Procurement mechanism	Zone	Estimated COD (Year)	Fuel Type	Nameplate Capacity (MW)	Development Stage
Rumorosa Solar	Auction 2	Baja California	2020	Solar PV	41	Operational
Bluemex Power	Auction 2	Noroeste	2020	Solar PV	90	Operational
Orejana	Auction 2	Noroeste	2020	Solar PV	125	Operational
Andalucía II	Auction 2	Norte	2020	Solar PV	83	Operational
Torreón-HQ100	Auction 2	Norte	2020	Solar PV	101	Operational
Villa Ahumada	Auction 3	Norte	2020	Solar PV	150	Operational
Alten Aguascalientes 1, 2, 3, 4, 5 (Solem I)	Auction 2	Occidental	2020	Solar PV	150	Operational
Alten Aguascalientes 6 (Solem II)	Auction 2	Occidental	2020	Solar PV	140	Operational
Guajiro 2	Auction 1	Occidental	2020	Solar PV	100	Operational
PS Aguascalientes Sur I	Auction 2	Occidental	2020	Solar PV	30	Operational
Kambul	Auction 1	Peninsular	2020	Solar PV	30	Operational
Yucatan Solar (ex Coconul)	Auction 1	Peninsular	2020	Solar PV	70	Operational
El Mezquite	Auction 2	Noreste	2020	Wind	250	Operational
Calpulalpan	Auction 3	Central	2021	Solar PV	200	Under Construction
Abril 99	Auction 3	Noroeste	2021	Solar PV	99	Under Construction
Akin Solar	Other	Noroeste	2021	Solar PV	100	Under Construction
Bacabachi I	Auction 3	Noroeste	2021	Solar PV	200	Under Construction
Don Diego	Other	Noroeste	2021	Solar PV	125	Under Construction
El Mayo	Auction 3	Noroeste	2021	Solar PV	99	Under Construction
Tastiota	Auction 3	Noroeste	2021	Solar PV	100	Under Construction
Border Solar	Other	Norte	2021	Solar PV	150	Under Construction
Conejo	Auction 2	Norte	2021	Solar PV	80	Under Construction
Las Ánimas II	Other	Norte	2021	Solar PV	48	Under Construction
Versalles de las Cuatas	Other	Norte	2021	Solar PV	90	Under Construction
Calera	Auction 3	Occidental	2021	Solar PV	80	Under Construction
Horus	Auction 3	Occidental	2021	Solar PV	95	Under Construction
Pachamama	Auction 3	Occidental	2021	Solar PV	300	Under Construction
Potosí Solar	Auction 2	Occidental	2021	Solar PV	300	Under Construction
Potrero Solar	Other	Occidental	2021	Solar PV	270	Under Construction
Salsipuedes	Other	Occidental	2021	Solar PV	30	Under Construction
San Miguel de Allende 5	Auction 2	Occidental	2021	Solar PV	30	Advanced Development
Tepezalá II	Auction 2	Occidental	2021	Solar PV	100	Under Construction
Trompezon	Auction 2	Occidental	2021	Solar PV	126	Under Construction
Tuli Energía	Other	Occidental	2021	Solar PV	165	Under Construction
Cuyoaco	Other	Oriental	2021	Solar PV	274	Under Construction
Magdalena II	Other	Oriental	2021	Solar PV	220	Under Construction
Perote II	Other	Oriental	2021	Solar PV	100	Under Construction
Xoxocotla	Auction 2	Oriental	2021	Solar PV	70	Under Construction
ESJ II	Other	Baja California	2021	Wind	108	Advanced Development
Amistad II	Auction 3	Noreste	2021	Wind	100	Under Construction
Amistad III	Auction 3	Noreste	2021	Wind	100	Under Construction
Amistad IV	Auction 3	Noreste	2021	Wind	149	Under Construction
Dolores	Auction 3	Noreste	2021	Wind	269	Under Construction
Salitrillos	Auction 2	Noreste	2021	Wind	100	Under Construction
Tres Mesas 4	Auction 3	Noreste	2021	Wind	96	Under Construction
Santiago Eólico	Other	Occidental	2021	Wind	105	Under Construction
Gunaa Sicaru	Auction 2	Oriental	2021	Wind	252	Under Construction
Pier	Other	Oriental	2021	Wind	220	Under Construction
Pier IV	Other	Oriental	2021	Wind	220	Under Construction
Energía Renovable de la Península (Progreso, Yucatan)	Auction 1	Peninsular	2021	Wind	90	Under Construction
Helios Generación	Other	Occidental	2022	Solar PV	165	Under Development
Ojocaliente	Other	Occidental	2022	Solar PV	89	Under Development
Ticul 1	Auction 1	Peninsular	2022	Solar PV	284	Under Development
Delaro	Other	Noreste	2022	Wind	117	Under Development
Cerro Iguana	Other	Oriental	2022	Wind	202	Under Development
Parque Eólico Chacabal	Auction 1	Peninsular	2022	Wind	30	Under Development
Parque Eólico Chacabal II	Auction 1	Peninsular	2022	Wind	30	Under Development
Los Humeros III - Fase B	CFE	Oriental	2023	Geothermal	27	Under Development
Fenicias	Other	Noreste	2023	Wind	168	Under Development
Los Molinos	Other	Noreste	2023	Wind	171	Under Development

[101] Estimated COD and Capacity represent contribution to reliability at peak demand.
[102] Developer refers to the organization responsible for ensuring the project is built. It is independent from the client, generation modality and offtaker.

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A.5 TRANSMISSION

Table A-5(a): Changes to Transfer Capability

Origin	Destination	Capacity (MW) - 2018	Capacity (MW) - 2024	Increase (MW)	Year of increase
01-Hermosillo	03-Obregón	1,400	1,400	-	
01-Hermosillo	48-Mexicali	-	-	-	
02-Cananea	01-Hermosillo	975	1,100	125	2023
02-Cananea	08-Moctezuma	400	400	-	
03-Obregón	04-Los Mochis	600	1,230	630	2020
05-Culiacán	04-Los Mochis	750	1,750	1,000	2020
06-Mazatlán	05-Culiacán	1,450	1,450	-	
06-Mazatlán	22-Tepic	1,380	1,380	-	
07-Juárez	08-Moctezuma	965	965	-	
08-Moctezuma	09-Chihuahua	640	950	310	2020
09-Chihuahua	11-Laguna	330	330	-	
10-Durango	06-Mazatlán	600	700	100	2020
10-Durango	24-Aguascalientes	300	350	50	2020
11-Laguna	10-Durango	550	550	-	
11-Laguna	17-Saltillo	550	550	-	
12-Río Escondido	09-Chihuahua	450	450	-	
12-Río Escondido	13-Nuevo Laredo	400	400	-	
12-Río Escondido	16-Monterrey	2,100	2,100	-	
14-Reynosa	13-Nuevo Laredo	100	100	-	
14-Reynosa	16-Monterrey	1,900	2,770	870	2022
15-Matamoros	14-Reynosa	1,400	1,400	-	
16-Monterrey	17-Saltillo	1,500	2,500	1,000	2020
17-Saltillo	24-Aguascalientes	1,260	1,500	240	2020
18-Valles	25-San Luis Potosí	1,500	1,500	-	
19-Huasteca	18-Valles	1,050	1,050	-	
19-Huasteca	20-Tamazunchale	1,200	1,200	-	
19-Huasteca	21-Güémez	1,700	1,800	100	2020
19-Huasteca	32-Poza Rica	1,600	1,600	-	
20-Tamazunchale	30-Querétaro	1,750	1,750	-	
21-Güémez	16-Monterrey	1,500	1,800	300	2020
22-Tepic	23-Guadalajara	1,150	1,380	230	2020
23-Guadalajara	24-Aguascalientes	1,000	1,000	-	
23-Guadalajara	26-Salamanca	700	700	-	
23-Guadalajara	28-Carapan	700	700	-	
23-Guadalajara	29-Lázaro Cárdenas	600	600	-	
24-Aguascalientes	26-Salamanca	1,400	1,400	-	
25-San Luis Potosí	24-Aguascalientes	1,300	1,300	-	
26-Salamanca	30-Querétaro	1,600	1,600	-	
27-Manzanillo	23-Guadalajara	2,800	2,800	-	
28-Carapan	26-Salamanca	700	700	-	
29-Lázaro Cárdenas	28-Carapan	600	600	-	
29-Lázaro Cárdenas	31-Central	2,900	2,900	-	
29-Lázaro Cárdenas	35-Acapulco	350	350	-	
30-Querétaro	25-San Luis Potosí	300	300	-	
30-Querétaro	31-Central	1,750	1,750	-	
32-Poza Rica	31-Central	4,000	4,000	-	
32-Poza Rica	34-Puebla	310	310	-	
33-Veracruz	32-Poza Rica	750	750	-	
33-Veracruz	34-Puebla	1,100	1,100	-	
33-Veracruz	36-Temascal	440	440	-	
34-Puebla	31-Central	3,000	3,000	-	
35-Acapulco	34-Puebla	300	300	-	
36-Temascal	34-Puebla	3,000	3,000	-	
37-Coatzacoalcos	36-Temascal	1,750	1,750	-	
38-Tabasco	41-Lerma	1,200	1,200	-	
39-Grijalva	36-Temascal	2,800	2,800	-	
39-Grijalva	37-Coatzacoalcos	2,100	2,100	-	
39-Grijalva	38-Tabasco	1,400	1,400	-	
40-Ixtepec	34-Puebla	-	-	-	
40-Ixtepec	36-Temascal	2,500	3,000	500	2021
41-Lerma	42-Mérida	800	800	-	
41-Lerma	44-Chetumal	206	206	-	
42-Mérida	43-Cancún	825	825	-	
42-Mérida	44-Chetumal	250	250	-	
43-Cancún	45-Cozumel	54	194	140	2023
46-Tijuana	47-Ensenada	255	255	-	
46-Tijuana	48-Mexicali	520	800	280	2023
46-Tijuana	WECC	408	408	-	
48-Mexicali	49-San Luis Río Colorado	315	315	-	
50-Villa Constitución	51-La Paz	90	545	455	2025
51-La Paz	52-Los Cabos	180	180	-	

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B MODELING METHODOLOGY

PA has a robust, well-developed, and industry-tested fundamental modeling process, including its proprietary stochastic dispatch optimization, capacity compensation, environmental, renewable, and valuation models along with the use of production cost, transmission, and natural gas models that are operated by PA's subject matter experts and populated with PA proprietary data.

PA leverages its fundamental modeling process to develop strategic plans, project commodity prices, quantify investment risks, develop strong legal arguments, and determine fair market value of energy infrastructure assets. PA utilizes its fundamental model to dispatch generation units to minimize total system cost, and PA analyzes both fixed and future capital costs required to meet electric demand and ensure system reliability. The latter analysis results in a projection of incremental compensation required to maintain reliability, which existing generation should be measured against. PA's proprietary environmental optimization model integrates the natural gas-power-coal sectors, as well as the coal generator capital expenditure versus low cost high sulfur coal selection and resulting emission price, paradigms.

PA also utilizes its stochastic model to assess specific generator operations and economics relative to the electric system and under power purchase agreements, as necessary, as well as assess financial hedges and fuel transportation rights.

PA's Fundamental Modeling Process

GPCM Natural Gas Model	• Used to project natural gas prices across North America • Balances North American natural gas markets given long-term assumptions of production, pipeline capacity, demand, imports, and exports.
AURORA^{XMP}	• Used to project wholesale power prices. • Simulates the dispatch of power generation units in a given market(s) while minimizing total system cost, taking into account both fixed and future capital costs required to meet electric demand and ensure system reliability.
PowerWorld	• An electric systems analysis and simulation software package used in conjunction with AURORA^{XMP} to analyze load flows and short circuiting, and calculates linear sensitivity, security-constrained optimal power flows, transient stability, and transmission line parameters.
Multi-Pollutant Optimization Model	• Used to find optimal, market-driven environmental compliance options given multi-pollutant compliance requirements for 23 distinct U.S. regions. Enables exploration of costs and benefits by fuel choice, pollution control equipment, allowance purchases, etc.
Renewable Model	• Used to project pricing for renewable energy certificates (REC) and solar renewable energy certificates (SREC). • Long-term projections incorporate the supply/demand balance, and assume the REC and/or SREC price is a "make whole" payment for the marginal qualifying renewable resource required to meet the relevant RPS.
Capacity Compensation Models	• Used to project capacity prices across different power markets, accounting for each market's unique characteristics. • Capacity price projections incorporate capacity market demand curve parameters, as well as PA's view of how a given market's supply/demand balance will change over time. Long-term projections reflect the assumption that capacity prices will provide sufficient compensation for new capacity to enter the market when required for reliability purposes.
Ancillary Services Model	• Used to forecast the pricing of ancillary services and corresponding, asset-specific revenues. • The model simulates co-optimization of an asset's ancillary service capabilities and forecasted operations given PA's natural gas price projection for a given market.
Volatility Model	• A proprietary stochastic dispatch optimization (i.e. volatility) model used to assess specific generator operations and economics relative to the electric system and under power purchase agreements, as necessary, as well as assess financial hedges and fuel transportation rights.

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As strategies, technologies and innovation collide, we turn complexity into opportunity.

Our diverse teams of experts combine innovative thinking and breakthrough technologies to progress further, faster. Our clients adapt and transform, and together we achieve enduring results.

We are over 2,600 specialists in consumer, defence and security, energy and utilities, financial services, government, healthcare, life sciences, manufacturing, and transport, travel and logistics. And we operate globally from offices across the Americas, Europe, the Nordics and the Gulf.

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ANNEX B

INDEPENDENT ENGINEER'S REPORT

The Independent Engineer's Report included as Annex B to this offering memorandum has been prepared by Leidos.

INDEPENDENT ENGINEER'S REPORT

TIERRA MOJADA PROJECT

Redacted Version

Report Prepared for:

Ciclo Combinado Tierra Mojada, S. de R.L. de C.V.

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November 10, 2020

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This version of the Report has been modified to remove certain information relating to the Project Agreements. Other than the removal of such information as requested, we have not made any other changes to the Report, including the Conclusions reached and the Projected Operating Results presented herein. The Report summarizes our knowledge of the Project and information and documentation made known to us as of its date, and we have not conducted any reviews or analyses subsequent to its date. Any changes occurring or information becoming known after the date of the Report could impact the information and conclusions presented in the Report to the extent of such changes or information. All capitalized terms in this paragraph are as defined in the body of the Report.

Introduction

Presented herein is the report (the "Report") of our review and analysis, as Independent Engineer, of the Tierra Mojada Project (the "Project"). The Project facilities consist of, a nominal 875 net megawatt ("MW") natural gas-fired combined-cycle electric generating facility (the "Facility"), a substation located adjacent to the Facility (the "Maniobras Substation"), and two 400 kilovolt ("kV") transmission tie lines (the "Transmission Tie Lines", and together with the Maniobras Substation, the Transmission Facilities"). The Project is located in the Municipality of Zapotlanejo, near the city of Guadalajara, in the State of Jalisco, Mexico. The Project was developed by the sponsor Fisterra Energy Mexico V S. de R.L. de C.V. (the "Sponsor") and is owned by Ciclo Combinado Tierra Mojada S. de R.L. de C.V. (the "Company") which is owned by Fisterra Energy México V S. de R.L. de C.V. and Fisterra Energy Luxembourg V S.à.r.l. This Report has been prepared in accordance with a Professional Services Agreement between Leidos Engineering, LLC and the Company, dated as of November 6, 2019, and has been developed in connection with the issuance of bonds (the "Notes") by FEL Energy VI S.à.r.l (the "Issuer") for the refinancing of the Company.

The Facility consists of two General Electric ("GE") 7HA.02 combustion turbines ("CTs") with associated electric generators (together with the CT, "CTG"), a single steam turbine ("ST") with associated electric generator (together with the ST, "STG" and together with the CTGs, the "Power Island Equipment"), two triple-pressure reheat heat recovery steam generators ("HRSGs"), an air-cooled condenser ("ACC"), emission control equipment, fuel delivery regulation and control system, three generator step up ("GSU") transformers; auxiliary transformers; electric switchyard (the "Facility Switchyard"); a control system; and other typical and necessary auxiliary equipment. The Facility is fully operational.

The Company transfers the rights related to 600 MW of net capacity (the "Contracted Capacity") and energy to CFE Calificados, S.A. de C.V. ("CFEC"), a subsidiary of Comisión Federal de Electricidad ("CFE", the Federal Electricity Commission), under the terms of the Contrato de Cobertura Para la Compra y Venta de Potencia y Energía Eléctrica (the Hedging Contract for the Purchase and Sale of Capacity and Electric Energy) between the Company and CFEC, dated December 5, 2016 (the "CFEC PPA"). The term of the CFEC PPA is 20 years from the "CFEC PPA Start Date", which is the first day of the month following the start of commercial operation ("Commercial Operation") declared by the Company. Commercial Operation of the Facility was achieved when the Facility satisfied the conditions set forth in the CFEC PPA (the "Commercial Operation Conditions"), including passing all performance tests in coordination with the Centro Nacional de Control de Energía ("CENACE", the National Energy Control Center). The First Amendment to the CFEC PPA, effective December 31 2019, required the Facility to achieve Commercial Operation by the scheduled Commercial Operations date of July 1, 2020 (the "Scheduled Commercial Operations Date") or be subject to delay liquidated damages, which the Company has paid from July 1, 2020 until October 2020. On September 22, 2020 the Company submitted a notice to CENACE stating it had fulfilled the

requirements required for Commercial Operation and requested that CENACE issue an Operation Certificate (the "Operation Certificate") no later than October 20, 2020 to allow the Project to declare Commercial Operation under the CFEC PPA. The Company declared Commercial Operation on October 28, 2020 (the "Commercial Operation Date") upon satisfaction of the Commercial Operation Conditions, including receipt of the Operation Certificate from CENACE dated October 27, 2020 and declared the CFEC PPA Start Date as November 1, 2020. At the request of CFEC, the Second Amendment to the CFEC PPA, dated November 9, 2020, adjusts the CFEC PPA Start Date to January 1, 2021 and adjusts the timing of the payments for power to reflect the change in the CFEC PPA Start Date.

The remaining nearly 30 percent of the Facility's capacity, or 250 MW (the "Ektria Contracted Capacity") is committed under terms of the three power purchase hedge agreements between the Company and Ektria Suministro, S. de R.L. de C.V. ("Ektria") (each an "Ektria PPA" and, together the "Ektria PPAs" and, collectively with the CFEC PPA, the "PPAs"), each of which expire on December 31st of the year when the fourth anniversary of the date on which the Company notified Ektria that all conditions under the Ektria PPAs, including that the Facility is prepared to operate on an ongoing basis, have been satisfied occurs (the "Ektria PPA Start Date"). Subsequent to the Project declaring Commercial Operation, the Company notified Ektria that it exercised its right to financially activate the Ektria PPAs as of November 1, 2020 (the "Ektria PPA Financial Activation Date"). Amendments to the Ektria PPAs, dated November 9, 2020, delay the Ektria PPA Financial Activation Date to January 1, 2021 to coincide with the CFEC PPA Start Date and adjust the timing of the payments for power to reflect the change in the Ektria PPA Financial Activation Date. The term of the Ektria PPAs may be terminated prior to the term or extended by mutual agreement of the Company and Ektria. The Ektria PPAs backstop three individual power supply agreements between Ektria and each of (1) T A 2000 S.A. de C.V. ("Tyasa") for a contracted capacity of 150 MW (the "Tyasa PSA"), (2) Grupo Acerero S.A. de C.V. ("Grupo Acerero") for a contracted capacity of 70 MW (the "Grupo Acerero PSA"), and (3) Cementos Moctezuma, S.A. de C.V., backed by Corporación Moctezuma S.A.B. de C.V. ("Moctezuma" and, together with Tyasa and Grupo Acerero, the "Offtakers") for a contracted capacity of 30 MW (the "Moctezuma PSA" and together with the Tyasa PSA and the Grupo Acerero PSA, the "Offtaker PSAs"), each of which expire on December 31st of the year when the fourth anniversary of the date Ektria notified the Offtakers that all conditions under the Offtaker PSAs, including that the Facility is prepared to operate commercially on an ongoing basis, have been satisfied occurs (the "Offtaker PPA Start Date"). On October 27 2020, Ektria notified the Offtakers that it exercised its right to financially activate the Ektria PPAs as of November 1, 2020 (the "Ektria PPA Financial Activation Date"). Amendments to the Offtaker PPAs, dated November 9, 2020, delay the Offtaker PPA Financial Activation Date to January 1, 2021 to coincide with the Ektria PPA Financial Activation Date and adjust the timing of the payments for power to reflect the change in the Offtaker PPA Financial Activation Date. The Offtaker PSA's are structured to pass-through the Facility's fixed and variable costs to Ektria, with no natural gas volume risk because the Company only pays for the gas it nominates each day. The remainder of the Facility's net capacity is sold as capacity and energy to the Mercado Eléctrico Mayorista ("MEM," the wholesale electricity market).

The Facility delivers the net capacity and energy to the Maniobras Substation which is interconnected to the Red Nacional Transmisión (the "RNT", the National Transmission Network) of the Sistema Eléctrico Nacional ("SEN", the National Electric System) under the terms of the Interconnection Agreement between the Company and CFE, dated February 27, 2017 (the "IA").

The Facility was designed and constructed by Técnicas Reunidas S.A. ("TRSA" and the "Foreign Contractor") and TRSA's México branch, Treunidas México Ingeniería y Construcción S. de R.L de C.V (the "Local Contractor" and together with the Foreign Contractor, the "EPC Contractor") under a fixed price engineering, procurement, and construction ("EPC") contract, dated May 3, 2017, as amended by

Amendments Nos. 1 and 2, dated June 16, 2017 and May 18, 2018, respectively, between the Company and the EPC Contractor (the "EPC Contract"). The Power Island Equipment were all supplied by GE Global Parts & Products GmbH ("GEGPP") and GE Global Services GmbH ("GEGS", and together with GEGPP, "GE Global") under the terms of a supply purchase order (the "Power Island Equipment Subcontract") between GE Global and the EPC Contractor, included as Appendix 1 to the EPC Contract. The Transmission Facilities were turned over to CFE Transmisión on September 25, 2019 upon completion of commissioning and testing of the Transmission Facilities. The Facility was constructed on property (the "Facility Site") owned by the Company. Provisional Acceptance under the EPC Contract, as defined later herein, occurred on June 17, 2020.

The Facility is being operated and maintained by NAES Mexico, S. de R.L.de C.V. ("NAES Mexico") under the terms of an Operations and Maintenance ("O&M") Services Agreement between the Company and NAES Mexico, dated June 12, 2017 (the "O&M Agreement"). GEGS provides major maintenance for the CTGs and STG in accordance with a Contractual Service Agreement between GEGS and the Company, dated May 8, 2017 (the "CSA"). Management services are being provided for the Company by Fisterra Energy Mexico, S. de R.L. de C.V. (the "Onshore Service Provider") and Fisterra Energy S.L.U. (the "Offshore Service Provider", and together with the Onshore Service Provider, "Fisterra Energy") under the terms of a Management Services Agreement ("MSA") between the Company and Fisterra Energy, dated June 19, 2017.

Fuel for the Facility is natural gas supplied to the Facility by CFEnergía, S.A. de C.V. ("CFEnergía"), a division of CFE, pursuant to the Contrato de Suministro de Gas Natural (Natural Gas Supply Agreement) between the Company and CFEnergía, dated March 30, 2017 (the "GSA"). The GSA sets forth the quality specifications, supply conditions, and interconnection point for these services.

Raw water is supplied to the Facility from wells located on the Facility Site and treated by the Facility's raw water treatment system. Potable water is supplied from raw water treated by the Facility's water treatment system. Wastewater and sanitary wastewater are treated by the Facility's wastewater treatment systems and then discharged to a streambed.

During preparation of the Report, we have reviewed the various agreements provided to us by the Company and the Sponsor required for the engineering, equipment supply, construction, operation and maintenance, and sale of power from the Facility. These agreements (collectively, the "Project Agreements") set forth the obligations of each of the parties with respect to the engineering, procurement, construction, and operation and maintenance of the Facility. As Independent Engineer, we have made no determination as to the validity and enforceability of the Project Agreements; however, for the purposes of this Report, we have assumed the Project Agreements will be fully enforceable in accordance with their respective terms, that all parties will comply with the provisions of their respective agreements, and that the draft agreements will be executed in materially the same form as those provided for our review.

In addition, we have reviewed: (1) conditions at the Facility Site and related geotechnical matters; (2) the design, methods of construction, and O&M of the Facility; (3) the methods used to estimate the cost of construction and the construction schedule; (4) projected operating capabilities of the Project; (5) O&M costs of the Project as estimated by the Company; (6) the status of permits and approvals, and (7) projected levels of electric net capacity, net heat rate, associated performance degradation, and scheduled and forced outages for the Facility (the "Technical Inputs") as estimated by the Company and used in the pro forma financial model prepared by the Company titled "*TM_DistributionsModel_HoldCo Debt_COD_November_Upstream_v8_NewPACFE_v3 (Clean)*", received November 5, 2020 (the "Pro Forma"). For the avoidance of doubt, we have not reviewed the Pro Forma for mathematical accuracy,

mechanical integrity, or consistency with the financing agreement or any other financing documents. Other than the Technical Inputs and O&M costs discussed herein, which were identified in the Pro Forma for us by the Company, we have not reviewed the methodology and assumptions used by the Company in the Pro Forma. Based on the Pro Forma, we have prepared projections of revenues, expenses, and net operating revenue of the Facility and debt service coverage on the Notes, which are attached as Exhibits A-1 through A-5 to the Report (the "Projected Operating Results").

The Projected Operating Results incorporate projections of the Mexican electricity market prices, natural gas prices, emissions costs, and the Facility's dispatch factor prepared by PA Consulting Group, S. de R.L. de C.V. ("PA") and presented in its Independent Energy Market Expert Report, dated November 2020 (the "Market Consultant Report"). We have not reviewed PA's methodology and approach in its development of these projections but instead have assumed this use to be reasonable based upon their previous experience in developing similar projections. For a complete understanding of the methodology, considerations, and assumptions utilized in preparing these projections, PA's Market Consultant Report, which is attached as Annex A to the Preliminary Offering Memorandum, should be read in its entirety.

During the course of our review, we have visited and made general observations of the Facility and the Facility Site on March 4, 2020. While on the Facility Site we reviewed the site layout and workspace, surrounding property, land use, site access, and interconnection locations associated with the Facility. The general field observations were visual, above-ground examinations of selected areas which we deemed adequate to allow us to comment on the existing condition of the Facility, the suitability of the Facility Site for continued O&M of the Facility, but which were not in the level of detail necessary to reveal conditions with respect to geological or environmental conditions, the internal physical condition of any equipment, safety, or conformance with agreements, codes, permits, rules, or regulations of any party having jurisdiction with respect to the Facility or the Facility Site.

The Report incorporates our analysis of information made available to us by the Company and the Sponsor, including documents, written correspondence, and/or oral communications. Further, the level of detail presented in the Report reflects our interactions with the Company and the Sponsor through the course of our review, thus it does not reflect a comprehensive record of our analysis nor a complete accounting of the information we reviewed.

Certain statements included in this Report constitute forward-looking statements. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance, or achievements described in the Report to be materially different from any future results, performance, or achievements, expressed or implied, by such forward-looking statements. We do not plan to issue any updates or revisions to the forward-looking statements if or when changes to our expectations or events, conditions, or circumstances on which such statements are based, occur. No warranty, guarantee, or promise, express or implied, related to any future results, performance, or achievements associated with such forward-looking statements is provided.

The Facility

Introduction

The Facility is a natural gas-fired combined-cycle electric generating facility with a design net output of 874,200 kilowatts ("kW") and net heat rate of 5,931 kilojoules per kilowatt-hour ("kJ/kWh") on a lower heating

value ("LHV") basis (equivalent to approximately 6,225 British thermal units per kilowatt-hour ("Btu/kWh") on a higher heating value ("HHV") basis assuming an HHV/LHV ratio of 1.1073) when operating at the annual average ambient conditions of 18.5 degrees Celsius ("°C"), 69.4 percent relative humidity, and barometric pressure of 0.851 bar absolute ("bara") with evaporative cooling and gas compressors operating when firing fuel as specified in the EPC Contract.

The Facility Site

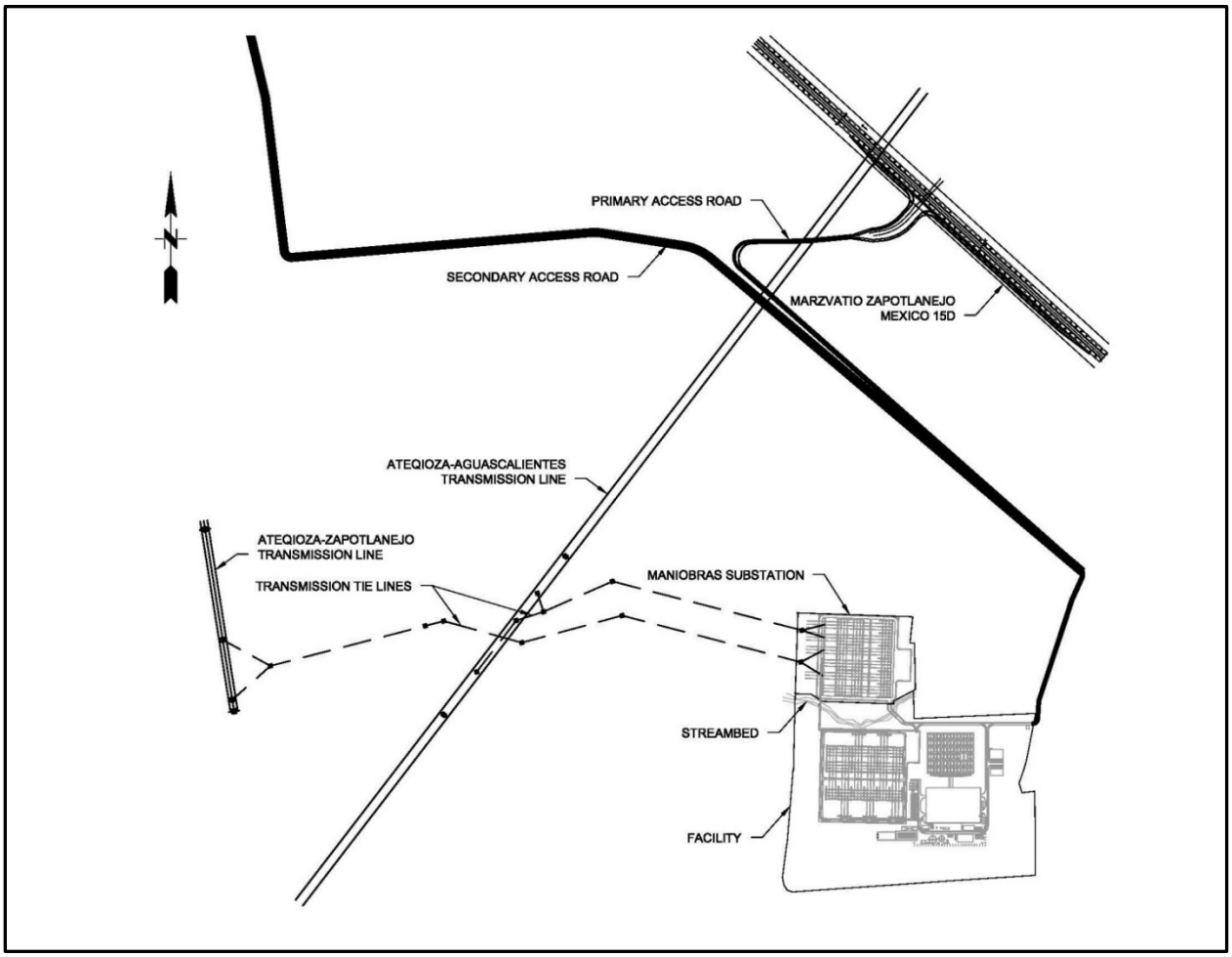
The Facility Site is located in the State of Jalisco, in the community of Santa Fe of the Zapotlanejo Municipality, approximately 27 kilometers ("km") southeast of the city of Guadalajara and approximately 420 km northwest of Mexico City. Figure 1 shows the location of the Facility Site within Mexico.

Figure 1: Facility Site Location

The Facility Site is comprised of 255,270 square meters ("m^2") of land on two parcels of land for the Facility and two parcels for the Facility Substation, each owned by the Company.

The Transmission Facilities connect the Facility to the existing Atequiza-Aguascalientes transmission line and the Atequiza-Zapotlanejo transmission line, which are east of the Facility Site. Figure 2 shows the location of the Facility Site relative to the Maniobras Substation, existing transmission lines, and access roads.

Figure 2: Facility Site Layout



Site Conditions

The Facility Site and adjacent land were used for agricultural purposes. The Company reports the Facility Site has no use restrictions and the Company has obtained a Change of Soil Use Authorization changing the land classification from agricultural to heavy industrial and allows for the construction of the Facility.

The Facility Site is generally flat, with an elevation of approximately 1,465 meters above mean sea level.

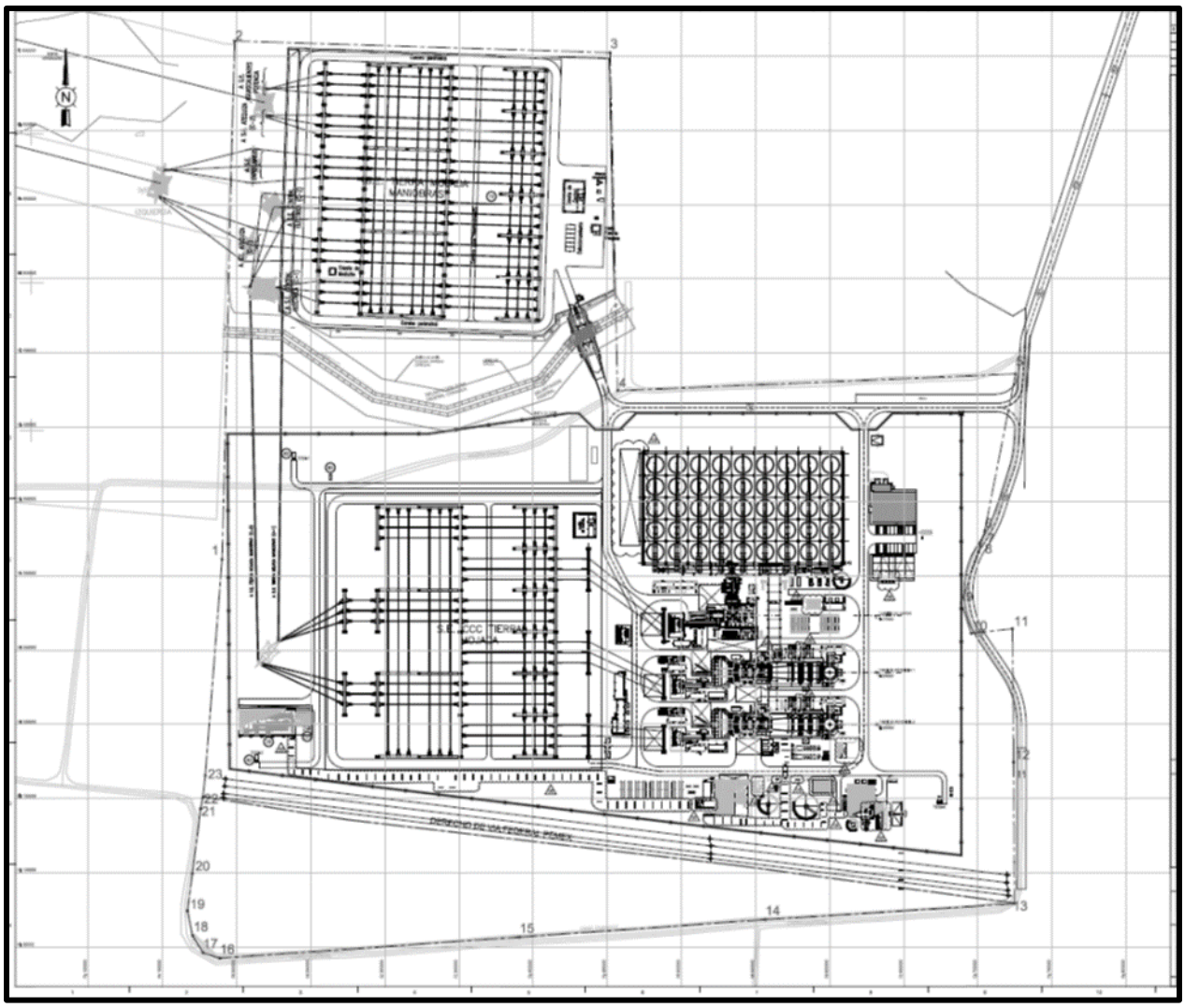
A hydrology study was prepared for the Facility Site by German, S.A. de C.V. Tecnologia para la Ecologia titled "Estudio Hidrologicio para el Proyecto Ciclo Combinado "Tierra Mojada" Municipio de Zapotlanejo, Jalisco," dated October 2016 (the "Hydrology Study"). The drainage sub-basin, which crosses the Facility Site, flows to the Santiago River. The Hydrology Study provides the flow velocity and volume of storm events with return periods of 5 years, 20 years, 50 years, and 100 years. The Centro Nacional de

Prevención de Desastres ("CENAPRED", the National Center for Prevention of Disasters) document National Risk Atlas indicates that the Facility Site is located in an area where there is no risk of flooding.

Site Arrangement

Figure 3 shows the arrangement of the major equipment on the Facility Site.

Figure 3: Facility General Arrangement



Within the Facility, from south to north, in the Power Island Equipment area, there are two parallel CTGs and HRSG units (Unit 11 and Unit 12) with the GSU transformers located to west of the units. The STG is located north of the CTG/HRSG units with a GSU transformer located west of the STG. The ACC is located north of the Power Island Equipment area. The administration and control building, workshop and warehouse building, and parking facilities are located east of the ACC. The emergency diesel generator is located west of CTG/HRSG Unit 12. The demineralized water tank, raw water tank, the firefighting pump house, water treatment facility, and the effluent treatment plant are located to the south of the Power Island Equipment. The Facility Substation is located to the west of the Power Island Equipment and is connected to the Maniobras Substation to the north via two 250-meter long overhead transmission lines. The Facility's

natural gas regulating and metering station is located southwest of the Facility Substation. The natural gas connection is located in the vicinity of the natural gas regulating area.

The access road from the north turns to the west, north of the ACC, toward the Facility Substation and the Maniobras Substation. A road to the south provides access to the Power Island Equipment and associated facilities. Stormwater discharge from the Facility Site is routed to the stream which runs approximately east west between the Facility Substation and the Maniobras Substation. Effluent discharge is to the south and east of the Facility Site.

Site Access

The Facility Site is accessible via national highways. Access to the Facility Site is via Mexico 80D to Mexico 15D north of the Facility Site to the site access road, the primary access route, or by the secondary access route. The Company has obtained a provisional access right to the Facility Site from the Freeway Marzvatio Zapotlanejo, Mexico 15D. The access road to the Facility Site is approximately 2,300 meters long.

Access to Utilities

The Facility is connected electrically to the RNT at the Maniobras Substation. Transmission Tie Lines from the Maniobras Substation tap into the existing Atequiza-Aguascalientes 400 kV transmission line and the existing Atequiza-Zapotlanejo 400 kV transmission line owned by CFE. The Company has advised that right-of-ways have been obtained for the Maniobras Substation and Transmission Tie Lines.

Natural gas is supplied to the Facility Site by a pipeline lateral that connects to the Villa de Reyes – Aguascalientes – Guadalajara pipeline system (identified as the "Primary Gas Pipeline" under the GSA) and to Mexico's Sistema de Transporte y Almacenamiento Nacional Integrado de Gas Natural ("SISTRANGAS", the Integrated National Natural Gas Transportation and Storage System) which passes through the Facility Site. Under the terms of the GSA, CFEnergía is responsible for the supply of all the natural gas that is required to operate the Facility to the Facility Site either through the Primary Gas Pipeline or through any other gas transportation system (the "Secondary Gas Pipeline" under the GSA, currently SISTRANGAS). CFEnergía has contracted with several gas transportation companies for the required transportation services to be able to meet its supply commitments under the GSA.

Raw water used for fire water, service water, process water, HRSG makeup water, and potable water is supplied to the Facility from wells constructed by the EPC Contractor and located on the Facility Site under two water rights granted to the Company by the Comisión Nacional del Agua ("CONAGUA", the National Water Commission) under authorizations No. 08JAL156156/12FDA16, 08JAL156178/12FMDA17, and 08JAL156176/12FMDA17, each for water rights of a maximum yearly quantity of 300,000 cubic meters ("m^3"), 100,000 m^3, and 300,000 m^3 already secured and registered in the Registro CNA for total water rights of 700,000 m^3. All water rights were merged in a single authorization No. 08JAL137177/12FDA18 of a maximum yearly quantity of 700,000 m^3. Filtered raw water is stored in a fire water/filtered water storage tank. Water used for potable services is supplied from well water treated by the Facility's water treatment system.

Wastewater is treated by the Facility's wastewater treatment system and then discharged to a streambed located south of the Facility Site under CONAGUA authorization No. 08JAL156156/12FDA16. Sanitary wastewater is treated by the Facility's sanitary water treatment system and then discharged to the same streambed.

Summary

Based on our review of the Facility Site and the equipment arrangement layout, we are of the opinion that the Facility Site is of adequate size to support the O&M of the Facility and provides sufficient access to utilities.

Civil and Structural

The Facility is designed as mainly an outdoor installation. The Facility includes an administration and control building, a water treatment plant building, a warehouse and workshop building, a pump house and general services building, and various equipment enclosures.

The Facility's civil and structural design is based on a seismic coefficient of 0.27 times the acceleration of gravity for Group B structures (standard structures) and a seismic coefficient of 0.39 times the acceleration of gravity for Group A structures (important structures), which were based on geophysical testing and is generally consistent with the results of the Facility Site geotechnical report's geophysical testing. Structures are assigned to Group A, unless the equipment is specified as Group B. The EPC Contract scope of work identified the regional wind velocity as 39 meters per sec ("m/s") with a topographic factor of T3 and a ground roughness factor of R2, with predominate wind direction of northeast.

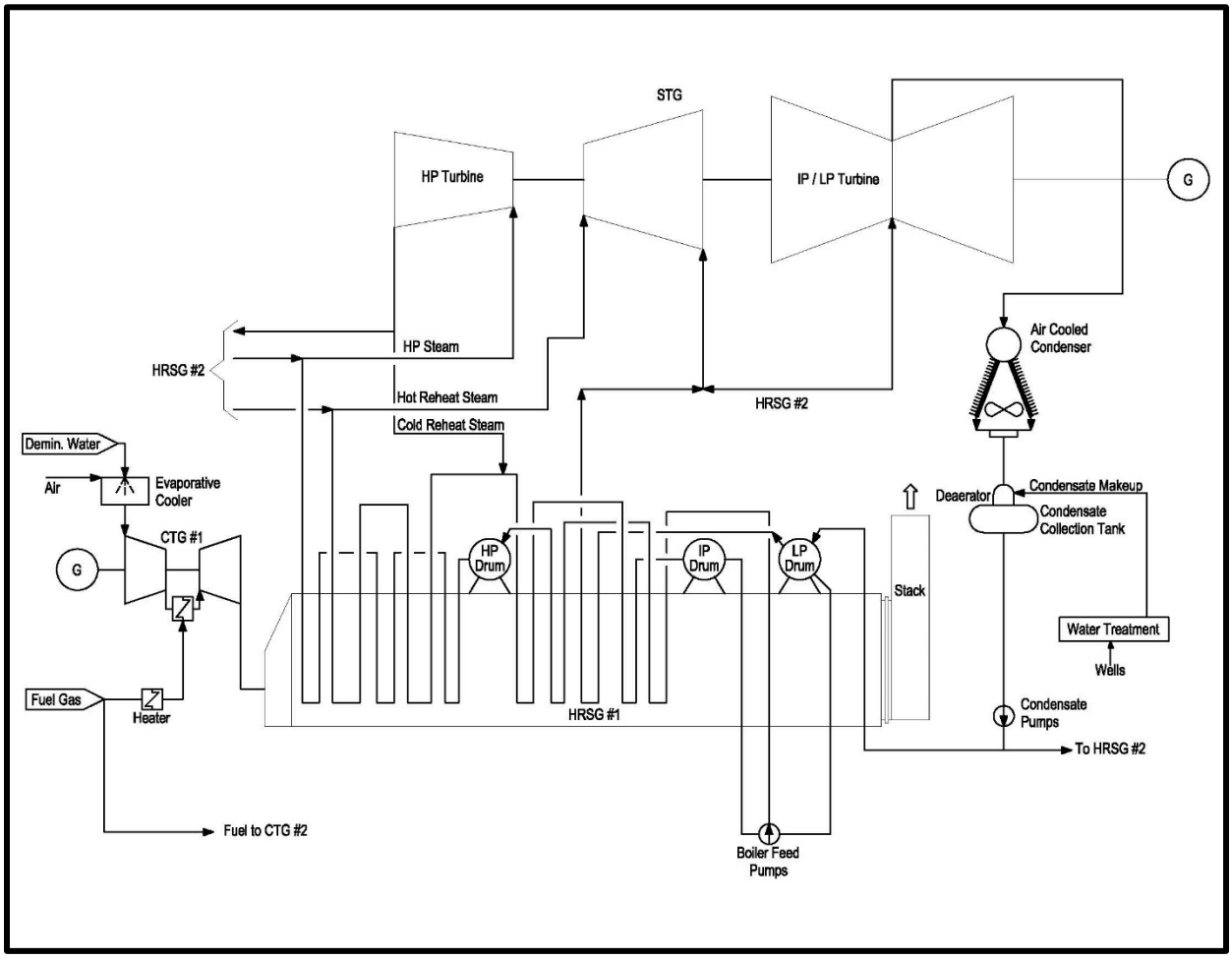
The stormwater system is designed for a 25-year return period. Rainfall intensity duration curves were developed to determine the stormwater run-off and volumes.

Mechanical Equipment and Systems

Thermal Cycle Description

The Facility is a natural gas-fired combined-cycle facility. In the combined-cycle arrangement, fuel is fired in the CT, which utilizes the Brayton power cycle, in which hot combustion gases are expanded through a CT that drives an electric generator. In the steam Rankine cycle part of the Facility design, hot exhaust gas from each CT is passed through a dedicated HRSG where water is vaporized to produce superheated steam that is supplied to the ST, which also drives an electric generator. The exhaust steam from the ST is condensed to liquid water in the ACC and drained back to a condensate collection tank which also serves as a deaerator. Make-up water for the steam cycle is supplied from the demineralized water system and supplied to the condensate collection tank, via the deaerator. Condensate pumps discharge the condensate water from the collection tank, via an economizer in the HRSG, which preheats the condensate, to the low-pressure steam drum of the HRSG. Feedwater pumps discharge feedwater from the low-pressure steam drum of the HRSG to the medium- and high-pressure steam drums of the HRSG via the economizer sections of the HRSG, which preheats the feedwater, and then the evaporative section of the HRSG, which heats the feedwater to saturated steam conditions. Saturated steam from the steam drum is then superheated to complete the cycle. The HRSGs produce steam at three pressure levels to improve the efficiency of the Rankine cycle. Figure 4 illustrates the Facility's thermal cycle.

Figure 4: Facility Thermal Cycle



The major equipment components of the Facility include two CTGs, two HRSGs, one STG, one ACC, three GSU transformers, auxiliary transformers, control system, Facility Substation and other typical and necessary auxiliary equipment.

Combustion Turbine and Systems

The Facility utilizes GE 7HA.02 CTs equipped with dry low oxides of nitrogen ("NO_X") model DLN 2.6 +AFS combustors designed to mitigate the formation of NO_X emissions during the combustion process. Each CT is a 3,600 revolutions per minute ("rpm"), 60 Hertz ("Hz") heavy duty CT and designed for outdoor installation. Additionally, the CTs are provided with evaporative coolers to decrease the CT inlet air temperature and maximize mass flow into the CT to increase CT output during times of warm ambient temperatures. Service water from the filtered water storage tank is used as make-up water for the evaporative coolers. Exhaust from each CT is directed to the inlet of its respective HRSG.

Each CT is also equipped with a self-cleaning CT inlet air filtration system for particulate control, which includes a weather hood, moisture separator/coalescing filter, final filter, evaporative cooler, inlet bleed heating, silencer, and ducting. CT noise is mitigated through GE standard enclosure for each CT. Further, CT compressor noise is reduced via a set of low frequency silencers located in line with the inlet airflow.

The CT package includes the following auxiliary equipment: fuel gas conditioning system, cooling and sealing air system, lube oil system, wet sprinkler fire protection, on and off line compressor water wash, static frequency converter starting system (load commutated inverter), hydrogen-cooled generator, packaged electronic and electrical control compartment, and generator excitation system.

Heat Recovery Steam Generator

The HRSGs are horizontal flow, three-pressure level, superheat, and reheat steam, vertical tube, and natural circulation design. The HRSGs are designed in accordance with American Society of Mechanical Engineers codes and standards. The HRSGs are designed for variable pressure operation. Start-up vents in the HRSGs are provided to enable the start-up of the Facility without the need of an auxiliary boiler. The HRSGs are designed for outdoor installation. Each HRSG is designed to produce 271,080 kilograms per hour ("kg/hr") of high-pressure ("HP") steam at approximately 181.4 kilograms per square centimeter ("kg/cm^2") and 586.8°C, 307,080 kg/hr of intermediate-pressure ("IP") steam at approximately 35.5 kg/cm^2 and 585.8°C, and 50,760 kg/hr of low-pressure ("LP") steam at approximately 5.3 kg/cm^2 and 305.4°C, at average ambient conditions of 18.5°C, 69.4 percent relative humidity, and barometric pressure of 0.851 bara, with evaporative coolers not in service.

Steam Turbine and Systems

The ST is a GE Model D652 single shaft, condensing, reheat, with individual HP and IP turbines and a dual-flow LP section rotating at 3,600 rpm. The ST is designed for variable pressure operation. HP superheated steam is delivered from the HRSGs to the HP turbine of the ST. After its initial expansion, the steam is then combined with IP steam generated in the HRSGs and then reheated in the HRSGs and admitted to the IP turbine of the ST. Together with additional LP steam from the HRSGs, the expanded steam from the IP turbine of the ST is delivered to the LP turbine section of the ST which exhausts to the ACC.

A steam bypass system is provided to route steam from the HRSGs directly to the ACC during start-up and shutdown of the HRSGs and in the event of an ST trip. The steam bypass system is designed to accommodate 100 percent bypass of steam flow from the main, hot reheat, and LP steam flows. The bypass system includes HP steam to cold reheat, hot reheat to the ACC duct, and LP steam to the ACC duct.

Air-Cooled Condenser

Exhaust steam leaving the LP section of ST is sent to a dedicated air-cooled, deaerating, steam surface condenser. The ACC condenses exhaust steam from the ST and from the hot reheat and LP dump valves during start-up and full load ST bypass. The ACC disposes of the waste heat rejected by the ST to the atmosphere through the finned tubes of the condenser. Heat transfer is enhanced by use of fans that circulate air over the condenser fins.

Condensate/Feedwater Systems

The condensate system transfers condensate from the condensate collection tank through the ST gland steam condenser to each HRSG LP economizer via three 50-percent capacity centrifugal horizontal can type condensate pumps. The condensate system also provides hot reheat and LP steam bypass system spray water. The condensate system is designed to provide the maximum condensate demand with the CT/HRSG operating at full load and at full bypass operation.

The feedwater system transports heated feedwater from the LP steam drum to the HP and IP economizers via four 100-percent capacity combined HP/IP feedwater pumps which also provide attemperation water to the HP and IP desuperheaters, and HP bypass system spray water. The feedwater pumps are sized for maximum flow during full-load operations.

Closed Cooling Water System

A closed cooling water ("CCW") system removes the thermal load from auxiliary items requiring cooling water. The system utilizes one 100-percent capacity fin fan cooler type heat exchanger for heat rejection from the CCW. During normal plant operating modes, heat from the CCW system is rejected by the fin fan cooler. Two horizontal 100-percent capacity CCW pumps are provided. Also an independent CCW system is provided for the gas compressors, equipped with one 100-percent capacity fin fan cooler and two horizontal 100-percent capacity pumps.

Electrical and Control Systems

Electric Generation

The Facility includes two CT generators (CTG Unit 11 and CTG Unit 12) and one ST generator. Each CT generator is a synchronous, three phase, 60 Hz, unit, hydrogen-cooled with a nominal output rating of 18 kV, 362 megavolt amperes ("MVA") at power factor between 0.90 lagging and 0.95 leading. Each CT generator has static excitation and is started by a load commutated inverter ("LCI") system that starts the CT by running the generator as a starting motor. There is one LCI for each CT generator. The ST generator is a synchronous, three phase, 60 Hz, unit, hydrogen-cooled with a nominal output rating of 18 kV, 354 MVA at 0.95 power factor. Each generator is connected to the 400 kV Facility Substation main bus via an 18 kV generator circuit breaker (only for the CTGs) and isolated phase duct bus system to a GSU transformer and switchyard bus side disconnect switches in the Facility Substation. The connections are made using totally enclosed bus duct rated at 18 kV, 11,838 amps ("A") in outdoor operation, containing three phase conductors and ground.

The GSU transformers for the CT and ST generators are outdoor, two winding, oil-filled, 18 to 400 kV units nominally rated at 370 MVA with forced cooling in service. All GSU transformers are equipped with on load tap changers for ±10 percent in steps of 1 percent on the high voltage winding.

Auxiliary/Station Service Power

Normal electrical power for startup and general services is supplied by two 18 kV to 13.8 kV unit auxiliary transformers ("UATs"). Each UAT is connected between a CT breaker and its associated GSU transformer using bus duct rated for 18 kV, 1,451 A. Each UAT is an oil-filled, two-winding design with forced-air cooling for a rating of 45 MVA, and is sized so that one CT can be started and operated from one UAT. During startup of the Facility, auxiliary power is supplied through the connections with the grid at the Facility Substation backfed through the GSU transformers. The Facility includes a double-ended 13.8 kV station service main switchgear lineup fed at each end by a UAT. The LCI device, the generator excitation transformers, two gas compression motors, four 2.875 MVA feedwater pump motors, three 400 kV condensate pumps, two 460 kVA cooling pump motors, and transformers for 600 V and 480 V switchgear lineups and bus systems are tapped off the 13.8 kV bus system.

The Facility includes two double-ended 600 volt ("V") station service main switchgear lineups containing two incoming line circuit breakers that are each fed on both ends from the 13.8 kV bus via a dry-type unit substation transformer ("UST") rated for 3,750 MVA. The incoming line circuit breakers are interlocked so that each lineup is only fed from one UST at a time.

The 480 V system for the Facility includes double-ended unit substations and motor control centers ("MCCs"). Each unit substation is fed from a UST rated for 2,500 kVA or 2,000 kVA, each connected to a different bus in the 13.8 kV switchgear lineups, through a circuit breaker to allow either bus to be fed by either, 480 V UST. The unit substations include a main circuit breaker and additional circuit breakers or fuse switches to feed connected 480 V MCCs and additional 480 V equipment including the oil, vacuum, and water pumps, condensate pumps, air compressors, performance heaters, heating, ventilation, and air-conditioning ("HVAC"), lighting, and the gas regulating station

Emergency Power

Critical auxiliary loads that are required to operate in the interest of equipment and personnel safety during and following the loss of normal auxiliary power to the Facility are fed from one 480 V emergency/essential services bus comprising one of the double-ended 480 V unit substations, an uninterruptible power systems ("UPS"), and battery systems. The essential services bus is fed from dry-type step-down transformers rated for 2,500 kVA, each connected to a different bus in the 13.8 kV switchgear lineups, through circuit breakers that allow either bus to be fed by either UAT. The 480 V loads served by the essential services bus include emergency lighting, firefighting pumps, and essential services MCCs for each CT and ST.

There is a 1,440 kW emergency diesel generator included in the design of the Facility also connected to the essential services bus. The emergency generator supplies power to the essential services bus and is to start automatically on loss of normal power to the bus. The emergency diesel generator is equipped with a fuel tank capable of running the diesel engine for eight hours at full load.

Alternating current ("AC") systems that are critical for Facility operation and shutdown are provided backup power by the UPS. Loads that are supplied from essential services bus include the control system computers and other critical instrumentation and controls utilizing 120 V-AC.

The UPS is supplied from the emergency/essential services bus. The Facility includes a 220 V battery system sized depending on the nature of the DC loads developed during detailed design, which is designed to provide the associated DC loads with a reliable source of power during normal and emergency station operating conditions, with 10 percent margin for future loads. The DC power supply system supplies the DC loads for the station emergency DC load profile for a minimum of two hours in case of complete loss of normal and emergency auxiliary AC power to allow safe shutdown of the Facility. The balance of plant ("BOP") loads that require DC current are powered from the emergency/essential services bus. Redundant battery chargers powered from the essential services bus are provided for the battery system(s).

Black Start Generation System

Black start diesel generators are not installed at the Facility, however the electrical infrastructure was designed to accommodate the potential later installation of a black start generating system.

Power Plant Control System

Primary control, monitoring, alarming, and protection of each CT and the ST is accomplished by the plant control system ("PCS"), which is microprocessor-based, functionally distributed control systems ("DCS"), capable of providing control, protection, monitoring, annunciation, and data acquisition. The system has a local operator workstation for each unit in the central control room ("CCR"). These control systems are integrated via redundant data connections to dedicated, server-grade computers, one of which is connected to both CTs, and one is connected to the ST, and then to a data highway that integrates other automated systems in the Facility.

The PCS is centered on a DCS server, data historian, and open platform communication (aka OPC) data servers located in the electronics room, and remote access terminals in the CCR. BOP systems in addition to CT and ST controls given distinct operator consoles are: continues emissions monitoring systems ("CEMS"), HVAC, and fire suppression system. There are drum level monitors for each HRSG unit and an emergency stop console in the control room as well. Redundant controller enclosures for each CT are located in the electronics room. There are configurable PCS workstations in the CCR that can connect to any DCS system. The following auxiliary systems are provided with local controllers or programmable logic controllers ("PLCs"):

- Water treatment plant
- Fire protection system
- Plant HVAC system
- Emergency diesel generator
- Gas compressors
- Compressed air system (compressors).
- CEMS
- Gas regulating and metering station

Emergency pushbuttons with protective system to avoid being released/operated unintentionally are provided, one per each turbine and one for power plant emergency shutdown. Emergency shutdown buttons are located next to the operation stations in CCR. Also integrated into the DCS are monitoring functions connected by fiber optic cable to an Ethernet switch in the electronics room for electric power metering, switchgear status, and protective relay devices.

Balance of Plant Systems

Water Supply and Treatment Systems

Make-up raw water to the Facility is sourced from three on-site wells by three 50-percent capacity pumps, at a maximum daily supply rate of 2,160 cubic meters per day ("m^3/day") (approximately 90 cubic meters per hour ("m^3/hr")). This maximum supply rate is sufficient to meet all demands when the Facility is operating at full load. The Facility is projected to require raw water make-up at a rate of approximately 43.5 m^3/hr at ambient conditions of 36°C and 12.1 percent relative humidity with CT evaporative cooling on, based on 24-hour per day of operation as indicated in the water balances.

The raw water from the wells is pretreated and stored in a common 2,500-m^3 capacity service/fire water tank sized to store a fire protection reserve volume of 1,500 m^3 with the balance of 1,000 m^3 available as service water. Service water supplies the Facility needs for the service water system, evaporative cooling water make-up, demineralized water system, and potable water system. Two 100-percent capacity raw water forwarding pumps take suction from the service/fire water storage tank to supply the Facility service water needs. Service water feeds three 50-percent capacity reverse osmosis ("RO") filtration system and then a desalination system. The desalinated water supplies the demineralized water treatment system and remineralized for use as potable water.

Two 100-percent capacity permanent EDI (electrodeionization) plants are provided to treat the desalinated water to demineralized water quality for use as steam cycle make up and the CT compressor wash water. A 1,000-m^3 capacity demineralized water storage tank and two 100-percent capacity demineralized water

pumps are provided. The capacity of the demineralized water storage tank provides approximately 2.7 days of storage at a full-load conditions with a continuous annual ambient condition of 18.5°C and 69.4 percent relative humidity, with the CT evaporative cooling operating.

Wastewater and Stormwater Systems

One 100-percent capacity effluent treatment basin collects the chemical dosing effluent drains, HRSG blowdown, RO reject water, treated sanitary wastewater, and the non-oily drains, which include the HRSG sampling effluent streams, and the clean effluent from the oily water separator. Effluent is homogenized by aeration via two 100-percent capacity air blowers and discharged after treatment via two 100-percent capacity discharge pumps. Effluent discharge, which does not meet the required specification, is recirculated to the effluent treatment basins. Recovered waste oil from the oily drains is held in spill containment and periodically trucked off site as required.

Sanitary wastewater is directed to a low load activated sludge in extended aeration type on-site sanitary water treatment system. The sanitary wastewater is oxidized in a biological chamber and is then discharge to a settling tank. Settled sludge, from the settling tank, is recycled to the biological chamber as active sludge. Periodically sludge must be removed off site by vacuum truck.

Stormwater is discharged to the streambed.

Fuel System

The fuel for the Facility is natural gas. Natural gas is delivered to a terminal point located to the southwest of the Facility Substation at a pressure between 7.0 kg/cm^2 and 71.4 kg/cm^2 and a minimum temperature of 10°C.

The natural gas regulation and metering station is located near the terminal point. The EPC Contractor provided an automated shut off valve, two 100-percent coalescent dust liquid filters, pressure regulation, a dew point heater, and one fuel gas chromatograph at the gas tie-in point. GEGPP provided one duplex final filter separator for each CT, one fuel gas performance heater (using hot water from the IP economizer extraction to heat the natural gas), and one electric start-up heater for each CT. Two 50-percent capacity motor-driven fuel gas compressors are available to be used in the event the natural gas supply pressure falls below 39 kg/cm^2.

Fire Protection

The fire water storage tank is provided with storage capacity in accordance with the National Fire Protection Association ("NFPA"). The fire water and service water are stored in a common service/fire water storage tank with 1,500 m^3 dedicated to fire water storage sized to meet the demand of the largest fire suppression system plus 1.9 m^3 per minute for hose streams for a two-hour duration. Outdoor fire protection consists of a main fire water loop, together with yard hydrants, installed around the plant. Branch lines are provided to serve the fire water needs for all facilities, areas, equipment components, and buildings serviced. The fire water main loop is subdivided by shutoff valves so that, in the event of a section failing, the supply of fire suppression water to the other sections of the main loop is ensured. One 100-percent capacity motor-driven main fire pump, one 100-percent capacity diesel-driven emergency fire pump, and one motor-driven jockey pump are supplied to maintain system pressure.

Fire hydrants are provided off the main fire loop for outside fire protection. Hose houses are provided within buildings where appropriate. Portable fire extinguishers are provided in strategic locations throughout the buildings. Automatic water systems are provided in the STG lube oil system and STG bearings. Automatic

clean agent extinguishing system are provided in the control room. Automatic water mist systems are provided to protect the CTG enclosures, lube oil system, and CTG bearings with alarm and release mechanisms and fixed temperature detectors. The CTG exciter enclosures are provided with portable carbon dioxide extinguishers.

Auxiliary Systems

The compressed air system consists of two 100-percent capacity screw oil-flooded air-cooled air compressors and four 100-percent capacity pre-filters to achieve Class 1 (oil) pursuant to ISO 8753-1 for instrument air and Class 2 for service air, which supplies the service air and instrument air systems. Instrument air system consists of two 100-percent capacity heatless dryer units and two 100-percent capacity after-filter systems for supply of the control air system. The compressors are capable of maintaining 7 kg/cm^2 on all of its delivery points including the CTG interface, while delivering clean, dry instrument quality air for maximum system usage at the design basis mode of operation. The service and instrument air systems deliver compressed air to dedicated air receiver tanks prior to distribution to the Facility. The compressed air system is designed to prevent depressurization of the instrument air system and ensure the instrument air supply is available for the Facility to operate.

Environmental Control Equipment

Dry Low-NOx Combustor

The CTs are equipped with dry low-NO_X ("DLN") combustors for control of NO_X emissions. As traditional control for combustion turbines comprised either steam or water injection into the combustors to cool the flame and inhibit NO_X formation, DLN technology premixes fuel and air to provide a lean flame with a more uniform and lower burning temperature than a conventional burner. Additionally, the DLN flame is a shorter, lower residence time flame. Both lower temperature and shorter time contribute to NO_X emissions equal to or lower than that achieved by conventional steam and water injection.

Continuous Emissions Monitoring System

A CEMS measures NO_X, carbon monoxide ("CO"), and oxygen ("O_2") in the flue gas. The measurement is located in the stack according to the Norma Oficial Mexicana ("NOM", the Mexican Official Regulations) of the Secretary of the Environment and Natural Resources ("SEMARNAT"). Measurement is on a continuous basis and monitored in the CCR.

Two ambient air quality monitoring stations are provided on the perimeter of the Facility Site to monitor NO_X and CO emissions and ambient air parameters such as wind speed, direction, temperature, humidity, pressure, and rain gauge in accordance with NOM-085-SEMARNAT-2011's requirements.

Off-Site Requirements

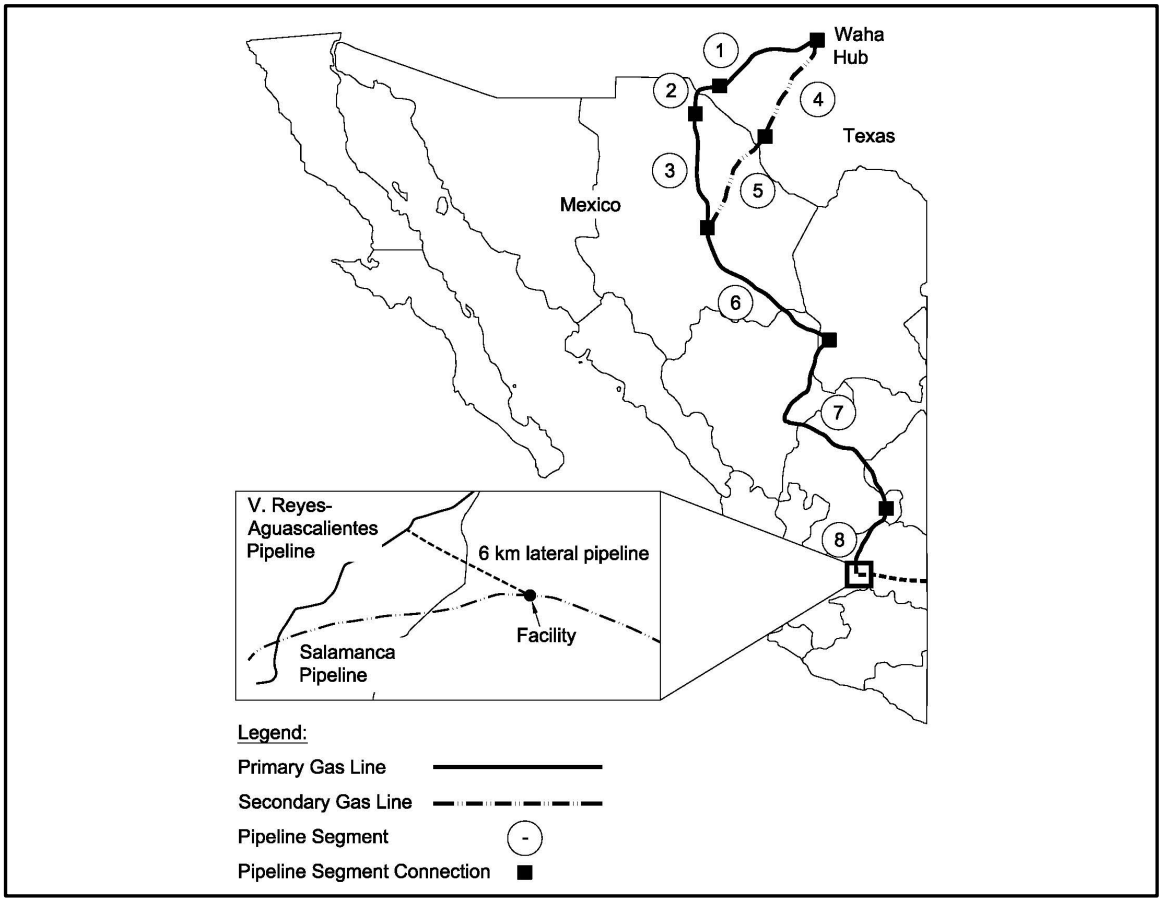
Fuel Supply

Natural gas is supplied to the Facility by CFEnergía under the terms of the GSA. CFEnergía is permitted by the government of Mexico to sell natural gas and liquid fuels to power generators and industrial clients. CFEnergía was created as a result Mexico's 2013 approval of constitutional energy reform. Centro Nacional de Control del Gas Natural ("CENAGAS", the National Center for the Control of Natural Gas) was created in 2014 as the decentralized public entity entrusted with assignment of capacity rights for pipelines that were previously owned, operated, and largely used by Mexico's national energy company Petróleos Mexicanos ("PEMEX"). CENAGAS manages the SISTRANGAS, which is the longest natural gas transportation system in Mexico. CFEnergía utilizes pipeline capacity operated by CENAGAS and other

private operators to provide delivered natural gas volumes at competitive wholesale prices to the Facility Site. Natural gas is required to meet the Mexican standard NOM 001 SECRE-2010 and the GSA requires the natural gas to meet this specification.

Natural gas is delivered to the Facility by a 6-km long, 20-inch diameter lateral gas pipeline constructed and owned by Gasoducto de Zapotlanejo, S. de R.L. de C.V. ("GAZA"), one of the gas transportation companies who have entered into transportation services agreements with CFEnergía to enable it to meet its obligations under the GSA. The lateral pipeline interconnects the Facility Site with the Primary Gas Pipeline which consists of a 36-inch diameter pipeline and has an initial operating capacity of 25 million cubic meters per day (equivalent to 889 million cubic feet per day). The Primary Gas Pipeline started commercial operation on October 1, 2020. This Primary Gas Pipeline has a flow path that extends from the Waha Hub located in the western portion of the U.S. State of Texas to the Facility Site, and is comprised of the segments set forth in Annex 2 to the GSA. Figure 5 shows the location of the Primary Gas Pipeline. Table 1 lists the pipeline segments that comprise the Primary Gas Pipeline and their operations date based on information provided by CFEnergía. In the event the Primary Gas Pipeline is not able to supply natural gas to the Facility, under the terms of the GSA, CFEnergía has the obligation to supply the natural gas through any other alternative route at no additional cost to the Company (i.e., the Secondary Gas Pipeline). CFEnergía is currently delivering gas to the Facility through the Primary Gas Pipeline.

Figure 5: Primary Gas Pipeline



Numbers shown in Figure 5 identify the different pipeline segments. See Table 1 for a description of the pipeline segments.

Table 1
Primary Gas Pipeline

ID	Pipeline Segments Start Point	End Point	Parent Owner	CFEnergía Contracted Capacity (MMCFD[1])	Minimum Diameter (inches)	Length (km)	Actual Operations Date
1	Waha Hub	San Elizario	Energy Transfer [2]	1,135	42	290	January 2017
2	San Isidro	Samalayuca	IEnova [3]	1,135	42	23	June 2017
3	Samalayuca [5]	El Encino	Fermaca [4]	850	36	385	July 2013
4	Waha Hub	Presidio	Energy Transfer	1,325	42	230	March 2017
5	Ojinaga (Presidio)	El Encino	IEnova	1,350	42	205	March 2017
6	El Encino	La Laguna	Fermaca	1,500	42	423	December 2017
7	La Laguna	Aquascalientes	Fermaca	1,189	42	600	December 2019
8	Villa de Reyes-Aquascalientes	Guadalajara	Fermaca	886	36	389	October 2020
9	Zapotlanejo	Facility Site	GAZA	125	20	6	April 2019

1) Million cubic feet per day ("MMCFD").
2) Energy Transfer Partners ("Energy Transfer").
3) Infraestructura Energética Nova SAB de CV ("IEnova").
4) Fermaca Pipeline de Occidente S. de R.L. de C.V ("Fermaca").
5) Also known as the Corridor Chihuahua (Tarahumara) pipeline.

The GSA will expire on December 31st of the year when the 20th anniversary of the date the Company notifies CFEnergía of the "GSA Start Date" occurs, which needs to occur between September 1, 2019 and June 30, 2021. The terms of the GSA require testing to be completed between the time period commencing September 1, 2019 and ending June 30, 2021. In the event that CFEnergía is unable to provide natural gas volumes required for regular supply of natural gas beginning on the GSA Start Date CFEnergía is to pay a penalty equivalent to US $50,000 per day for each day it fails to deliver natural gas. CFEnergía guarantees that it has sufficient transportation capacity reserved on the Primary Gas Pipeline to meet supply obligations under the GSA.

Under the terms of the GSA, CFEnergía is to deliver pipeline quality gas at pressures between 7 kg/cm^2 and 39 kg/cm^2. To the extent that the pressure of delivered gas falls below 39 kg/cm^2, the Facility is entitled to reimbursement of its cost of operating its gas compressors. The Company has confirmed that CFEnergía has been delivering natural gas at or above the pressure of 39 kg/cm^2 required by the Facility and the gas compressors have not been required to operate.

CFEnergía is obligated to deliver to the Facility a daily maximum amount of 135,300 million Btu ("MMBtu") on an HHV basis per day (equivalent to approximately 125.5 MMCFD) of natural gas with compression to the point of distribution with a guaranteed gas availability of 99.8 percent. Assuming the Facility operates at the demonstrated full-load conditions, we estimate the daily natural gas consumption is 132,815 MMBtu-HHV per day, which is less than the daily maximum amount in the GSA. The terms of the GSA allows the Company to nominate additional gas volumes above the daily maximum amount, however, these additional gas volumes are not subject to the gas availability guarantee.

Natural gas delivered under the GSA has a delivered price that is indexed to the Waha Hub midpoint price as published by Platts in Gas Daily. Deviations between gas volumes nominated by the Company and gas volumes consumed by the Facility are to be balanced by CFEnergía. Gas imbalance volumes are also indexed to the Waha Hub price, but at a higher delivered cost than nominated gas volumes. In the event CFEnergía fails to deliver or delivers less than the amount of gas requested by the Company (the "Gas

Shortfall"), CFEnergía is to pay the Company as a penalty, the amount of: (a) in the event that the Company cannot acquire replacement gas (the "Shortfall Replacement Gas") for the Gas Shortfall in the market on the day of the shortfall, the quantity of the Shortfall Replacement Gas multiplied by 30 percent of the Waha Hub highpoint price; and (b) in the event that the Company can acquire replacement of the Gas Shortfall in the market on the day of the shortfall, the Shortfall Replacement Gas multiplied by the difference of the price of: (1) the Shortfall Replacement Gas and (2) the Waha Hub highpoint price on the day the shortfall occurred, with the limit of the amount resulting from the calculation indicated in section (a) above. The Company agrees that in the event that it intends to obtain Shortfall Replacement Gas, it is to make commercially reasonable efforts: (a) to procure it at the best available price and (b) that such natural gas may be transported through the Primary Gas Pipeline. In the event the Company has purchased the Gas Shortfall and such gas could not be transported by the Primary Gas Pipeline, CFEnergía is to pay the Company, as an additional penalty, the Company's cost for transporting the gas to the delivery point.

Electrical Interconnection

The Facility Substation is designed to interconnect the Facility's three generators at a nominal voltage of 400 kV to the Maniobras Substation located adjacent to the Facility Substation. The Facility Substation includes three incoming bays for the connection of the overhead cable systems from each of the Facility's GSU transformers and two outgoing bays for the connection of overhead cable systems approximately 250 meters in length to the Maniobras Substation. The Facility Substation is configured in a double bus breaker and a half scheme. The three generators and two outgoing overhead cable systems each connect in a separate bay. The Facility Substation includes protective relaying, metering, and communications equipment including a fiber optic communications link to CFE.

Transmission and Interconnection

Transmission Facilities

The Transmission Facilities consist of the Maniobras Substation and two double circuit Transmission Tie Lines which are to interconnect the Facility with the RNT. The Maniobras Substation is interconnected to two existing 400 kV transmission lines that are tapped and looped through the substation. The Maniobras Substation is configured for six circuits in a double bus breaker and a half scheme. Two of the bays include a generator connection and an outgoing Transmission Tie Line circuit connection and the third bay is to only be used for two outgoing Transmission Tie Line circuits. Each outgoing Transmission Tie Line is constructed as an overhead double circuit line. One double circuit tie line will extend approximately 1 km and taps the existing Atequiza-Aguascalientes transmission line. The other double circuit line will extend approximately 2 km and tap the existing Atequiza-Zapotlanejo transmission line. The Maniobras Substation includes protective relaying, revenue metering and communications equipment including a fiber optic link to meet the requirements of the CFE specifications. The Maniobras Substation and the Transmission Tie Lines were designed by CFE and constructed by the EPC Contractor in accordance with the CFE specifications.

Interconnection Agreement

The IA has a term of 30 years effective beginning February 4, 2016. The IA was executed by CFE on February 27, 2017 however the requirements of the IA are in effect from the effective date. It is subject to early termination for uncured default or by mutual agreement by the parties. The IA may be terminated for default of the provisions, guidelines, rules, procedures, and requisites of the IA or related laws, regulations, and other agreements associated with the IA. Events of default generally have a 30 day cure period with

provisions for extension and arbitration. A party is not to be considered in default due to events of force majeure.

The IA establishes the technical requirements under which the interconnection was designed, constructed, and maintained and the associated legal and commercial terms. Prior to the execution of the IA, studies were conducted by the CENACE to determine that it is feasible to interconnect the Facility, how that interconnection is to be configured, and whether additional facilities need to be upgraded or constructed in order for the Facility to be operated when interconnected with the RNT. Following the design, construction, and testing of the facilities to CFE's standards the Facility is permitted to transmit power into the RNT. Operation of the Facility is coordinated by CENACE and there are no detailed operational requirements included in the IA. In the context of the interconnection arrangements in the United States, CFE would be the interconnected utility and CENACE would be the independent system operator.

The first part of the interconnection process is the Prefactibilidad (the "Pre-Feasibility Study") performed by CENACE to give an indication that the Facility can be interconnected and identify the major facilities required to interconnect the Facility in the most economic manner. Following the completion of the Pre-Feasibility Study in which the Facility was deemed suitable to interconnect with the RNT a Estudio Impacto (the "System Impact Study") was performed by CENACE. The purpose of the System Impact Study is to model the new generation to be interconnected to the RNT and determine the parameters under which the Facility can be operated and what system modifications may be required in order for the Facility to transmit power to the RNT with no negative impact on the short circuit, load flow, and stability characteristics of the RNT operation. The results of the System Impact study are reflected in the design of the Facility and the associated interconnection facilities. The System Impact Study is followed by a Estudio Instalaciones (the "Facilities Study") that describes the technical requirements for the design and construction of the interconnection facilities. In the event that the Facility does not prove to operate in compliance with the operating requirements of CFE and CENACE the interconnection of the facilities may be delayed and additional studies and interconnection facilities may be required to bring the Facility into compliance. Subsequent to the completion of these studies the Company has obtained a license to generate from the Comision Reguladora de Energía ("CRE", the Mexican Federal Energy Regulatory Commission). The license indicated that the Facility would enter Commercial Operation in December 2019. CRE, in modification to the license to generate, has postponed the commercial operation date to December 2020.

The Transmission Facilities were designed in compliance with the specific requirements of CFE's design standards as set forth in a series of specific specifications issued by CFE for the overhead cable systems between the Facility Substation and the Maniobras Substation, the Maniobras Substation, and the overhead Transmission Tie Lines between the Maniobras Substation and the RNT. The cost of the Transmission Facilities and modifications to the CFE facilities to achieve the interconnection were borne by the Company and are in accordance with the general interconnection rules of CFE. The Transmission Facilities were constructed by the EPC Contractor and at completion of commissioning and testing the Maniobras Substation and the Transmission Tie Lines were turned over to CFE Transmisión at which time the Company has no further obligations for the Transmission Facilities. Under the terms of the IA the Company provided a letter of credit ("LOC") in the amount of US $35 million to secure its obligations of constructing the Transmission Facilities, which was returned to the Company at turnover of the Transmission Facilities. The Company provided another LOC in the amount of US $4 million which is to be returned to the Company now that the Maniobras Substation has been assigned to CFE. The Company has paid CFE for the engineering and design and for its review, construction inspection, and testing related to the Transmission Facilities. The point of interconnection ("POI") with CFE is the point where the overhead cable systems from the Facility Substation is connected to the bus disconnect switch associated with the cable riser for

each cable system in the Maniobras Substation. The Company is responsible for operation and maintenance of the Facility Substation and cable systems between the Facility Substation and the POI. Changes may be made to the Facility Substation up to the POI with approval from CENACE at the Company's expense and in the event that modifications are required by CFE to accommodate the change the cost of such modifications are borne by the Company. CFE may modify its facilities at its own expense.

Construction of the Project

Construction Status

The Facility and Transmission Facilities were constructed pursuant to a single, fixed price, turnkey, lump sum EPC Contract for the design, engineering, construction, start-up, commissioning, and testing of the Facility and Transmission Facilities. GEGPS engineered, designed, supplied and tested the Power Island Equipment under the terms of the Power Island Equipment Subcontract which is included as Appendix 1 to the EPC Contract. The Maniobras Substation and the Transmission Tie Lines were turned over to CFE Transmisión on September 25, 2019 upon completion of commissioning and testing of the Transmission Facilities. The construction of the Facility has been completed and, with the exception of personnel and equipment required to complete the punch list items, the EPC Contractor has demobilized. Commissioning of the Facility has been completed, as has performance testing. "Provisional Acceptance" (Recepción Provisional) under the EPC Contract occurred on June 17, 2020 and only punch list items remained.

The Company and the EPC Contractor entered into a Provisional Acceptance Certificate Agreement (the "PAC Agreement"), setting forth terms regarding the EPC Contract. The Company reports there are no force majeure claims outstanding.

The Company and the EPC Contractor entered into a Transaction Agreement (the "Transaction Agreement") addressing all the remaining items under the EPC Contract.

The Company declared Commercial Operations under the CFEC PPA for the Contracted Capacity of the Facility of 600 MW on October 28, 2020 upon satisfaction of the Commercial Operation Conditions, including receipt of the Operation Certificate from CENACE.

EPC Contract

Completion Milestones

The EPC Contractor is responsible for achieving the following completion milestones under the EPC Contract. Each milestone includes a notification or certificate process upon milestone completion.

Provisional Acceptance (Recepción Provisional)

The Facility has achieved Provisional Acceptance with the declaration by the EPC Contractor and acceptance by the Company that the following conditions were met by the EPC Contractor (capitalized terms are as later defined below):

- All equipment and materials that comprise the Facility have been completed in accordance with the EPC Contract, applicable laws, all permits and other requirements, and the equipment and systems have been certified to operate safely and reliably as an integrated and complete operating system;
- The Completion Tests (defined later herein) have been successfully completed;

- Verification during the Performance Tests that the Performance Guarantees have been achieved within the limits allowed by the applicable laws, permits, and environmental regulations of the World Bank; or
- The "Minimum Performance Levels", the "Emissions Guarantees," and the "Noise Guarantees" have been achieved within the limits allowed by the applicable laws, permits, and environmental regulations of the World Bank, and any liquidated damages ("LDs") for failure to achieve the Performance Guarantees (the "Performance LDs") have been paid;
- The punch list has been agreed upon by all parties;
- All systems are installed and in operation including the main components of the control systems;
- All systems operate automatically as designed;
- The Facility has been constructed in accordance with applicable laws and the network code is met and there is no disagreement or request by CENACE and/or CFE that has not been corrected so that CENACE and/or CFE authorize the interconnection of the Facility to the SEN and the Facility has achieved Commercial Operation;
- The Facility has been constructed in accordance with applicable laws and the IA is met and there is no disagreement or request by CFE that has not been corrected so that CFE accepts the assignment of the Transmission Facilities in accordance with the applicable rules;
- Training of the Company's personnel in the operations and maintenance of the Facility have been completed in accordance with the EPC Contract;
- All required licenses and permits pursuant to the EPC Contract necessary at the date of Provisional Acceptance for the Commercial Operation of the Facility have been obtained by the EPC Contractor and are in full force and effect;
- The Company has received the latest marked and complete version of the O&M manuals and as-built drawings (the punch list is to reflect that final versions are to be provided within 90 days from Provisional Acceptance);
- EPC Contractor's tools, equipment and materials used in the execution of the EPC Contract do not prevent or hinder the operation of the Facility;
- The Company has received lien waiver and release certificates from the EPC Contractor;
- No EPC Contractor event of default exists and LDs for failure to achieve Provisional Acceptance or Critical Milestones by dates set forth in Annex 3 to the EPC Contract (the "Schedule LDs") have been paid; and
- The EPC Contractor has certified to the Company the requirements of Provisional Acceptance have been satisfied.

Upon achieving Provisional Acceptance, care, custody, and control of the Facility transfers from the EPC Contractor to the Company and Commercial Operations of the Facility is achieved.

Final Acceptance (Recepción Final)

The Facility is to have achieved Final Acceptance upon declaration by the EPC Contractor within 15 days prior to the end of the Warranty Period (as defined below) and acceptance by the Company when the following conditions are met by the EPC Contractor:

- Warranty Period has expired without any equipment, materials, or systems having defects or defects pending repairs;
- All documentation required in accordance with the EPC Contract has been completed and delivered to the Company. In particular the Company has received final as-built drawings, O&M manuals and documentation;
- Punch list has been completed to the satisfaction of the Company;
- Performance and Schedule LDs have been paid;
- EPC Contractor's tools, equipment and materials used in the execution of the EPC Contract have been removed from the Facility Site and the EPC Contractor has demobilized and completed restoration; and
- Any claims by subcontractors have been resolved.

CFEC PPA Commercial Operations

The Facility has achieved Commercial Operations under the CFEC PPA satisfying the following Commercial Operation Conditions:

- The construction of the Facility have been completed pursuant to the applicable laws and the permits, provided that the minor details that can be completed without interrupting the operation of the Facility, do not have to be completed prior to Commercial Operation;
- Commissioning of the Facility and the performance tests to demonstrate the Facility's net capacity at summer design conditions have been performed in coordination with CENACE;
- The Company confirms it has obtained all permits required for the operation of the Facility;
- Entered into the IA;
- Entered into the market participation agreement as a generator; and
- CENACE has delivered the Operation Certificate to the Company.

Completion Test Results

The EPC Contract provides guarantees for: "Net Plant Power Output" and "Net Plant Heat Rate" (together the "Performance Guarantees"); reliability, emissions, noise, and vibration (collectively the "Functional Guarantees" and together with the Performance Guarantees, the "EPC Contract Guarantees"). The EPC Contractor conducted the following tests as set forth in the Annex P of the EPC Contract (the "Completion Tests") to verify compliance with the Technical Specifications and the Performance Guarantees:

- Functional Tests
- Reliability Test
- Performance Tests
  - Net Plant Power Output
  - Net Plant Heat Rate

Performance Tests

We reviewed the result of the Performance Tests as reported in the "Final Performance Test Report" prepared by the EPC Contractor.

The Final Performance Test Report indicates that the Performance Guarantee for Net Plant Power Output was successfully demonstrated, however the demonstrated Net Plant Heat Rate was 0.4 percent worse than the Performance Guarantee for Net Plant Heat Rate.

The Performance Tests were performed without exceeding the Emissions Guarantees set forth in Annex 1 of the EPC Contract.

Emissions Test Results

Emissions Guarantees testing was performed by Montrose Air Quality Services. The Emissions Guarantees were met at all test load conditions. There are no Emissions Guarantees provided for particulate matter and sulfur dioxide emissions.

Noise Test Results

Near field and far field noise tests were conducted as part of the Performance Tests. The purpose of the testing was to confirm compliance with near field and far field noise guarantees, as well as applicable Mexican noise standards. Noise Guarantees apply to normal operating conditions and far field Noise Guarantees exclude noise from abnormal, emergency or intermittent conditions, such as lifting of safety valves, filter pulse noise, startup/shutdown, and ST bypass activities.

Far field Noise Guarantees were consistent with the applicable Mexican far field noise standards in an industrial zone found in NOM-081-SEMARNAT-1994. The results of the measurements were within the Mexican limits with the exception of measurements taken in Zone ZC-4, which consists of five measurement points along the southern property boundary. Results of these measurements were slightly above the Mexican limit, but well below the 3 decibels A-weighted ("dBA") difference required for humans to notice an increase in noise level. The reason for the exceedance was determined to be the operation of the gas compressors. The gas compressors were required to operate as part of the Performance Test Procedure. The gas compressors were installed to operate only in the event that the pressure of the delivered natural gas falls below the delivery pressure guaranteed by CFEnergía under the GSA. The Company has confirmed that to date CFEnergía has been delivering natural gas at or above the pressure required by the Facility and the gas compressors have not been required to operate. The Company has decided to accept the results of the noise tests with a plan to resolve the issue of the exceedance during the next six months.

Three of the near field noise measurement locations revealed noise levels slightly above the Noise Guarantee, with the highest recorded level being near the gas compressors. As noted above, the gas compressors are not expected to operate except in the event that the pressure of the delivered natural gas falls below the guaranteed delivery pressure. Noise level exceedances of 85 dBA in limited areas is not atypical for such measurements on operating combined cycle units.

Minimum Performance Levels

The EPC Contractor is obligated to, and has met, the Minimum Performance Levels while in compliance with the Emissions Guarantees and Noise Guarantees in order to achieve Provisional Acceptance.

Punch List

As a prerequisite to Provisional Acceptance, the punch list was agreed to between the Company and the EPC Contractor. The punch list initially contained no items that were related to safety or would have had a material impact on operations. The EPC Contractor has committed to completing all of the items.

Lien Waivers

As a condition of Provisional Acceptance the Company was to have received lien waiver and release certificates from the EPC Contractor. The EPC Contractor is obligated to provide the Company the outstanding lien waiver and release certificates and it is to hold the Company harmless from claims by subcontractors, pursuant to the terms of the PAC Agreement and the EPC Contract.

Security

The EPC Contract required the EPC Contactor to maintain an irrevocable LOC to provide a performance security to the Company. The EPC Contractor provided a LOC in an amount equal to 20 percent of the EPC Contract Price (the "Supply Security") which was to remain in force until Provisional Acceptance. At Provisional Acceptance, the EPC Contractor was to reduce the LOC to 5 percent of the EPC Contract Price (the "Performance Security") and it is to remain in force until Final Acceptance at which time the LOC is to be cancelled by the Company.

Warranties

The "Warranty Period" under the EPC Contract is two years and commenced on the date of Provisional Acceptance. Any work repaired or replaced shall be re-warranted for a two-year period that in no circumstance is to extend beyond the second anniversary of the date of Provisional Acceptance. Under the EPC Contract, the EPC Contractor warrants that: (1) it will at all times be fully qualified and capable of performing the work; (2) it will perform the work (other than engineering services) in accordance with prudent utility practices and in accordance with applicable law, and such work shall be free of any defect in workmanship; (3) the materials and equipment shall be new, unused, undamaged and of good quality when installed; and (4) the engineering and design services will be performed in accordance with current industry standards of care and diligence normally practiced by recognized engineering firms performing similar services with respect to projects similar to the Facility. All costs incurred in performing such corrective work and/or services shall be borne solely by the EPC Contractor.

Summary

Based on our review of the Final Performance Test Report and Reliability Test Report, we are of the opinion that the Performance Tests and Reliability Test are typical of other similar projects with which we are familiar, were conducted in material compliance with the Performance and Reliability Test Procedures, and accurately reflected the performance of the Facility at the time of the tests. The Performance Guarantee for Net Plant Power Output was successfully demonstrated, however, the demonstrated Net Plant Heat Rate was 0.4 percent, worse than the Performance Guarantee and therefore failed to demonstrate the Performance Guarantee for Net Plant Heat Rate. The Minimum Performance Levels were successfully demonstrated. The Reliability Test was performed in general accordance with the Reliability Test Procedure and successfully met the requirements of the EPC Contract.

Capital Costs

The total installed capital cost, as reported by the Company, is shown in Table 6.

Table 6
Total Project Capital Costs [1]

Item	($000)
Construction Costs	656,480
Financing Costs [2]	91,134
Total Project Capital Costs	1

1) As estimated by the Company. Subtotal and total costs may differ from the actual sum due to rounding.
2) Not included in our comparative analysis of Total Construction Costs as these costs vary widely from project to project and are site-specific.

We have reviewed the Facility capital costs as shown in Table 6 and verified the actual costs by confirming completion of the contractual milestones under the EPC Contact required for payment, reviewed actual invoices and payment records for the amounts claimed and the forecasted costs for remaining costs that were included in the total capital costs of US $747,615,000 reported by the Company as of the date October 13, 2020.

Technical Review of the Facility

Review of Technology

CT, generator, HRSG, and ST technologies have been used in electrical generation and energy recovery for over four decades. The development and operating history of the specific CT, generator, and ST models utilized by the Facility is described herein to promote and understanding of the capabilities, attributes, and risks associated therewith.

Status of GE-7HA.02 Combustion Turbine Technology

This Report is focused on the "7HA.02" CT, and while discussion and reference is made herein to the GE-7F.05 CT ("7F.05"), the GE-7HA.01 CT ("7HA.01"), and the GE-9HA.01 CT ("9HA.01"), all utilize the same design concepts. Based on diligence performed over the past four years, which included four visits to GE's Greenville, South Carolina assembly facility and numerous presentations on the 7HA.02, the HRSG, ST, and generator by key members of the GE design teams, the following describes the material differences between the H-class CT from the 7F.05; as well as, the material differences between the 7HA.01 from the 7HA.02.

Technical Development

The 7HA.02 is a two-bearing machine, using a single rotor comprised of compressor and turbine sections with cold end (compressor side) electric generator drive. Each section consists of a series of discs or wheels held together with tie bolts, except for the first three rotating compressor stages, which are on a forged rotor stub section. The forged rotor stub section is bolted to the adjoining compressor rotor section. GE's traditional approach to CT development has been to evolve an established design concept into the next product. The design evolution approach is the process of changing the design of selected components to enhance a desired operational or performance characteristic and minimizing the introduction of new technology. The 7HA.02 is GE's latest product offering in the GE 60 Hz CT series; however, by using this design evolution approach in developing the 7HA.02, along with component and engine testing, GE

believes that it can minimize the risks involved in up-rating a CT and/or advancing the design concept for a given CT platform.

As part of deploying its next generation of CTs in both the 60 Hz and 50 Hz product lines, GE reports that it conducted a comprehensive evaluation of the best characteristics of its existing product lines, namely the 7F and 9F series CTs. For example, GE leveraged the combination of its lessons learned on the 7F and 9F series CTs, the 7HA.01, and 50 Hz equivalent version of this CT, the 9HA.01, which utilize similar components, materials, and design concepts. The 7HA.02 utilizes this design philosophy. We note that the 9HA.01 is a 1.2-scale version of the 7HA.01.

The 7F series CTs and 9F series CTs are considered sound and proven products. Table 1 includes key statistics and performance metrics of the 7F.03, 7F.04, and 7F.05, which are the most relevant models in the 7F fleet.

Testing and Verification

GE has developed a full speed, full load testing facility at its Greenville, South Carolina CT manufacturing plant that allows detailed review and monitoring of its CT products. The Greenville facility is a full-scale facility that allows GE to install one of its CTs (either 60 Hz or 50 Hz), connect the given CT being tested to a load compressor, typically the compressor section of the CT being tested (the "Test Compressor"), (e.g., the CT is not interconnected to the power grid), and to instrument and monitor the CT across the full operating range (e.g., load, temperature, speed). GE reports that its Greenville test facility allows for approximately 6,000 data streams to be monitored during the testing of a CT, in addition to the instrumentation typically employed in a commercially operated facility. The Greenville test facility allows GE to verify its analytical design and thermodynamic models and the corresponding design assumptions; as well as detailed information about component response that can be monitored at a variety of off-design conditions, which allows for the potential identification of weak spots within the CT design and the corresponding corrective action prior to entering commercial operation.

The 7F.05, 9HA.01, and 7HA.01 and associated compressor testing was completed at the Greenville facility in July 2011, December 2014, and January 2016, respectively. Testing included aeromechanical, aerodynamic, performance, durability, and growth potential validation tests and consisted of more than 200 operating hours and 35 starts each. In the case of the 7HA.01, GE also performed a 500-continuous hour reliability test. The Test Compressor was operated outside its normal operating range to verify the design modeling data as well as the surge margin in the compressor. GE reports that the 7HA.02 was first fired within the Greenville test facility on September 29, 2016 and achieved base load on October 13, 2016. Testing of the 7HA.02 was completed in June 2017.

In addition to the stress, strain, vibration, and discrete temperature monitoring that GE conducted during its testing, GE performed a comprehensive thermal paint test on the 7HA.01, as was completed on the 9HA.01 test unit. A thermal paint test starts with the application of thermally-sensitive paints applied to the hot gas path parts of the CT, which are operated to the expected operating conditions (e.g., firing temperature). During operation, the thermal-sensitive paint changes color, resulting in a continuous color distribution that represents the maximum part surface temperature during operation. For numerous reasons, thermal paint testing is expensive and time consuming; however, GE reports that the data it collected from previous paint testing for use in calibrating its models and identifying potential issues (e.g., small areas of high temperature that could lead to premature part life) was critical in its development of the previous 7F and 9F series CTs. GE reports that the lessons learned from the 7HA.01 paint test were incorporated into the 7HA.02.

During testing of the 7HA.02, GE also installed thermal crystals into the third and fourth stage turbine blade rows of the test engine. As needed, these crystals can be interrogated post-test to understand local temperatures experienced at the end of the testing campaign. Further, GE has an approach for inspecting the microstructure of the bond coat of first and second stage turbine blades and nozzles that have thermal barrier coatings. This technique, which involves destructive testing, allows for localized assessment of temperatures beyond what was measured with thermocouples. As the thermocouples did not show anomalies on the 7HA.02 relative to design intent during the test, this step has not been taken, but GE retained the components and could do so at a later time.

GE reports the following lessons learned on the 7HA.02 from testing within the Greenville test stand facility.

- Thermal performance, air emissions, turndown, and ramp rate met or exceeded expectations.
- Except as specifically mentioned in this list, all parts with the CT were in good condition after the test.
- Revised the unisleeve (described in the combustor section below) design and associated components (hula seal and side seals).
- Revised the turbine Stage 1 nozzle design and associated tiger seal to increase cooling along outer shroud.
- Increased the turbine Stage 4 clearance by modifying the honeycomb seal.

GE reports that the modifications in bullets 3 through 5 above were all implemented in the Greenville test stand for verification that the modifications resulted in the desired outcome.

Beyond the Greenville test facility, GE utilizes a fleet leader concept where it introduces a new part or package to a commercially operating CT for long-term field verification, before implementing such changes across its CT fleet. GE believes this method of product introduction, minimizes technology risk to its customers. In this regard, the 7HA.02 compressor is based on the 7F.05, the combustion system is based on the 9F, and the turbine section is based on the 7H/9H.

Performance Characteristics

In general, GE has improved the performance of its CTs with airflow, firing temperature, and airfoil efficiency increases, as well as implementing improvements in turbine cooling, and compressor and turbine sealing. GE also applies advances in material technology throughout the entire CT to enable performance improvements, and to increase the engine reliability by employing materials that are more robust at the temperatures and operational characteristics of the given design. The 7HA.01 incorporates proven technology and material from earlier GE models, including the previous 7F and 9F series CTs, the latest of which are the 7F.04 and the 7F.05 CTs. Table 7 summarizes the evolution of the major performance characteristics of the 7HA.02 compared to the 7F.03, 7F.04, 7F.05, and 7HA.01, as well as key operating parameters. With regard to the 9HA.01, 9HA.02, 7HA.01, and 7HA.02, GE has orders for 83 units.

The first 7HA.02 CTs at a GE customer site entered commercial operation in the summer of 2017. GE reports that all performance guarantees have been met.

Table 7
Rated Operational Characteristics of the 7F/7HA.02 CTs (1) (2)

	7F.03	7F.04	7F.05	7HA.01	7HA.02
Rated Output (MW) (3)	172	198	243	290	374
Efficiency, LHV (%)	36.5	38.6	39.8	42.0	42.6
Compressor Stages	18	18	14	14	14
Units in Service	732	57	48	10	23
Fleet Operating Hours (millions of hours)	48.85	2.83	1.10	0.12	0.22
Fleet Starts	918,600	29,100	13,900	770	2,230
Fleet Leader Operating Hours	157,500	127,000	54,700	15,500	20,400
Fleet Leader Starts	6,000	2,400	480	130	170
Commercial Operation Date	1999	1997 (4)	2015	2017	2017
Fleet Reliability (%)	99.3 (5)			98.8 (6)	
Fleet Starting Reliability (%)(4)	98.7 (5)			NA (7)	
Fleet Availability (%)	95.4 (5)			NA	

1) While burning natural gas.
2) As of October 2019 for F-class CTs and January 2020 for H-class CTs.
3) Net MW.
4) The first 7F.04 actually went into operation in 2009. The fleet leader began operation in 2001 as a 7F.02 and was upgraded to a 7F.04.
5) Based on SPS International's Operational Reliability Analysis Program data. Values are not reported for individual 7F models but rather for the 7F Fleet.
6) Based on GE's internal data.
7) Not available ("NA").

Key Features of the 7HA.02

Compressor

The compressor section of the 7HA.02 utilizes 7F.05 compressor technology, which is based on the design of GE's aviation compressor technology practices. The 14-stage axial compressor is modeled for a higher flow rate and utilizes an airfoil design based on the proven three-dimensional aerodynamic configuration of the GE5, GE10, 5002E, and 6C heavy duty CTs; and the GE90, GENx, and CFM platforms, each of which is a high-performance aviation engine model manufactured by GE. The first four stages of the compressor contain variable stator vanes for more precise airflow control over the load range (i.e., one row of inlet guide vanes and three rows of variable stator vanes), supporting improved part load heat rates and emissions compliance, as compared to a single row of variable compressor inlet guide vanes utilized on earlier versions of GE's CT fleet. The compressor flow path also incorporates improved leading edge erosion tolerance to allow inlet-air conditioning through the implementation of what GE calls a "Super Finish." This Super Finish creates a low air resistance surface finish, which reduces dirt and dust build-up that contributes to pitting potential on the compressor blades and compressor fouling. Except for the first three rows, the compressor rotor contains two sets of concentric tie bolts. The first three compressor rows are mounted on a high-strength steel rotor forging based on GE's proven ST technology. The compressor incorporates a circumferential dovetail design that allows the compressor blades to be removed from the rotor with the rotor in the casing. The casing includes borescope penetrations at or near the top vertical position for each compressor stage that allow access to the leading and trailing edge of each compressor stage for greater borescope inspection coverage compared to previous versions of the 7F CTs. Compared to the 7HA.01, the first nine rows of the 7HA.02 compressor are longer in length allowing for increased airflow. The Row 1 compressor blade is 5 inches longer in the HA.02 versus the HA.01. The subsequent eight compressor stages are gradually reduced in length until Row 10 is identical in length to the HA.01. The increase in

airflow of the 7HA.02 results in increased capacity/output compared to the 7HA.01. However, the longer blade increases its weight and, therefore, the stresses in the mounting surfaces between the Row 1 blade and the rotor. To keep these stresses in the mounting surfaces within design limits, the Row 1 blade is forged from titanium, which is significantly lighter than the steel Row 1 blade in the 7HA.01 and, therefore, reduces the stress in the mounting surfaces. In addition, titanium has superior corrosion resistance characteristics compared to steel. Although this is GE's first application of titanium in an industrial CT, GE has extensive experience with titanium blades in its aviation CTs and STs. All compressor blades and vanes can be replaced in the field.

Combustor

The 7HA.02 uses the GE DLN 2.6+ axial fuel staging ("+AFS"), combustion system (the "DLN 2.6+ AFS") as the primary emissions control mechanism. The DLN 2.6+ AFS is an evolution from the "DLN 2.6+" that is currently utilized in the 7F and 9F CTs, and is the latest development in the GE low emissions combustion technology. The DLN 2.6+ AFS is a can-annular design with six premixed fuel nozzles per combustor, five on the periphery and one in the center. Upgraded fuel nozzles provide higher fuel flow rates, and improved transition cooling air flows have been incorporated that result in increased output/capacity and decreased heat rate of the 7HA.02. AFS is a term used by GE to describe an additional fuel stage (the fourth fuel stage in accordance with GE) in the DLN 2.6+ AFS combustion system. This stage premixes a portion of the fuel with the incoming air and stabilizes the flame in the combustor approximately two-thirds of the way downstream in the combustion zone, which is a feature that differentiates the AFS from the traditional DLN 2.6 combustor design. For the 7HA.02, GE reports the DLN 2.6+ AFS will maintain NO_X levels of 25 ppmvd when firing natural gas fuel over a range of 40 percent to 100 percent of CT baseload. The DLN 2.6+ (the direct predecessor to the DLN 2.6+ AFS design) and the DLN 2.6+ AFS operate over the entire load range without the requirement of a diffusion flame.

The primary changes to the DLN 2.6+ combustion system when developing the DLN 2.6+ AFS combustion system are smoother hot gas profiles and connection brackets that have evolved from the previous GE H technology CT design. Other improvements on the DLN 2.6+ AFS include a single unibody rather than a two-piece liner and transition piece, a bolted impingement sleeve rather than the zipper connection with welded seam, and the transition piece seal from the previous GE H technology CT design. In the case of the updated transition piece seal, the seal sits against the face of the Row 1 vane, which is reported to improve sealing, compared to the "fishmouth" arrangement used on previous 9FB series CTs.

GE reports that the DLN 2.6+ AFS combustor has been successfully tested in the combustion labs at the Greenville facility, at full temperatures and pressures, except for the transition seal, which must be installed in the CT to be tested. In addition to the combustion lab testing, the DLN 2.6+ AFS was tested during the 7HA.01 validation testing within the GE full-scale test facility.

Turbine

The 7HA.02 incorporates a four-stage turbine section rather than a three-stage turbine section on the previous 7F and 9F CTs. The four-stage turbine in the 7HA.02 is completely air-cooled and features an advanced three-dimensional aerodynamic design and improved clearances while utilizing materials that have been used on previous F-class machines. The Row 1 turbine blades are single crystal blades, while the Row 2, 3, and 4 turbine blades use directionally solidified casting technology, as has been used in earlier GE CT models. All turbine blades in Rows 1 through 3 are air-cooled through the use of an inducer (Row 1) and radial tube (Rows 2 and 3), wherein compressor bleed air is pre-swirled to the approximate speed of the turbine rotor to reduce windage preheating of the cooling air by friction and pressure losses,

resulting in an improved efficiency of the cooling system. No external cooling is required for the cooling air in this design. Rows 1 and 2 airfoils are also protected from overheating through the use of thermal barrier coating. The gas temperature entering the Row 4 turbine section is low enough that external cooling of the Row 4 turbine blade is not required. The turbine section includes an internal turbine shell which secures the turbine stage nozzles and shrouds, which allows a roll-out and roll-in methodology for replacing the four stages of turbine nozzles and shrouds during a hot gas path inspection ("HGPI"), thereby reducing outage time. All alloys utilized in the 7HA.02 turbine rotor are reported to be proven materials utilized in other GE CT designs. To maintain the correct Mach numbers through Row 4 due to the increased airflow of the 7HA.02, the height of the Row 4 blade has been increased by 4 inches by comparison to the 7HA.01, which increases the mass of the 7HA.02 Row 4 blade. The extra weight increases centripetal forces; therefore, to maintain the same pressure levels in the Row 4 blade root the 7HA.02 root is longer and has an additional dove tail. These features increase the mating surface area with the rotor, thus reducing the stress on the rotor/blade mating surfaces. GE has also introduced a mid-span shroud to maintain the Row 4 airfoil shape during operation, which is a first for GE's frame CTs. Although the 7HA.02 Row 4 turbine blade is the first with a mid-span shroud, mid-span shrouds are common on GE's large ST blades.

Operational Issues

Based upon the information presented by GE for our review, the design changes that result in the 7HA.02 appear to address the major operational issues seen on previous GE 7F and 9F series CTs, and incorporate certain improvements in component life and thermodynamic performance. Since entering commercial operation, GE has identified three fleet reliability issues associated with the 7HA.02 as described below.

Axial Fuel Staging Studs

GE reports that one 7HA.02 facility experienced the failure of the studs that mount each of the +AFS fuel manifold to the unisleeve, which resulted in damage to the turbine section of the CT; however, did not trip the turbine. GE's root-cause analysis ("RCA") found that the studs failed due to a manufacturers defect at a specific supplier of the fuel staging studs. GE's corrective action for the operating fleet of 7HA.01 and 7HA.02 CTs is to replace all of the studs that do not meet the design specification at their customer's earliest opportunity. For 7HA fleet CTs that have shipped from the factory but not yet begun operation, the timing of stud replacement will be coordinated with their customers so as to minimize impact of project construction. GE reports that all future 7HA CT shipments will include studs that were manufactured to the correct specification. GE replaced AFS studs on the Facility's CTs on August 16, 2019. We consider this issue resolved.

Stage 1 Turbine Blade Shank Distress

Based on GE's fleet leader program, for which GE performs detailed inspections of the components in the CT fleet leader, 10 first stage blades ("S1B") were pulled from the HA fleet leader after approximately 6,000 hours of operation in April 2018. GE destructively tested the 10 blades, which revealed oxidation inside of the shank of the S1B on several blades including evidence of crack propagation in the base metal. GE's initial RCA based on the analysis of the 10 S1Bs determined that the S1B oxidation and cracking is caused by a heat treating and coating defects, which impacted the entire HA fleet (7/9HA.01 and 7/9HA.02). In May 2018, GE communicated to its customers that it would implement a S1B replacement program at between 12,000 and 16,000 hours of operation for the entire HA fleet. Subsequently, a unit at approximately 9,300 hours of operation experienced a blade liberation. Prior to completing the RCA, GE issued a Technical Information Letter ("TIL") stating that all HA fleet CTs operating with the first generation ("GEN1") of S1Bs are to be replaced with what GE is calling the "GEN2 S1B" before 6,500 hours of operation. This included all operating and shipped HA fleet CTs. GE reports that 41 of the 43 operating HA CTs have had

the GEN2 S1B installed and that all HA CTs will have the GEN2 S1B installed by the end of the first quarter of 2020.

GE reports that a couple of factors caused the cracks in the coating. The issues include a change in the heat-treating process of the S1B before final machining and the internal coating application methodology. These changes in process were made at least in part to increase the production of S1Bs and to provide more cyclic life. GE has concluded to go back to the processes utilized by the 9F.05/6C/7H/9H S1Bs with proven full part life based on 1.6 million hours of operation experience. GEN2 S1Bs went into service in May 2018 in a 9HA.01 and in 7HA.02 units on September 26, 2018. GE reports that the x-ray and destructive testing of the S1B's from the 9HA.01 and 7HA.02 fleet leaders met all GE expectations and had no indication of oxidation or cracking. GE will continue to utilize the fleet leader program inspect and destructively test the components at 10,000, 16,000, 25,000, and 32,000 hours.

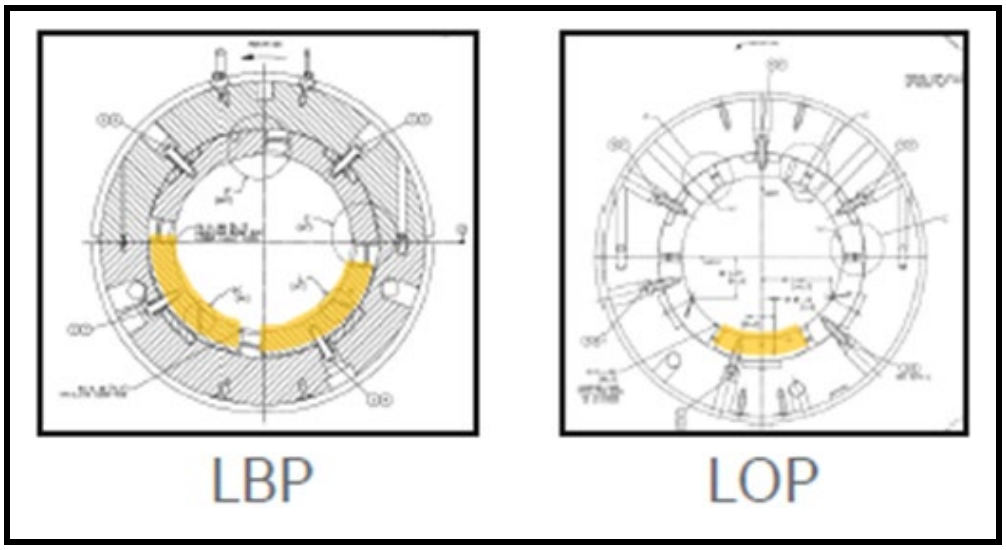
GE installed the GEN2 S1B on the Facility's CTs on August 16, 2019. We believe that the GEN2 S1B resolves the root cause and should result in no continuing impact.

Single Train Clutch and ST Bearing Vibration

During the commissioning of at least two 7HA.02 projects that utilize a single train configuration, GE experienced sub-synchronous vibration, a vibration with a frequency less than that of the rotational frequency of the equipment, issues at the ST end generator bearing (T4 bearing) and the two SSS Clutch bearings (bearings T5 and T6 as you move toward the ST). The T6 bearing experienced a majority of the vibration issues. GE performed an RCA of the vibration issues, which included the evaluation of 50 potential root causes in three key categories: installation, manufacture, and design. GE concluded from its analysis of vibration data and other industry experience, including the aviation industry and oil and gas industry that the root cause is excessive volumes of oil trapped inside the SSS Clutch, which induced a lateral vibration at a natural frequency of the CT/ST/generator train in the region of the SSS Clutch.

The mitigation for the project was to minimize oil flow to the SSS Clutch, machine oil drain holes within the SSS Clutch, and change the T6 bearing design from a 6 journal load on pivot ("LOP") design to a 4 journal load between pivot ("LBP") design, which is illustrated in Figure 6, which was provided by GE. The yellow highlighted components in the figures are the load bearing journals in the two different bearing designs. GE reports that the 4-journal LBP design provides a more stable configuration due to the load of the rotor being shared equally by two journals. These mitigants have demonstrated a reduction in vibrations in bearings T4, T5, and T6 to reasonable levels allowing operation consistent with the original design. The unit 21 SSS Clutch has a fully automated oil flow control system and the fully automated system was installed on unit 11 during its spring 2019 outage to replace the S1Bs.

Figure 6: GE Bearing Configurations



Installing the permanent automated SSS Clutch oil flow control system has resulted in no continuing impact. Separately there continued to be vibration issues particularly one unit. The recent fall 2019 outage realigned and balanced the unit and the owner reports that it is very pleased with unit vibration levels post outage. The steps taken to resolve the unit's vibration experienced in 2019 are reasonable. GE reports that it believes this issue is resolved. Based on our review of the single train clutch and ST bearing vibration described, we believe that GE identified the root cause and resolved the subsynchronous vibration issue.

The Facility's design does not have a CT/ST/generator single train configuration and therefore this issue does not apply to the Facility.

GE H53 Model Generator

The Facility uses a GE H53 model hydrogen-cooled generator, which is based on the design of its predecessors, the H73 and H75 generators. The H73 and H75 were first introduced in 1999 and 2006, respectively, and have 59 and 25 installed units, respectively. The H84 is a generator model within GE's new H8 generator model line, which standardizes the generator design across the range of generator capacities from 426 MW to 536 MW. GE increases a generator's capacity by increasing the length of the stator and rotor.

All generators consist of stator and the rotor where the rotor rotates within the stator. The rotor is a rotating electromagnet and produces a magnetic field within the stator. The rotating magnetic field produces an electric current within the stator's copper windings.

Stator

The key components within the stator are the stator frame, stator punchings, bolted-springbar and key bar assembly, stator windings, and stator end windings. The stator frame and stator punchings are comparatively low technology low risk components and are not discussed further.

The bolted-springbar and key bar assembly isolates the stator core from the stator frame in order to reduce the transmission of the naturally-occurring core vibration to the support structure of the foundation. The bolted-springbar and key bar assembly to be utilized in the H84 evolved from the key bar design initially

introduced by GE in its water-cooled generators in the 1960's and has been applied in hydrogen-cooled generators starting in 1999.

The stator windings are made of copper and insulated with GE's proprietary insulating tape. The stator windings are installed within the grooves that are punched into the stator punchings and interconnected along with the end windings to form complete circuits for each of the three phases that are then connected to the iso-phase bus ducts. Each of the three phases are insulated from each other. The key aspect of the stator windings is the insulation used to prevent shorts between windings and punchings. The H84 will utilizes Micapal III® insulation, which GE has used on generators since 2004 on over 25 installed generators. Micapal III® is an evolution of Micapal HT®, which GE introduced in 1994 and has utilized in over 1,100 generators.

The stator end windings connect the stator windings to complete the three circuits within the stator. The H84 utilizes GE's Tetraloc© end winding support design, which has evolved since its first application in 1973 on large water-cooled generators.

Rotor

The key components of the rotor are the rotor forging, rotor windings, and the bearings. The rotor forging is a comparatively low risk item and will not be addressed. The rotor windings consist primarily of copper bar and insulation and are placed in slots that are machined into the rotor. The insulation is Micapal III®.

The H84 utilizes high efficiency tilt pad bearings, which GE has been utilizing since 2011 on its smaller generators. GE has elected to utilize the high efficiency tilt pad bearings across the H8 line to standardize componentry.

Cooling

The generator employs a hydrogen-cooling system that offers better cooling as compared to an air-cooled generator. Hydrogen has a high thermal conductivity and low density, which reduces windage losses and noise. Hydrogen cooling provides an O_2 and moisture free environment extending the life of the insulation. GE has upgraded the end shield shaft sealing system providing better sealing performance as well as ease of maintenance.

Status of the GE D652 ST

The Facility uses a GE D652 model ST, which is a single shaft reheat ST with individual HP and IP turbines and a dual-flow LP section rotating at 3,600 rpm. The D652 utilizes GE's most recent evolution of their steam path design which shares many of the same features with GE's 600 fleet class of STs including the HP steam path of the D600, modern three-dimensional last stage buckets ("LSB") of the 600 series of STs, and 2,400 pounds per square inch double shell design with the D600 STs that allows for faster loading and improved performance.

The key components of GE's most recent flow path design evolution includes the blade path and the sealing components (interstage brush seals, J-strip seals, and abraidable seals). The blade path technology reflects increased usage of reaction ST buckets and nozzles over previous generations of GE STs and advanced airfoil shapes. The LP section LSB is designed with advanced three-dimensional analysis that more accurately predicts steam flows through the LSB. The LSB for the D652 ST can be as long as 45 inches and subject to many stresses such as bending, centrifugal, and vibration. The longer the blade the more pronounced these forces become. Stress corrosion cracking is also an issue in the LSB especially during start-up conditions when the exhaust steam is considered wet steam. GE has designed the modern

LSB to withstand these forces by applying erosion protection, improved materials (titanium), mid-span connection, high-efficiency three-dimensional airfoils, full tip shrouds, and improved root design. The LSB for the Facility is 40 inches in length, which along with the 48-inch LSB (50 Hz version of the 40-inch LSB) has accrued over 500,000 operating hours, with a fleet leader entering commercial operation in 2008 and has accrued over 65,000 operating hours. The sealing improvements include interstage shaft brush seals, abraidable coatings, and J-strip seals, which improve the containment of the steam within the steam path to increase ST capacity. GE verified the aero mechanical and aero performance of the blade path components and associated design tools in its LP development turbine and wheelbox test facility in Schenectady, New York and the HP test vehicle in Lynn, Massachusetts, as well as ST commercial operation.

The STF 600 series, which includes the D652, support GE's largest and most efficient CT combined-cycle configurations. GE has more than 230 STF 600 series ST units in operation or on order since 1985 with that taken together have millions of hours of operation. Specifically, the STF-A650 fleet leader was commissioned in 1998 with 91 reference units while the STF-D650 fleet leader was commissioned in 1995 with 80 reference units. The STF-D600 architecture has evolved since the early 1960s, the more modern design fleet leader commissioned in 1985 with 59 reference units.

Status of HRSG

HRSGs have been used for decades to capture the energy in exhaust gas and convert it into steam in various industrial applications. Over the past 30 years, HRSGs have increasingly been utilized to capture waste heat in the exhaust gas of CTs to provide cycle efficiency improvements. The addition of HRSGs to simple-cycle CTs along with STs in power generating facilities creates combined-cycle configurations with improved cycle efficiencies. Over time, the steam design pressure levels and temperatures of HRSGs have increased. Currently, multiple-pressure, reheat-cycle HRSGs are common in the industry. The higher design conditions have resulted in the HP components of the HRSGs, including the headers and steam drums, being designed with greater wall thicknesses. While the thicker walls of the HP components have enabled the HRSG to operate at higher design conditions, the start-up durations have increased to allow the thicker walled components to heat up in a controlled manner and avoid excess stresses on the tube connections.

Summary

Based upon our review of the information provided by GE, we are of the opinion that the CT model 7HA.02, generator model H53, and ST model D652 ST (collectively, the "Facility Technology") described herein represent an evolution of previously proven equipment models and designs and is consistent with the current state-of-the-art in CT and combined-cycle technology. Related to mitigating risk with introducing the Facility Technology, GE has conducted significant testing of the key design concepts, particularly the 7F.05, 9HA.01, and 7HA.01 within the CT test facility and operational experience within GE's aviation CT fleet as well as its ST, HRSG, and generator fleet. The CSA, discussed later in this Report, mitigates risk associated with the 7HA.02. The HRSGs utilized at the Facility are a sound and proven design to convert CT exhaust energy to steam energy. We see no incremental technical risk with utilizing the Facility Technology compared to the latest competing technologies. Further, the Company has adequately provided the interconnections for the major utility/off-site requirements, including fuel, electric transmission, water and wastewater. If operated and maintained as currently proposed by the Company and NAES Mexico the Facility should be capable of meeting the environmental permits.

Estimated Useful Life of the Facility

Provided that: (1) the Facility is operated and maintained consistent with generally accepted engineering practices, including the provisions for recommended major maintenance; (2) all equipment is operated in accordance with manufacturer recommendations; (3) all required renewals and replacements are made on a timely basis; and (4) fuel and water used by the Facility are within the required range with respect to quantity and quality, we are of the opinion that the Facility should have a useful life of at least 30 years although maintenance costs and forced outage rates may increase during the later years of the Facility's life. We note that this review only addresses the potential for the Facility to realize the extended life while achieving expected performance but does not consider economic variables.

Projected Performance

Our approach in assessing the projected performance of the Facility has been to consider whether the Company's inputs (and supporting assumptions) to the Pro Forma are achievable. We started with the guaranteed performance obligations of the EPC Contract; then incorporated the impacts of the operational factors that make achieving guaranteed performance on a day-to-day basis difficult as further discussed in this Section.

We reviewed the Technical Inputs as estimated by the Company and used in the Pro Forma prepared by the Company to project the operating revenues and expenses of the Facility over the 20-year projection period beginning December 1, 2020, and ending November 30, 2040 (the "Projection Period"). The Technical Inputs reviewed for the Facility include the projected levels of electric net capacity, net heat rate, associated performance degradation, and availability, which we have summarized in Table 8, and the O&M expenses as discussed elsewhere in the Report. In evaluating the adequacy of the Technical Inputs, we reviewed the long-term averages of the projections set forth in the Pro Forma. The principal assumptions and considerations used in reviewing each of the Technical Inputs are described in more detail within the body of this Report. For a review of the O&M expenses see the "Operations and Maintenance" Section of the Report. Based on our review of the Technical Inputs to the Pro Forma, we have generated comments, which are summarized below.

Table 8
Technical Inputs to the Pro Forma

Parameter	Value
Annual Average Net Capacity - Base, new/clean (MW) (1)	(6)
Summer Net Capacity, new/clean (MW) (2)	(6)
Capacity Evacuation Limit (MW)	874.50
Long Term Average Base Plant Capacity Degradation (%) (3)	2.95
Base Heat Rate, new/clean (kJ/kWh-LHV (Btu/kWh-HHV)) (1)	(6)
Long Term Average Base Heat Rate Degradation (%) (2)	1.08
Availability	
Long Term Annual Average Availability, excluding major maintenance (%)	96.3 (4)
Planned Major Maintenance Annual Average Availability (%)	
Hot Gas Path Inspection Event (5)	86.9
Major Inspection Event	83.8

1) Performance at the EPC Contract annual average design Reference Conditions, with evaporative coolers off, gas compressor not operating.
2) Performance at the EPC Contract summer design Reference Conditions, with evaporative coolers on, gas compressor not operating.
3) Degradation applied to the base net performance, new and clean condition, to arrive at the degraded net performance. The degradation is averaged over the Projection Period.
4) Excluding the first 6 months of operation starting in July 2020 which assumes an availability of 92.3 percent in month 1 of operation increasing by 0.5 percentage points per month reaching 96.3 percent in January 2021.
5) Includes the combustion inspection event performed simultaneously with the hot gas path event.
6) Value redacted for the purposes of this version of the Report.

Capacity

The Company assumed an annual average net plant capacity and a summer (for months of June through September) net plant capacity, new and clean, with the gas compressors not operating. The summer value is based on the Net Plant Power Output demonstrated during the Performance Test at the summer design Reference Conditions with the gas compressors operating. Under the terms of the GSA, CFEnergía has the obligation to supply natural gas at a high enough pressure such that the gas compressors are not required to operate. Assuming a credit for the expected auxiliary load of the gas compressors applied to the demonstrated Net Plant Power Output results in an expected summer net plant capacity, new and clean, with the gas compressors not operating, which is consistent with what the Company has assumed in the Pro Forma for the summer months. To date natural gas has been supplied at high enough pressures that the gas compressors have not been required to operate. The Company has limited the Facility net plant capacity to 874.5 MW due to the capacity restrictions of the interconnection under the IA. This restriction is lower than the assumed annual average net plant capacity, new and clean and lower than the assumed summer net plant capacity, new and clean. The Company applied degradation, which is equivalent to a long-term average degradation of 2.95 percent over the Projection Period (referenced to the net plant capacity, new and clean value) based on the degradation guaranteed by GEGS in the CSA, which is after an off-line water wash and cleaning of the inlet air filters and averages 1.95 percent, plus an additional degradation allowance of 1.00 percent to account for losses between off-line water washes and cleaning of inlet air filters and for operational factors that impact the Facility's ability to achieve the guaranteed performance on a long-term, day-to-day basis during commercial operation. These operational factors include operating conditions not included within the EPC Contract guarantees, varying ambient conditions, dispatch requirements, fuel quality, thermal cycle losses, parasitic loads, equipment degradation, and operator performance.

Heat Rate

The Company assumed a net plant heat rate, new and clean, with the gas compressors not operating based on the demonstrated Net Plant Heat Rate during the Performance Test, adjusted for the gas compressors not operating. The Company applied degradation, which is equivalent to an average degradation of 1.07 percent over the Projection Period (referenced to the net plant heat rate, new and clean value) based on the degradation guaranteed by GEGS in the CSA which is after an off-line water wash and cleaning of the inlet air filters and averages 0.57 percent, plus an additional degradation allowance of 0.50 percent to account for losses between off-line water washes and cleaning of inlet air filters and for operational factors that impact the Facility's ability to achieve the guaranteed performance on a long-term, day-to-day basis during commercial operation.

Natural gas costs are reimbursed under the PPAs at a guaranteed net plant heat rate (identified as CTUNG) of 6,346 Btu/kWh-HHV when operating without gas compression. Under the PPAs, the commodity price of natural gas is a pass through to CFEC and Ektria. The projected average over the Projection Period and maximum net plant heat rates are lower (better), respectively, than the PPAs CTUNG and therefore the Company's natural gas costs are projected to be less than the gas charge revenue under the PPAs.

Availability

The Company has assumed an availability based on a 2.5 percent forced outage rate based on the equivalent reliability factor of 98.5 percent guaranteed by GEGS in the CSA, which is equivalent to a forced outage factor of 1.5 percent, plus an additional outage factor allowance of 1.0 percent to account for BOP forced outages. An additional maintenance outage factor of 1.2 percent has been assumed for maintenance outages for off-line water washes required to be performed under the CSA every 2,000 fired hours, Company planned outages in support of its obligations under the CSA, and unplanned maintenance of BOP equipment (including HRSG, ACC, and DCS). The availability is further adjusted for planned outage events based on the CSA outage durations and frequency for a major inspection ("MI") of 34 days every 64,000 fired hours, HGPI of 24 days every 32,000 fired hours, and combustion inspection performed simultaneously with the HGPI, plus an allowance for Company obligations in support of the CSA outages, results in a long-term annual average scheduled outage factor of approximately 2.7 percent. This results in a long-term annual average availability factor of approximately 93.6 percent which is consistent with that demonstrated by the upper quartile of combined-cycle plants according to NERC GADS data. The long-term annual average of the CFEC PPA guaranteed availability is approximately 95.1 percent which is 1.5 percent higher than that assumed for the Facility.

Summary

Based on our review, we are of the opinion that the Facility should be capable of achieving the new and clean net plant capacity, net plant heat rate, long-term average capacity and heat rate degradation, and availability projected by the Company as presented in Table 8. There may be times when the actual performance is above or below the performance stipulated.

Operations and Maintenance

Operating Agreements

O&M Agreement

NAES Mexico operates and maintains the Facility under the terms of the O&M Agreement. The O&M Agreement is to commence on the execution date of June 12, 2017 ("O&M Effective Date") and remain in effect for ten years with automatic annual renewals thereafter, until terminated by either party.

Scope of Work

NAES Mexico provided services during the pre-commercial period which started January 2019, upon issuance of the notice to proceed by the Company to NAES Mexico. Pre-commercial period services include develop budgets and plans; review EPC Contractor data; hire and manage site personnel; develop programs and procedures; overseeing the pre-commercial O&M service activities to ensure a smooth transition of the Facility to the operational period; and start-up and commissioning support.

The operational period is to begin on the Commercial Operations Date as defined in the EPC Contract (the "Takeover Date" under the O&M Agreement). During the operational period of the Facility, NAES Mexico is to provide routine O&M services to support continuous Facility operations. The O&M Agreement requires NAES Mexico to provide competent services consistent with prudent operating and maintenance practices. These include, but are not limited to, procurement of goods and services, waste management, operate the Facility at rated capacity pursuant to the requirements of the O&M Agreement, perform services in accordance with the standards for performance of services set forth in the O&M Agreement, retain qualified personnel to perform the services, prepare annual budgets and plans, manage inventory, assist the Company in complying with all environmental permits; comply with all applicable laws, comply with Facility agreements; maintain operating records and reports; review and provide recommendations for changes to the O&M manuals; manage Facility outages, and support and manage contractors.

Pricing and Payment

During the operational period the Company is to pay NAES Mexico an annual management fee and reimbursable operating expenses. NAES Mexico can earn a bonus or incur LDs. Fees and LDs are to annually escalate.

CSA

Scope of Work

The CSA provides for the parts and services associated with the major maintenance of the two CTs, CT compressors, and associated generators, auxiliaries, including the GE Mark VIe Speedtronic Turbine Control System, and one ST and associated generator and auxiliaries (each a "Covered Unit"). ST auxiliaries include: supervisory system, control system (MHC/EHC as applicable), steam seal system, atmospheric release diaphragm, valve actuator, lubrication system, and hydraulic power unit.

The term of the CSA is to commence on its effective date set forth in the preamble and is to expire on the date upon which all units have reached the earlier of: (1) the date upon which the Covered Units reach their "Performance End Date" or (2) 35 years from the effective date. The Performance End Date for each Covered Unit is defined as the earlier of either: (1) the first to occur of 210,000 factored fired hours ("FFH") or (2) the later of (a) 25 years or (b) completion of the second maintenance inspection ("MI") of the Covered Unit. GEGS is to provide monthly reports and asset performance management.

The covered maintenance inspections are to be performed in accordance with a condition based maintenance ("CBM") program. The CSA does not specify specific maintenance intervals or the scope of a CBM program. GEGS may undertake or apply inspections, techniques, monitoring, and/or analysis to extend or optimize outage intervals, parts usage, and/or work scope and maintenance activities. GEGS is to provide parts and services for "Periodic Inspections" as described below, all of which is collectively "Base Maintenance" beginning on the Commercial Operations Date of the unit which under the CSA is defined as the date the unit is capable of producing electric energy while connected and synchronized to the electricity grid, after the Company has assumed operation control of the unit (the "Maintenance Start Date'). The Periodic Inspections for the CTGs are to include: borescope inspection, combustor inspection, HGPI, and MI of the CT; minor and major inspection of the CT generator; and one CT unbucketed rotor replacement; software actualizations for the controllers and monitoring systems; and CT compressor and turbine rotor refurbishment at the time of the second MI. Periodic Inspections for the STGs are to include: ST minor and major inspections; and STG minor and major inspections. Periodic Inspections also include an annual controls health check. Prior to mobilization for each particular maintenance outage event GEGS is to review and address all applicable technical information letters. Additional required maintenance and/or elective maintenance is to be provided at a time and materials rate.

The CSA scope of supply includes the provision of a specified set of CT initial and mandatory spare parts. GEGS is to ship the initial spare parts such that the spare parts arrive 120 to 180 days prior to the Commercial Operation Date. The initial spare parts and mandatory spare parts are specified in Schedule B-4 of the CSA. GEGS and the Company are in the process of finalizing the list of spare parts to be provided.

A contract performance manager ("CPM") was assigned beginning prior to the Maintenance Start Date and is to continue through the term of the CSA. GEGS is to designate one or more individuals from time to time to be the CPM who will serve as a point of contact for the Company for all matters in respect to the CSA. The CPM is to be at the Facility Site during the first two years of operations. Other GEGS personnel will support the Company during the term of the CSA, and GEGS may also use on-and-off site performance support methods in connection with the CSA, including personnel to assist the CPM with contracts specific matters.

GEGS or one of its affiliates is to install an on–site monitor ("OSM") to connect to the Facility equipment and/or systems to a GEGS monitoring center. The OSM is to include one monitoring and diagnostics computer system ("M&D System"), all hardware, and software to effectively collect and monitor data from the turbine control system and other specified devices. The M&D System is designed to be a passive system that is not to interfere with plant operations, with the exception of performing remote combustion system tuning, if applicable.

Factored Fired Hours and Factored Starts

FFH is the weighted number of hours that a unit is operated, consisting of the actual number of fired hours of operation, adjusted on account of conditions applicable during those hours of operation. Factored Starts ("FS") is the weighted number of starts of a unit, consisting of the actual number of starts and trips during operation, adjusted on account of conditions applicable to those starts and trips. Calculation of FFH and FS is set forth in Appendix D to the CSA.

Pricing and Payment

The Company is to pay for the initial spare parts. In consideration of the parts and services provided by GEGS in connection with Base Maintenance, the CPM, and M&D System, the Company is to pay GEGS

the "Base Price" defined to consist of a Monthly Fee and a Factored Hours Adder Fee (there are none specified in the CSA). The "Monthly Fee" consists of the "Fixed Monthly Fee" and "Variable Monthly Fee." Prices are to be adjusted on an annual basis based on a labor price index and a material price index calculation.

Assumptions

The pricing of the CSA is based on operation assumptions set forth in Appendix C and include but are not limited to: base load operation of 8,400 hours per year per unit; no peak load operation; no operation on liquid fuel; no operating with water or steam injection for power augmentation; N-ratio (FFH divided by FS) of greater than 50; CT operated at a firing temperature within the control system constant as established or approved by GEGS; and operation within the control system curves as established or approved by GEGS; Base Maintenance inspections on the units are operated in accordance with the nameplate ratings for pressure, main steam temperature, and hot reheat temperature. The CT combustion inspection is expected to be performed coincidently with the HGPI. In the event any of the assumptions are violated, the Company is to immediately notify GEGS. Some violations may require additional maintenance and some may require modification of the payment terms or modification of the CSA.

The Company is to perform on-line water washes of each CT every 20 - 24 hours of operation when ambient conditions permit and off-line water wash every 2,000 operating hours, but not less than once per calendar year.

Reliability Guarantees and Bonus/Liquidated Damages

GEGS guarantees that each CTG and STG shall achieve an equivalent reliability factor ("ERF") of 98.5 percent (the "CSA Reliability Guarantee") over a one-year period commencing upon the date the GEGS Reliability Guarantee is effective which is 90 calendar days after the Maintenance Start Date. The CSA Reliability Guarantee is based on operating primarily on natural gas and not exceeding the following operating conditions: no operating on distillate and actual starts not to exceed 75 starts per year. An incentive agreement has been designed to measure ERF. The ERF is a time-based method for calculating reliability as set forth in CSA Schedule B-3. For each percentage point, rounded to the nearest 100th of a percent where the actual ERF exceeds the guarantee ERF the Company is to pay GEGS a bonus per percentage point up to a maximum cap. For each percentage point, rounded to the nearest 100th of a percent where the actual ERF is less than the guaranteed ERF, GEGS is to pay the Company LDs up to a maximum cap.

Outage Duration Guarantee

GEGS guarantees the maximum outage duration for the applicable Base Maintenance will not exceed 576 hours (24 days) for an HGPI and 816 hours (34 days) for an MI. Outage time is to begin upon the later of the: (1) completion of lockout tag out activities by the Company and GEGS or (2) time the unit has cooled down to GEGS standards and ending when GEGS releases the unit for service. In the event GEGS performs a Base Maintenance inspection is performed in fewer hours than the maximum outage duration specified in CSA Schedule B-3 then the Company is to pay GEGS per hour saved. In the event the outage duration is greater than specified then GEGS is to pay the Company per hour of delay.

Combined Cycle Degradation Guarantee

The degradation guarantee is for two CTs (including its compressors) and one ST set and is an incentive arrangement designed to measure the net heat rate improvement and net output improvement following an MI of a unit. The Company is to pay GEGS for each positive percentage point of net heat rate improvement, rounded to the nearest one-hundredth of a point, a bonus up to a maximum cap. GEGS is to owe the

Company for each negative percentage point of net heat rate improvement, rounded to the nearest one-hundredth of a point, an LD up to a maximum cap. The Company is to pay GEGS for each positive percentage point of net output improvement, rounded to the nearest one-hundredth of a point, a bonus equal up to a maximum cap. GEGS is to owe the Company for each negative percentage point of net output improvement, rounded to the nearest one-hundredth of a point, LDs up to a maximum cap. The degradation calculations are to be made on an annual basis.

Warranty

In addition to its covered maintenance responsibilities, GEGS also provides the following warranties: parts delivered during the term of the CSA are to be free from defects in design, material, workmanship, and title and that services performed during the term of the CSA are to be performed in a competent, diligent manner and in accordance with prudent industry practices and in accordance with original equipment manufacturers recommendations. The parts warranty is to expire the earlier of, two years after installation or four years after delivery. Warranty on services will expire one year after the performance of the service. In fulfilling its warranty responsibilities GEGS is to be responsible for the cost of opening and closing of the covered units to access parts for warranty repair or replacement. GEGS is to guarantee the NO_X and CO emissions levels shall not exceed established levels.

Limitation of Liability

Except in the case of additional required maintenance or elective maintenance, GEGS' liability is not to exceed the price paid for performing such additional required maintenance or elective maintenance. The total liability of GEGS on all claims of any kind accruing during any calendar year, arising out of or related to the performance or breach of the CSA is not to exceed the higher of and the total amount of the payments made to GEGS in the previous year. GEGS' liability for its indemnity obligations is not to exceed the cumulative limit during the term of the CSA.

Organization and Staffing

NAES Mexico's staffing plan consists of 35 full time employees for the overall Facility operations, maintenance, and administration services. The Facility is staffed 24 hours a day using the shift technicians and plant operators working a modified du Pont schedule of 12-hour shifts on a rotating basis. Teams of three comprised of five shifts are provided to enable adequate relief coverage during staff vacations and other absences from work. Other plant personnel, including maintenance and administrative staff, are to work a standard day work week and nights and weekends as required. NAES Mexico is also to provide staffing for training and commissioning purposes prior to Commercial Operations. The staffing plan is listed in Table 12.

Table 9
Facility Staffing Plan

Description	Number of Staff
Plant Manager	1
Administration Manager	1
Plant Engineer	1
EHS (1) Manager	1
Operations Manager	1
Maintenance Manager	1
Water Treatment O&M Specialist	1
Shift Supervisor	5
Auxiliary & Training Operators	10
IC&E Technician	3
Maintenance Planner	1
Welder	1
Mechanical Technician	3
Purchasing Assistant	1
H/R (2) & Accounting Assistant	1
Warehouse & Administrative Assistant	1
Driver & General Services	1
General Helper	1
Total Staff	35

1) Environmental health and safety ("EHS").
2) Human resources ("H/R").

The staffing plan is consistent with similar facilities with which we are familiar.

O&M Programs and Procedures

NAES Mexico proposes to implement a full complement of programs and procedures related to the operations and maintenance of the Facility. These programs and procedures are to include, but are not limited to: (1) administrative procedures; (2) EH&S procedures; (3) predictive and corrective maintenance procedures; (4) operating procedures and checklists; (5) casualty procedures; (6) incident reporting procedures; (7) winter and summer readiness procedures: (8) NERC based compliance procedures which are to be adapted to the specific regulatory requirements of the Facility and location; and (9) chemistry related procedures. In addition NAES Mexico has an extensive operator qualification program at plants it operates. For safety related training, NAES Mexico is to utilize a combination of General Physics' GP Strategies' GPILearn web based software system for computerized based training in addition to classroom training which is prepared and presented by and to the staff during the regularly scheduled weekly safety meetings.

NAES Mexico is to utilize Infor's MP2 Computerized Maintenance Management System or IBM's Maximo as the platform by which preventative and corrective maintenance work orders are managed.

NAES Mexico reports that they will engage in other routine and predictive maintenance practices such as transformer oil analysis, rotating machine oil analysis, and vibration monitoring and analysis. In addition, plant personnel are to utilize a monitoring and diagnostic program for monitoring and analysis of Facility performance. The monitoring and diagnostic system is to process data, analyze trends, calculate

performance, and predict maintenance in real-time. The monitoring and diagnostic system is to help optimize reliability, thermal efficiency, and maintenance programs.

Staff at the Facility is to be supported by the larger NAES plant operations organization including users groups from similar technologies, safety, engineering, environmental, and regulatory compliance.

Major Maintenance

Facility major maintenance activities are to be managed and scheduled by NAES Mexico, with significant assistance from the NAES home office personnel, as defined under the O&M Agreement. GEGS is to perform major maintenance on the two CTs, one ST, and three associated generators pursuant to the terms of the CSA. CT major maintenance is typically scheduled and budgeted based on either FFH or FS depending on the level of dispatch. Because the Company has projected the Facility to run base loaded when available, the FFH based major maintenance schedule applies.

Table 10 summarizes the planned major maintenance outages through the twentieth year of operations estimated by the Company and assumed in the Pro Forma, and after including an assumed forced outage factor of 2.5 percent, to calculate the availability factor for the Facility. The Company assumed planned outages for each CT, staggered by approximately one month, consisting of an HGPI and MI to be performed at 32,000 FFH and 64,000 FFH intervals, respectively, at outage durations consistent with the durations guaranteed by GEGS in the CSA. The Company also assumed planned outages for the ST consisting of minor and major inspections to be performed concurrently with CT Unit 11 HGPIs and MIs, respectively, at outage durations that are two days shorter than the respective CT outage. Major maintenance outages are to be coordinated with CENACE.

Table 10
Power Island Equipment
Major Maintenance Plan (1)

Operating Year	Inspection	Outage Duration (Days) (2)
4	CT Unit 12 Hot Gas Path	24
4	CT Unit 11 Hot Gas Path	24
4	ST Minor (3)	22
8	CT Unit 12 Major	34
8	CT Unit 11 Major	34
8	ST Major (3)	32
12	CT Unit 12 Hot Gas Path	24
12	CT Unit 11 Hot Gas Path	24
12	ST Minor (3)	22
16	CT Unit 12 Major	34
16	CT Unit 11 Major	34
16	ST Major (3)	32
19	CT Unit 12 Hot Gas Path	24
19	CT Unit 11 Hot Gas Path	24
19	ST Minor (3)	22

1) As estimated by the Company and assumed in the Pro Forma.
2) CT outage durations based on outage durations guaranteed by GEGS under the CSA.
3) ST inspections performed concurrently with CT unit 1 inspections.

Projected Non-Fuel Operating and Maintenance Costs

We reviewed the estimate of operating expenses prepared by the Company for the Facility summarized in Table 11 as presented in the Company's Pro Forma. The operating expenses are as itemized by the Company. The expenses shown in Table 11 represent an average of the expenses in the Pro Forma over the Projection Period, a 20-year period, with inflation adjustments removed, expressed in 2020 US dollars at the December 2020 exchange rate of 20.9 Mexican peso per US dollar as assumed in the Pro Forma. There may be times when the actual operating expenses are above or below the costs shown.

For purposes of our analysis we group operating expenses into the following cost categories: non-fuel production related O&M costs ("Non-Fuel Production Related O&M Costs"), owner and other costs, and fuel related costs. Non-Fuel Production Related O&M Costs are associated with the direct operation and maintenance of the Facility. Owner and other costs are not directly related to operating and maintaining the Facility and include operator management and incentive fees, owner management fees, insurance, property taxes, transmission and wheeling fees, agency fees, and land lease. Fuel related costs include primary fuel and transportation costs. Owner and other costs and fuel related costs are outside of our scope of review. Owner and other costs are included in Table 11 for informational purposes only.

Table 11
Projected Facility Annual Non-Fuel Operating Expenses [1]
(US $000 per year)

Item	Average Expressed in 2020 U.S.$ [1]
Non-Fuel Production Related O&M Costs	
Fixed Costs [2]	
CSA Fixed Fee	957.6
Fixed O&M Costs [3]	
Training, Travel & General	53.8
Office Equipment & Furnishings	13.7
Office Supplies & Expenses	69.7
Maintenance Equipment & Tools	42.2
Plants Spares	1,120.2
Consumables	183.7
Chemicals	128.8
Plant Vehicles	95.0
Outside Services	506.8
BOP Major Maintenance	1,013.5
Equipment Rental	42.2
Buildings and Grounds	170.0
Utilities (Communications)	68.6
Insurance & ISO Certification	45.4
Staffing	13.3
Plant Labor	1,765.5
Total Fixed O&M Costs	5,332.5
Total Fixed Costs	6,290.1
Variable Costs [2]	
CSA Variable Costs	7,090.7
Water Costs	334.1
Total Variable Costs	7,424.8
Total Non-Fuel Production Related O&M Costs	13,714.9
Projected Average Annual Production (MWh)	7,088,686
Total Non-Fuel Production Related O&M Costs (US $/MWh)	1.93

Table 11
Projected Facility Annual Non-Fuel Operating Expenses [1]
(US $000 per year)

Item	Average Expressed in 2020 U.S.$ [1]
Owner and Other Costs	
MSA	2,634.4
Fixed Management Fee (NAES Mexico) [3]	356.3
Incentive Management Fee (NAES Mexico) [3]	263.9
Insurance	4,149.1
Variable Wheeling Costs	19,991.9
CENACE Fixed Costs	427.3
CENACE Capacity Charge	44.2
Others	211.2
Total Owner and Other Costs	28,078.4
Total Operating Expenses	41,793.1

1) Based on the Company's estimated annual operating expenses as provided in the Pro Forma and expressed in 2020 US dollars at the 2020 December exchange rate of 21.9 Mexican peso per US dollar assumed in the Pro Forma. The operating expenses are the average over the Projection Period with inflation adjustments removed. Excludes fuel and fuel-related costs.
2) The Fixed and Variable Costs shown in the table do not align with the same expense line items shown in the Projected Operating Results due to the exclusion, for evaluation purposes, of the Owner and Other Costs shown in the table from the Fixed and Variable Costs.
3) The Company based the fixed O&M costs and the NAES Mexico fixed management and incentive fees categorized as owner and other costs in the table on the NAES Mexico Revised Fifteen-Year O&M Budget Estimate.

In assessing the annual operating expenses, we compared the Non-Fuel Production Related O&M Costs to similar plants to allow for comparison of operating expenses on the same basis. Non-Fuel Production Related O&M Costs include the following categories: fixed O&M costs, variable O&M costs, and major maintenance.

Fixed O&M costs are production related costs which do not vary significantly with electrical generation and include the following categories: (1) site labor and supervision costs including associated benefits and incentives; (2) employee related costs (training, travel, meals, etc.); (3) plant support equipment which consists of equipment rentals; (4) temporary labor; (5) professional consultants; (6) communications and tools and equipment; (7) vehicle maintenance; (8) operator general and administrative costs; (9) routine preventive maintenance performed during operations; and (10) maintenance of structures and grounds.

Variable O&M costs are production related costs which vary in proportion to electrical generation and include the following categories: raw and process water, chemicals and gases, lubricants, consumable materials and supplies, purchased power and utilities, and routine scheduled maintenance performed during outages including spare parts.

Fees for the MSA include operating cost categories typically outside the operator's scope of services and incurred by the Company and include: asset management, contract administration, and participation in the MEM.

Major maintenance costs require an extended outage, are typically undertaken less frequently than once every year to once every three years, the timing of which typically varies with operating hours or plant starts, and include the following cost categories: scheduled major overhaul costs for maintaining the CTs and ST and associated electrical generators, major maintenance labor, major maintenance spare parts costs, and

balance of plant major maintenance. Table 12 below detail the planned major maintenance costs for the first 20 years of operations.

Table 12
Major Maintenance Costs
(US $000)

Year [1]	Balance of Plant Major Maintenance	CSA Fixed Fee	CSA Variable Component	Total Expressed in 2020 U.S.$
2021	1,014	958	4,844	6,815
2022	1,014	958	7,850	9,822
2023	1,014	958	7,850	9,822
2024	1,014	958	6,271	8,242
2025	1,014	958	6,094	8,065
2026	1,014	958	6,094	8,065
2027	1,014	958	6,094	8,065
2028	1,014	958	5,334	7,305
2029	1,014	958	6,094	8,065
2030	1,014	958	6,493	8,464
2031	1,014	958	7,148	9,119
2032	1,014	958	6,472	8,443
2033	1,014	958	7,148	9,119
2034	1,014	958	7,625	9,596
2035	1,014	958	8,729	10,700
2036	1,014	958	7,595	9,566
2037	1,014	958	8,729	10,700
2038	1,014	958	8,729	10,700
2039	1,014	958	7,868	9,839
2040	1,014	958	8,752	10,724

1) All years are December 1 through November 30 of the year indicated (e.g., the column labelled "2021" is for the period December 1, 2020 through November 30, 2021).

Summary

Based on our review, we are of the opinion that NAES Mexico has proposed a staffing plan, organizational structure, and operating programs and procedures for the Facility that are consistent with generally accepted practices in the industry and should be sufficient for the operation and maintenance of the Facility. In addition, in aggregate, the various operating and maintenance plans and agreements proposed for the Facility provide for the parts and services necessary to operate and maintain the Facility. .

Based on our review, we are of the opinion that the methodology used by the Company in preparing the Non-Fuel Production Related O&M Cost estimate for the Facility is reasonable and the estimate of the Non-Fuel Production Related O&M Costs of operating and maintaining the Facility, after taking into account regional differences, including provision for major maintenance/renewals and replacements, is comparable to the costs of similar combined-cycle facilities with which we are familiar, therefore, the estimate should be sufficient to provide for the O&M of the Facility.

Environmental Review of the Facility

Status of Environmental Permits and Approvals

The Facility must be constructed and operated in accordance with applicable environmental laws, regulations, policies, guidelines, codes, and standards. Table 13 identifies the summary status of the permits and approvals required for the construction and operation of the Facility. We note that there may be additional permits and approvals not listed that must be obtained prior to beginning various stages of Facility construction and operation. Based on our review, it is our opinion the Company has identified and obtained the key permits and approvals that are required for the operation of the Facility. While there are certain permits and approvals that require to be obtained and renewed at various intervals, we are not aware of any technical circumstances that would prevent the issuance of these permits and approvals when timely and complete renewal applications are filed.

Table 13
Status of Permits and Approvals Summary

Permit/Approval	Responsible Agency	Current Status	Comments
MIA	SEMARNAT	Approval No. SGPA/DGIRA/DG.0556 issued 2/11/16. Approval No. SGPA/DGIRA/DG.02061 issued 21/03/17. Approval No. SGPA/DGIRA/DG.06382 issued 29/08/18. Approval No. SGPA/DGIRA/DG.00728 issued 28/02/19.	Authorizes construction and operation of the Facility. Includes conditions related to construction and operation and later modifications of the Facility.
Social Impact Study	Secretary of Energy	Oficio 100.-DGAEISyCP.098/16 issued 4/25/16.	Approves the social impact study.
Permit for Independent Power Production	CRE	Official Permission E/1740/GEN/2016 in conjunction with Resolution No. RES/058/2016 issued 2/4/16.	Required for generation and sale of power to the electrical grid. Permission is for 874.5 MW and is valid for 30 years. Modification request approved 11/4/16 to change start of construction to 12/17 and Commercial Operation Date to 12/20.
Permit to Transport Natural Gas	CRE	Responsibility of the gas supplier: CFEnergía.	Authorizes the Facility to transport natural gas for its own use.

Table 13
Status of Permits and Approvals Summary

Permit/Approval	Responsible Agency	Current Status	Comments
Approval for Interconnection to the RNT	CENACE	Approval No. CTR/GRTOCC/CI/0129/2017 issued on February 27th, 2017	Required for interconnection to the RNT. Agreement details the responsibilities for the construction and operation of the Transmission Facilities.
Operation Certificate	CENACE	Oficio No.: CENACE/DOPS-SO-GCROC/0896/2020 issued on October 27, 2020.	Required to declare commercial operations.
Water Use Approval	CONAGUA	Concession Nos. 08JAL137177/12FMDA16 issued 12/16/16, 08JAL156178/12FMDA17 issued 3/31/2017, 08JAL156176/12FMDA17 issued 27/06/2017. Merged in 08JAL137177/12FDA18.	Approves the use of 700,000 m^3 annually. Valid to 2031.
Wastewater Discharge Authorization	CONAGUA	Included in Official Concession 08JAL156156/12FMDA16 dated 7/22/16.	Authorizes discharge of 666.4 m^3/day and 242,072 m^3 annually to Rio Santiago. Valid for 10 years and the concession includes discharge limits for pollutants.
Archaeological Clearance, Facility Site	National Institute of Anthropology and History ("INAH")	Oficio No.: 401.F(4)144.2015/0832/ Ventanilla Unica issued 7/2/15.	INAH letter approves construction on the Facility Site. Also, notification to INAH is required within 24 hours of any finding.
Archaeological Clearance, Transmission Tie Lines	INAH	Letter from INAH dated 10/18/16 indicates there are no issues with construction of the Transmission Tie Lines.	Provides concurrence that there are no visible archaeological sites and authorizes the Transmission Tie Lines to proceed.
Authorization to Construct	SEMARNAT	Oficio NUM.SGPARN.014.02.01.01.84.17 issued 1/31/17.	Authorizes construction of a concrete channel or lining in the streambed on the Facility Site. May need concession from CONAGUA if concrete channel is installed.

Table 13
Status of Permits and Approvals Summary

Permit/Approval	Responsible Agency	Current Status	Comments
Permission to Construct or Modify Works in Federal Channels and Zones	SEMARNAT	Permission No. OCLSP-31-2017 issued 4/17/17.	Authorizes placement of a culvert in the streambed on the Facility Site to allow vehicle crossings. May need concession from CONAGUA if culvert is installed.
Single Environmental License	SEMARNAT	Oficio NUM.SGPARN.014.02.02.209/2020 Issued 8/11/20.	Required for operation and by Condition 4 of the MIA approval.
Annual Operating Permit	SEMARNAT	To be prepared/obtained as required after one year of operation.	Required for the annual registration of emissions.
Final Environmental Plan	SEMARNAT	To be prepared as required for operation.	Required for management of environmental activities and requirements.
Hazardous Waste Generator Registration	SEMARNAT	To be submitted if required.	Required if hazardous waste will be generated at the site.
Authorization for Soil Use Change in Forest Lands	Local Municipality	Not required.	Required if there is a removal of forest vegetation to allow the performance of non-forestry activities on the land. The Company indicates this is not required because degraded agricultural land is being used for the Facility Site.
Change of Soil Use Authorization, and construction license	Socioeconomic and Urban Planning Commission	Approved 2/18/16. Ratified by the Municipal Council of Urban Development, Municipality of Zapotlanejo 5/12/16. Construction license 622, issued 02/06/2017	Allows construction of the Project based on changes to land classification from agricultural to heavy industrial. Construction license allows the execution of the construction.
Permit to Dispose of Non-hazardous Solid Waste in Authorized Landfills	Local Municipality	To be obtained as required.	Permit obtained when fee is paid annually.

Table 13
Status of Permits and Approvals Summary

Permit/Approval	Responsible Agency	Current Status	Comments
Development Concurrence	Government of Zapotlanejo	File 072/E-2015/URB dated 11/13/15.	Concludes that the intended land use is feasible and will not interfere with development plans of the municipality.
Various Local (Occupancy, Fire Systems, etc.)	Local Municipality	To be obtained as required.	Various occupancy permits may be required for compliance with building codes and standards. If required, such permits are typically obtained by contractors once detailed design information becomes available.

Environmental Compliance

As discussed earlier in the Report, emissions testing was conducted in May 2020 and compliance with Emissions Guarantees and the emission requirements of NOM-085-SEMARNAT-2011 were successfully demonstrated. Testing of both near field and far field noise was also conducted to demonstrate compliance with the Noise Guarantees and applicable SEMARNAT noise limits. Noise testing demonstrated noise levels in excess of the Noise Guarantees, which was attributed to the operation of the gas compressors during testing. The gas compressors are not expected to be required to operate and therefore the noise exceedances caused by the gas compressors are not expected to have a material impact on operations. The Company plans to address the issue during the next six months. Additional monitoring, recordkeeping, and reporting will be required in accordance with applicable regulations and permits during Commercial Operation of the Facility.

Projected Operating Results

We have reviewed the estimates and projections of the electric generating capacity, fuel consumption, and operating costs of the Facility as made available by the Company. On the basis of such data, we have prepared the Projected Operating Results. The revenues are derived by the Company from the transfer of the rights related to approximately 600 MW of net capacity and energy to CFE under the CFEC PPA (referred to as the "CFE Contract" in the Projected Operating Results), and for the first 2 years, from the transfer of the rights related to 250 MW of net capacity and energy to Ektria under the Ektria PPAs (referred to as the "Contracts with Other Offtakers" in the Projected Operating Results). The remainder of the Facility's net capacity is sold as capacity and energy to the MEM. Revenues under the PPAs are offset by purchases made by the Company for fuel consumption in excess of the guaranteed average heat rate and purchases in the MEM for shortfalls in meeting its supply and availability commitments under the PPAs. Revenues from the MEM are offset by fuel consumption and operating expenses associated with sales to the MEM. Expenses consist of the Fixed Costs and Variable Costs, as estimated by the Company. Debt service on the Notes has been estimated by the Issuer. The Projected Operating Results are presented

for each calendar year beginning December 1, 2020, and ending November 30, 2040, the scheduled maturity of the Notes. The Pro Forma has been developed to reflect revenue in the month earned and costs in the month the service is provided and does not reflect any lag between the earning of revenue or incurrence of costs and the actual cash flow, and the Projected Operating Results similarly reflect this approach. The Projected Operating Results are not intended to conform to U.S. Generally Accepted Accounting Principles or the accounting principles of Mexico or any other jurisdiction.

Projected sources of revenues and expenses for the "Base Case" have been set forth in Exhibit A-1 to this Report. Sensitivity cases to the Base Case Projected Operating Results have been presented in Exhibits A-2 through A-5. The Projected Operating Results are based on current contractual commitments as described herein and have been prepared by us based on the Company's Pro Forma using the assumptions and considerations set forth in this Report and in the footnotes to the Projected Operating Results.

Revenue and operating expenses paid in Mexican pesos were converted to U.S. dollars based on currency exchange rates assumed by the Company. Revenues and expenses were escalated as set forth in the Projected Operating Results.

Operating Revenues

The Company had based its operating revenues on the electricity market prices and the Facility's dispatch factors projected by PA in its Market Consultant Report and the prices set forth in the PPAs.

Revenue from the Sale of Contract Electricity

CFE Contract

The Company entered into the CFEC PPA with CFEC to supply capacity and electricity up to guaranteed capacity and energy by means of bilateral financial transactions to CFEC. The Contracted Capacity of the CFEC PPA is 600 MW. The term of the CFEC PPA is 20 years from the CFEC PPA Start Date which has been assumed in the Projected Operating Results to be January 1, 2021.

Under the rules applicable to the capacity balance market, the effective capacity of a power plant is the average capacity delivered to the grid during the 100 critical hours of the full year, as determined by CENACE at the beginning of the following year. At that time, CFEC and the Company register with CENACE a bilateral financial transaction for capacity ("TBPot") in the amount of the lesser of (1) the effective capacity credited to the Facility by CENACE and allocated to CFEC and (2) the Contracted Capacity times the guaranteed annual availability set forth in the CFEC PPA (the "Guaranteed Capacity"). The TBPot allows the parties to avoid having to make payments in the capacity balancing market. If during a calendar year the effective capacity is lower than the Guaranteed Capacity for reasons other than force majeure, the Company is to pay CFEC a penalty as set forth in the CFEC PPA which is reflected in the Pro Forma.

The parties also register with CENACE hourly for each day a bilateral financial transaction in the short term energy market ("TBFin") for the lesser of (1) the delivered energy supplied to CFEC, subject to dispatch by CENACE, and (2) the energy associated with Contracted Capacity times the guaranteed monthly availability set forth in the CFEC PPA (the "Guaranteed Energy"). The TBFin is not registered in the energy market if the Company's guaranteed cost of generation as set forth in the CFEC PPA (the "Guaranteed Cost of Generation") exceeds the local marginal price in the energy market. If during any month the delivered energy supplied to CFEC is lower than the Guaranteed Energy for reasons other than force majeure or if

the Guaranteed Cost of Generation exceeds the local marginal price, the Company is to pay CFEC a penalty as set forth in the CFEC PPA which is reflected in the Pro Forma.

The Company guarantees a monthly and annual availability of the Facility as set forth in the CFEC PPA. The guaranteed availability in all months is 97.5 percent except those in which an HGPI or MI is performed, in which the guaranteed annual availability is 88.1 and 84.2 percent, respectively. The long-term annual average of the guaranteed availability is 95.1 percent. For the purposes of the Pro Forma, the Company has assumed the monthly availability of the Facility will be 96.3 percent, which includes a forced outage rate of 2.5 percent, in all months except those in which an HGPI or MI is performed. The Company has assumed that the HGPI and MI will occur coincident with the scheduled outages implied in the fixed monthly availability factors schedule in which the annual availability will be 86.9 and 83.8 percent, respectively. To the extent that the HGPI and MI do not occur in the years specified in the CFEC PPA, the actual availability will not match the availability implied in the fixed availability factors. The Company may shift the fixed availability factors to align with its maintenance schedule to mitigate this risk, subject to CFEC approval as long as the rolling three-year average is consistent with the CFEC PPA. The resulting long-term annual average of the assumed availability in the Pro Forma is 93.6 percent which is lower than the long-term annual average of the guaranteed availability of 95.1 percent. In months and years where the actual availability is less than the guaranteed availability for the respective period, the Company will incur a penalty as previously noted.

Under the terms of the CFEC PPA, the Company receives from CFEC a capacity payment for the Contracted Capacity, an energy payment for TBFin, and an excess starts payment. The capacity payments consist of a fixed capacity charge for infrastructure investment and financing costs, a fixed O&M charge, and a fixed fuel reserve capacity charge. The energy payments consist of a variable O&M charge, a variable fuel charge, and transferable fees consisting of transmission fees and market fees charged by CENACE and related to the MEM.

The fixed fuel reserve capacity charge reimburses the Company for fixed transportation costs based on a guaranteed heat rate at summer conditions of 6,395 Btu/kWh-HHV. The variable fuel charge reimburses the Company for natural gas at the commodity price of gas charged by CFEnergía under the GSA at the guaranteed heat rate (CTUNG) of 6,346 Btu/kWh-HHV with gas compressors not operating and 6,436 Btu/kWh-HHV with gas compressors operating. The excess starts payment reimburses the Company at a fixed charge per start for starts in excess of 60 starts per year.

Contracts with Other Offtakers

The Company entered into three Ektria PPAs with Ektria to supply capacity and electricity up to guaranteed capacity and energy by means of bilateral financial transactions to Ektria to allow Ektria to comply with its obligations under the Tyasa PSA, Grupo Acerero PSA, and Moctezuma PSA. The contracted capacity of the Ektria PPAs is 150 MW, 70 MW, and 30 MW, for a total Ektria Contracted Capacity of 250 MW. The structure of the Ektria PPAs is similar to the CFEC PPA. In the Pro Forma, the Company has assumed a term of two years from the Ektria PPA Start Date, which as a result is also reflected in the Projected Operating Results.

The Company is to deliver the financial responsibility of the Ektria Contracted Capacity times the guaranteed annual availability set forth in applicable Ektria PPA (the "Ektria Guaranteed Capacity"). If during any month the capacity credited to the Company and supplied to Ektria is lower than the Ektria Guaranteed Capacity for reasons other than force majeure the Company is to purchase the shortfall in capacity in the MEM or pay Ektria a penalty as set forth in the Ektria PPA. If the effective capacity credited to the Company exceeds the Ektria Guaranteed Capacity, the resulting revenues are to the benefit of the

Company. In the Pro Forma base case (hence in the Projected Operating Results), the Company has assumed delivered capacity is always at least equal to the Ektria Guaranteed Capacity.

The Company is also to deliver the financial responsibility of the energy associated with Ektria Contracted Capacity times the guaranteed monthly availability set forth in the applicable Ektria PPA (the "Ektria Guaranteed Energy"). If during any day the guaranteed generation cost set forth in the Ektria PPA exceeds the corresponding spot market price, the Company will not have the financial responsibility to deliver such energy. If during any month the delivered energy supplied to Ektria is lower than the Ektria Guaranteed Energy for reasons other than force majeure or if the guaranteed cost of generation exceeds the local marginal price, the Company is to pay Ektria a penalty as set forth in the Ektria PPA. In the Pro Forma base case (hence in the Projected Operating Results), the Company has assumed delivered energy is always equal to or greater than the Ektria Guaranteed Energy.

The Company guarantees a monthly and annual availability of the Facility as set forth in the applicable Ektria PPA. The monthly availability is allowed to fluctuate for maintenance and other reasons as long as the average guaranteed availability over a rolling three-year period meets the guaranteed availability set forth in the Ektria PPA.

Under the terms of the Ektria PPAs, the Company receives from Ektria a capacity payment and an energy payment, and an excess starts payment. The capacity payments consist of a fixed capacity charge for infrastructure investment and financing costs, a fixed O&M charge, and a fixed fuel reserve capacity charge. The energy payments consist of a variable O&M charge, a variable fuel charge, and transferable fees consisting of transmission fees and market fees related to the MEM.

The fixed fuel reserve capacity charge reimburses the Company for fixed transportation costs based on a guaranteed heat rate at summer conditions of 6,602 Btu/kWh-HHV. The variable fuel charge reimburses the Company for natural gas at the commodity price of gas charged by CFEnergía under the GSA at the same guaranteed heat rates (CTUNG) as the CFEC PPA. The excess starts payment reimburses the Company at a fixed charge per start for starts in excess of 60 starts per year.

Revenue from Merchant Sales

The Company has assumed the remainder of the Facility's net capacity is sold as capacity and energy to the MEM.

Annual Operating Expenses

Fixed Costs

Fuel Reserve Capacity

The Company has assumed a fuel reserve capacity cost for fuel transportation based on the natural gas consumption of 133,483 MMBtu-HHV per day which is in excess of the natural gas consumption estimated for the Facility. We did not validate these costs except to confirm proper usage within the Pro Forma.

CSA Fixed Costs

GEGS provides major maintenance for the CTGs and STG in accordance with the CSA. Under the terms of the CSA the Company is to pay a Fixed Monthly Fee subject to escalation starting on January 1, 2018 based on a labor price index and a material price index calculation set forth in the CSA.

Fixed O&M Costs

Fixed O&M costs include the fixed O&M costs and owner costs as discussed in the Projected Non-Fuel Operating and Maintenance Costs Section of the Report.

Fixed Wheeling Costs

Fixed wheeling costs consist of CFE Transmisión and CENACE capacity transmission tariff charges and other fixed costs to cover the costs of maintaining the transmission system as estimated by the Company. We did not validate these costs except to confirm proper usage within the Pro Forma.

Variable Costs

Fuel Costs

Fuel is supplied by CFEnergía under the terms of the GSA. The Facility is assumed to operate at the net plant heat rate, new and clean, with the gas compressors not operating, adjusted for degradation. The cost for fuel consumed by the Facility is reimbursed by CFEC and Ektria at the CTUNG (6,346 Btu/kWh-HHV) in the CFEC PPA and Ektria PPAs, respectively. A projection of delivered fuel prices, that is indexed to the Waha Hub midpoint price in accordance with the GSA, has been provided by the Company. We did not validate these costs except to confirm proper usage within the Pro Forma.

Emissions Costs

Emissions costs consist of charges for carbon dioxide emissions of the Facility as estimated by the Company based on the net generation and assumed to start in 2023. The cost of carbon dioxide emissions produced by the Facility for net generation under the CFEC PPA is reimbursed CFEC. We did not validate these costs except to confirm proper usage within the Pro Forma.

CSA Variable Costs

Under the terms of the CSA the Company is to pay GEGS a Variable Monthly Fee equal to the FFH of each CT during the month multiplied by the price per factored hour set forth in the schedule provided in the CSA, subject to escalation starting on January 1, 2018 based on a labor price index and a material price index calculation set forth in the CSA. The Company has assumed that the HGPIs are conducted approximately every 32,000 fired hours and MIs are conducted approximately every 64,000 fired hours. The Company has projected the fired hours based on the dispatch of the Facility provided by PA in the Market Consultant Report.

Water Costs

The water costs are charges for the water rights granted by CONAGUA for make-up raw water to the Facility based on a water consumption rate of 45.6882 m^3 per gigawatt-hour of net generation which is consistent with the EPC Contract design water balance for the Facility. We did not validate these costs except to confirm the consumption rate and proper usage within Pro Forma.

Variable Wheeling Costs

Variable wheeling costs consist of CFE Transmisión energy transmission tariff charges as estimated by the Company. We did not validate these costs except to confirm proper usage within Pro Forma.

EBITDA

The Company has estimated its earnings before interest, taxes, depreciation and amortization ("EBITDA") based on the revenues less the annual operating expenses.

Other Pre-Debt Service Cash Flows

The Company has estimated other cash flows for the Company and the holding company prior to debt service. The Company cash flows include Mexican taxes, working capital, the Fondo de Reserva de Abonos por Compensacion (Compensation Credit Reserve Fund or "FRAC") requirement of the CFEC PPA, operating LOC fees, and cash release. The holding company cash flows include withholding tax, operating expenses, and taxes. We have not validated these cash flows.

Cash Available for Debt Service

The Company has estimated the cash flow available for debt service based on EBIDTA less the other pre-debt service cash flows. Having not validated the "Other Pre-Debt Service Cash Flows" component of Cash Available for Debt Service, as indicated above, we also have not validated the Cash Available for Debt Service.

Annual Debt Service

The Company has included debt service on the principal amount of the Notes of US $904,000,000 at an interest of 6.50 percent, as estimated by the Issuer. Semiannual debt service payments on the Notes are due each May 31 and November 30 beginning May 31, 2021 and are to be accrued over the six months prior to the due date. The assumed amortization schedule has been estimated by the Issuer. We have not validated the debt service.

Annual Debt Service Coverage Ratio

For the Base Case Projected Operating Results, based on the operating assumptions assumed by the Company, the revenues from the PPAs pay for the annual operating and maintenance expenses and pre-debt cash flows and provide an annual debt service coverage ratio of at least 1.60 times the annual debt service requirement on the Notes and an average debt service coverage ratio of 1.60 over the term of the Notes. The average debt service coverage ratio has been calculated as the total cash available for debt service divided by the total debt service over the term of the Notes. Annual debt service coverage ratios for the term of the Notes are presented in Exhibit A-1. Having not validated the "Cash Available for Debt Service" and "Annual Debt Service" components of Annual Debt Service Ratio, as indicated above, we also have not validated the Annual Debt Service Coverage Ratio.

Sensitivity Analysis

Due to uncertainties necessarily inherent in relying on assumptions and projections, it should be anticipated that certain circumstances and events may differ from those assumed and described herein and that such circumstances may affect the results of the Base Case Projected Operating Results. In order to demonstrate the impact of certain circumstances on the Base Case Projected Operating Results, a number of sensitivity analyses were developed. It should be noted that other examples could have been considered, and those presented here are not intended to reflect the full extent of possible impacts on the Facility. The sensitivities are not presented in any particular order with regard to the likelihood of any case actually occurring. In addition, no assurance can be given that all relevant sensitivities have been presented, that the level of each sensitivity is the appropriate level for testing purposes, or that only one (rather than a combination of more than one) of such variations or sensitivities could impact the Facility in the future.

These sensitivity analyses present the Projected Operating Results assuming, respectively, that: (a) the output of the Facility is reduced by 5 percent, (b) the availability of the Facility is reduced by 5 percentage

points from that assumed in the Base Case, (c) the heat rate of the Facility is increased 5 percent above that assumed in the Base Case, and (d) non-fuel operating expenses for the Facility are 10 percent higher than those assumed in the Base Case, with the exception of the CSA fees which are fixed by the CSA, NAES Mexico fixed management fee which is fixed by the O&M Agreement, NAES Mexico incentive management fee which is assumed not paid because the operating budget was not achieved by NAES Mexico, MSA fee which is fixed by contract, insurance, and wheeling and CENACE fees which are assumed by the Company to be offset by an increase in market prices. These sensitivity cases assume that no LDs would be available to offset any reductions in net operating revenue. The sensitivity analyses results are presented as Exhibits A-2 through A-5 to this Report.

Summary Comparison of Projected Operating Results

A summary of the debt service coverage on the Notes for the Base Case Projected Operating Results and each sensitivity case is presented in Table 14.

Table 14
Projected Debt Service Coverage

	Base Case	Sensitivity Cases			
		A	B	C	D
Year [1]		Reduced Output	Reduced Availability	Increased Heat Rate	Increased Non-Fuel Operating Expenses
2021	1.60	1.57	1.57	1.52	1.60
2025	1.60	1.55	1.56	1.52	1.60
2030	1.60	1.49	1.56	1.51	1.60
2035	1.60	1.50	1.55	1.50	1.60
2040	1.61	1.50	1.55	1.51	1.60
Minimum [2]	1.60	1.43	1.49	1.41	1.59
Average [3]	1.60	1.52	1.55	1.51	1.60

1) All years are December 1 through November 30 of the year indicated (e.g., the column labelled "2021" is for the period December 1, 2020 through November 30, 2021).
2) Represents minimum debt service coverage during any year over the term of the Notes.
3) Represents the weighted average debt service coverage on the Notes over the term of the Notes.

Principal Considerations and Assumptions

In the preparation of this Report and the opinions presented in this Report, we have made certain assumptions with respect to conditions which may exist or events which may occur in the future. While we believe these assumptions to be reasonable for the purpose of this Report, they are dependent upon future events, and actual conditions may differ from those assumed. In addition, we have used and relied upon certain information provided to us by others. While we believe the use of such information and assumptions to be reasonable for the purposes of this Report, we offer no other assurances with respect thereto, and some assumptions may vary significantly due to unanticipated events and circumstances. To the extent that actual future conditions differ from those assumed herein or provided to us by others, the actual results will vary from those projected herein. This Report summarizes our work up to the date of the Report. Thus, changed conditions occurring or becoming known after such date could affect the material presented to the extent of such changes.

The principal considerations and assumptions made by us in reviewing the Project and the principal information provided to us by others include the following:

1. As Independent Engineer, we have made no determination as to the validity and enforceability of any contract, agreement, rule or regulation applicable to the Facility. For the purposes of this Report, we have assumed that all contracts, agreements, rules and regulations will be fully enforceable in accordance with the contractual terms. Moreover, it is assumed that all parties will comply with and fulfill the provisions of the contracts and agreements.
2. The Facility will be operated in accordance with policies and procedures developed and additional policies planned to be developed by the Company and the NAES Mexico, based on experience with other similar facilities.
3. The Facility will be maintained in accordance with good engineering practices, all required renewals and replacements of equipment will be made in a timely manner, and the equipment will not be operated to cause it to exceed the equipment manufacturers' recommended maximum ratings.
4. Qualified and competent personnel will be employed who will properly operate and maintain the Facility in accordance with the equipment manufacturers' recommendations and generally accepted engineering practices and will generally operate the Facility in a sound and businesslike manner.
5. Inspections, overhauls, repairs, and modifications are planned for and conducted in accordance with equipment manufacturers' recommendations, and with special regard for the need to monitor certain operating parameters to identify early signs of potential problems such as CT failures of a nature experienced by certain other commercial units.
6. All licenses, permits, and approvals necessary to operate the Facility will be obtained on a timely basis and any changes in required licenses, permits, or approvals will not result in changes in reduced operation or increased operating costs of the Facility.
7. Any off-site arrangements that expire before the term of the Notes will be renewed in a timely manner and such renewals will not result in material changes to the operation of the Facility.
8. Realized energy and capacity pricing and the dispatch of the Facility will be as projected by PA.
9. Realized fuel pricing will be as projected by the PA.
10. Delivered energy and capacity under the PPAs will meet or exceed the Company's projections during the term of the Notes as projected by the Company.
11. Actual water and wheeling costs will be as projected by the Company.
12. Actual other pre-debt service cash flows will be as projected by the Company.
13. The Facility forced outage rate will not exceed 2.5 percent as projected by the Company.
14. Operating period contracts that are terminated prematurely are re-contracted with similar terms and at similar costs as those currently in place.

Conclusions

Set forth below are the principal opinions we have reached after our review of the Project. For a complete understanding of the estimates, assumptions, and calculations upon which these opinions are based, this Report should be read in its entirety. On the basis of our review and analyses of the Project and the assumptions set forth in this Report, we are of the opinion that:

1. The Facility Site is of adequate size to support the O&M of the Facility and provides sufficient access to utilities.
2. The Performance Tests and Reliability Test are typical of other similar projects with which we are familiar, were conducted in material compliance with the Performance and Reliability Test Procedures, and accurately reflected the performance of the Facility at the time of the tests. The Performance Guarantee for Net Plant Power Output was successfully demonstrated, however, the demonstrated Net Plant Heat Rate was 0.4 percent, worse than the Performance Guarantee and therefore failed to demonstrate the Performance Guarantee for Net Plant Heat Rate. The Minimum Performance Levels were successfully demonstrated. The Reliability Test was performed in general accordance with the Reliability Test Procedure and successfully met the requirements of the EPC Contract.
3. The CT model 7HA.02, generator model H53, and ST model D652 ST (collectively, the "Facility Technology") described herein represent an evolution of previously proven equipment models and designs and is consistent with the current state-of-the-art in CT and combined-cycle technology. Related to mitigating risk with introducing the Facility Technology, GE has conducted significant testing of the key design concepts, particularly the 7F.05, 9HA.01, and 7HA.01 within the CT test facility and operational experience within GE's aviation CT fleet as well as its ST, HRSG, and generator fleet. The CSA, discussed later in this Report, mitigates risk associated with the 7HA.02. The HRSGs utilized at the Facility are a sound and proven design to convert CT exhaust energy to steam energy. We see no incremental technical risk with utilizing the Facility Technology compared to the latest competing technologies. Further, the Company has adequately provided the interconnections for the major utility/off-site requirements, including fuel, electric transmission, water and wastewater. If operated and maintained as currently proposed by the Company and NAES Mexico the Facility should be capable of meeting the environmental permits.
4. Provided that: (1) the Facility is operated and maintained consistent with generally accepted engineering practices, including the provisions for recommended major maintenance; (2) all equipment is operated in accordance with manufacturer recommendations; (3) all required renewals and replacements are made on a timely basis; and (4) fuel and water used by the Facility are within the required range with respect to quantity and quality, we are of the opinion that the Facility should have a useful life of at least 30 years although maintenance costs and forced outage rates may increase during the later years of the Facility's life. We note that this review only addresses the potential for the Facility to realize the extended life while achieving expected performance but does not consider economic variables.
5. The Facility should be capable of achieving the new and clean net plant capacity, net plant heat rate, long-term average capacity and heat rate degradation, and availability projected by the Company as presented in Table 8.
6. NAES Mexico has proposed a staffing plan, organizational structure, and operating programs and procedures for the Facility that are consistent with generally accepted practices in the industry and should be sufficient for the operation and maintenance of the Facility.

7. In aggregate, the various operating and maintenance plans and agreements proposed for the Facility provide for the parts and services necessary to operate and maintain the Facility. .
8. The methodology used by the Company in preparing the Non-Fuel Production Related O&M Cost estimate for the Facility is reasonable and the estimate of the Non-Fuel Production Related O&M Costs of operating and maintaining the Facility, after taking into account regional differences, including provision for major maintenance/renewals and replacements, is comparable to the costs of similar combined-cycle facilities with which we are familiar, therefore, the estimate should be sufficient to provide for the O&M of the Facility.
9. The Company has identified and obtained the key permits and approvals that are required for the operation of the Facility. While there are certain permits and approvals that require to be obtained and renewed at various intervals, we are not aware of any technical circumstances that would prevent the issuance of these permits and approvals when timely and complete renewal applications are filed.
10. Compliance with Emissions Guarantees and the emission requirements of NOM-085-SEMARNAT-2011 were successfully demonstrated. Noise testing demonstrated noise levels in excess of the Noise Guarantees, which was attributed to the operation of the gas compressors during testing. The gas compressors are not expected to be required to operate and therefore the noise exceedances caused by the gas compressors are not expected to have a material impact on operations. The Company plans to address the issue during the next six months.

Respectfully submitted,

LEIDOS ENGINEERING, LLC

EXHIBITS

Exhibit A-1

Tierra Mojada Project
Projected Operating Results

Base Case

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
PERFORMANCE										
Average Capacity (MW)	872	868	866	864	862	861	859	869	866	864
Availability (%)	96%	96%	96%	87%	96%	96%	96%	84%	96%	96%
Dispatch Factor (%)[3]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Capacity Factor (%)	96%	96%	96%	87%	96%	96%	96%	84%	96%	96%
Energy Generation (GWh)	7,345	7,328	7,307	6,602	7,275	7,261	7,248	6,417	7,309	7,288
Average Heat Rate (Btu/kWh)	6,216	6,222	6,227	6,230	6,234	6,236	6,239	6,216	6,222	6,227
Fuel Consumption (BBtu)	45,658	45,596	45,499	41,132	45,350	45,283	45,221	39,887	45,477	45,385
CFE Contract										
Capacity (Average MW)	550	600	600	600	600	600	600	600	600	600
Energy (GWh)	4,572	5,031	5,016	4,532	4,994	4,985	4,976	4,386	5,018	5,003
Guaranteed Average Heat Rate (Btu/kWh)	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346
Contracts with Other Offtakers										
Capacity (Average MW)	229	243	1,607	3,286	777	1,293	3,062	3,982	768	33
Energy (GWh)	1,833	2,015	171	-	-	-	-	-	-	-
Guaranteed Average Heat Rate (Btu/kWh)	6,346	6,346	6,346	-	-	-	-	-	-	-
Merchant										
Capacity Sales (Average MW)	38	36	265	265	264	264	263	267	265	265
Energy Sales (GWh)	892	283	2,120	2,070	2,281	2,276	2,272	2,012	2,291	2,285
FINANCIAL ASSUMPTIONS										
MXP CPI (%/yr)[4]	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
USD CPI (%/yr)[4]	1.9%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Avererage Exchange Rate (MXP/USD)[4]	21.2	20.6	20.3	20.6	20.9	21.2	21.5	21.8	22.1	22.4
REALIZED PRICES										
Fuel ($/MMBtu)[3]	2.6	2.3	2.5	2.7	3.0	3.1	3.2	3.3	3.5	3.6
CFE Contract										
Capacity-Based ($/kW-yr)[5]	185.2	183.2	184.1	189.1	190.4	192.3	192.1	192.8	197.6	193.7
Non-Fuel Energy-Based ($/MWh)[6]	4.3	4.3	4.5	4.6	4.5	4.4	4.5	4.8	4.7	4.8
Fuel-Based ($/MMBtu)[7]	2.6	2.3	2.5	2.7	3.0	3.1	3.2	3.3	3.5	3.6
All-In Realized ($/MWh)[8]	43.2	40.7	44.8	49.9	50.0	51.8	52.8	57.8	56.8	57.8
Contracts with Other Offtakers										
Capacity-Based ($/kW-yr)[5]	204.4	203.3	1.5	-	-	-	-	-	-	-
Non-Fuel Energy-Based ($/MWh)[6]	4.0	4.2	4.3	-	-	-	-	-	-	-
Fuel-Based ($/MMBtu)[7]	2.6	2.3	2.3	-	-	-	-	-	-	-
All-In Realized ($/MWh)[8]	46.2	43.2	32.9	-	-	-	-	-	-	-
Merchant										
Capacity ($/kW-yr)[3]	-	-	83.5	112.6	136.7	112.6	87.0	93.9	90.7	92.0
Energy ($/MWh)[3]	32.3	37.2	44.2	48.1	49.4	49.3	50.5	53.1	55.8	58.2
REVENUES ($000)										
CFE Contract	197,725	204,719	224,858	226,292	249,944	258,051	262,853	253,310	284,781	289,332
Contracts with Other Offtakers	84,678	87,124	5,623	-	-	-	-	-	-	-
Merchant	28,839	10,522	115,903	129,299	148,821	141,900	137,569	131,825	151,920	157,416
TOTAL REVENUES	311,241	302,365	346,384	355,592	398,765	399,951	400,421	385,135	436,700	446,748
EXPENSES ($000)										
Fixed Costs										
Fuel Reserve Capacity[4]	31,091	32,024	31,078	31,920	32,788	33,772	34,785	35,927	36,903	38,010
CSA Fixed	975	995	1,015	1,036	1,057	1,079	1,100	1,123	1,146	1,169
Fixed O&M[9]	13,268	13,623	13,968	14,261	14,561	14,866	15,179	15,497	15,823	16,155
Fixed Wheeling[4]	504	535	561	573	585	597	609	623	636	649
Subtotal Fixed Costs	45,839	47,177	46,622	47,790	48,990	50,314	51,673	53,170	54,507	55,983
Variable Costs										
Fuel	116,978	104,269	112,152	110,429	134,213	142,502	145,159	133,563	159,585	165,354
Emissions[4]	-	-	19,547	22,269	28,320	32,082	36,063	35,467	44,787	49,237
CSA Variable	4,940	8,159	8,324	6,781	6,727	6,864	7,003	6,253	7,290	7,926
Water[10]	358	366	371	330	359	354	348	304	342	336
Variable Wheeling[4]	22,113	23,424	24,521	22,605	25,451	25,935	26,432	23,867	27,786	28,288
Subtotal Variable Costs	144,390	136,219	164,915	162,415	195,069	207,736	215,006	199,454	239,789	251,140
TOTAL OPERATING EXPENSES	190,228	183,396	211,537	210,205	244,060	258,050	266,679	252,623	294,297	307,123
EBITDA ($000)	121,013	118,969	134,847	145,386	154,705	141,901	133,742	132,511	142,404	139,625
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)[11]	(10,917)	(4,924)	(38,971)	(44,745)	(43,558)	(29,110)	(22,784)	(28,280)	(33,535)	(31,785)
CASH AVAILABLE FOR DEBT SERVICE ($000)	110,096	114,045	95,876	100,642	111,147	112,791	110,958	104,232	108,869	107,840
DEBT SERVICE ($000)[12]	68,810	71,278	59,922	62,901	69,467	70,494	69,349	65,145	68,043	67,400
DEBT SERVICE COVERAGE RATIO	1.60x	1.60x	1.60x	1.60x	1.60x	1.60x	1.60x	1.60x	1.60x	1.60x
AVERAGE DSCR	1.60x									
DEBT SERVICE RESERVE ACCOUNT ($000)[13]	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135

Exhibit A-1

Tierra Mojada Project
Projected Operating Results

Base Case

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
PERFORMANCE										
Average Capacity (MW)	862	860	859	857	857	871	867	864	862	861
Availability (%)	96%	87%	96%	96%	96%	84%	96%	96%	87%	96%
Dispatch Factor (%)[3]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Capacity Factor (%)	96%	87%	96%	96%	96%	84%	96%	96%	87%	96%
Energy Generation (GWh)	7,271	6,572	7,245	7,232	7,234	6,391	7,314	7,293	6,560	7,282
Average Heat Rate (Btu/kWh)	6,231	6,234	6,237	6,240	6,239	6,215	6,223	6,228	6,231	6,235
Fuel Consumption (BBtu)	45,309	40,971	45,185	45,128	45,132	39,724	45,514	45,417	40,880	45,397
CFE Contract										
Capacity (Average MW)	600	600	600	600	600	600	600	600	600	600
Energy (GWh)	4,992	4,507	4,973	4,965	4,966	4,387	5,021	5,006	4,504	4,999
Guaranteed Average Heat Rate (Btu/kWh)	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346
Contracts with Other Offtakers										
Capacity (Average MW)	1,362	3,182	1,298	3,059	5,912	6,569	3,327	4,659	8,566	21,145
Energy (GWh)	-	-	-	-	-	-	-	-	-	-
Guaranteed Average Heat Rate (Btu/kWh)	-	-	-	-	-	-	-	-	-	-
Merchant										
Capacity Sales (Average MW)	264	264	263	263	262	267	266	265	264	264
Energy Sales (GWh)	2,280	2,060	2,271	2,267	2,268	2,004	2,293	2,286	2,057	2,283
FINANCIAL ASSUMPTIONS										
MXP CPI (%/yr)[4]	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
USD CPI (%/yr)[4]	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Avererage Exchange Rate (MXP/USD)[4]	22.7	23.0	23.3	23.6	24.0	24.3	24.6	25.0	25.3	25.6
REALIZED PRICES										
Fuel ($/MMBtu)[3]	3.8	3.9	4.0	4.1	4.2	4.4	4.5	4.7	4.8	4.9
CFE Contract										
Capacity-Based ($/kW-yr)[5]	197.7	202.8	201.9	203.2	204.9	206.4	208.4	214.9	213.0	225.2
Non-Fuel Energy-Based ($/MWh)[6]	4.9	5.1	5.2	5.3	5.4	5.7	6.1	6.2	5.0	6.4
Fuel-Based ($/MMBtu)[7]	3.8	3.9	4.0	4.1	4.2	4.4	4.5	4.7	4.8	4.9
All-In Realized ($/MWh)[8]	59.7	64.7	63.5	64.8	66.5	72.0	70.8	73.5	76.7	77.7
Contracts with Other Offtakers										
Capacity-Based ($/kW-yr)[5]	-	-	-	-	-	-	-	-	-	-
Non-Fuel Energy-Based ($/MWh)[6]	-	-	-	-	-	-	-	-	-	-
Fuel-Based ($/MMBtu)[7]	-	-	-	-	-	-	-	-	-	-
All-In Realized ($/MWh)[8]	-	-	-	-	-	-	-	-	-	-
Merchant										
Capacity ($/kW-yr)[3]	92.7	96.6	97.1	104.5	108.1	111.3	124.7	123.7	130.4	133.3
Energy ($/MWh)[3]	60.8	62.5	65.4	67.9	70.6	73.8	76.8	80.3	83.7	85.7
REVENUES ($000)										
CFE Contract	298,147	291,551	315,860	321,676	330,193	315,694	355,440	367,775	345,306	388,595
Contracts with Other Offtakers	-	-	-	-	-	-	-	-	-	-
Merchant	163,170	154,293	174,107	181,342	188,480	177,554	209,132	216,411	206,607	230,801
TOTAL REVENUES	461,318	445,843	489,967	503,018	518,673	493,248	564,572	584,186	551,913	619,395
EXPENSES ($000)										
Fixed Costs										
Fuel Reserve Capacity[4]	39,151	40,436	41,535	42,781	44,064	45,511	46,748	48,150	49,595	51,223
CSA Fixed	1,193	1,217	1,241	1,267	1,292	1,319	1,345	1,373	1,401	1,429
Fixed O&M[9]	16,494	16,841	17,194	17,555	17,924	18,300	18,685	19,077	19,478	19,887
Fixed Wheeling[4]	662	676	690	705	719	736	751	766	782	799
Subtotal Fixed Costs	57,500	59,170	60,661	62,308	64,000	65,866	67,529	69,367	71,255	73,337
Variable Costs										
Fuel	170,835	160,725	181,861	185,482	190,946	173,164	205,821	212,489	197,525	224,431
Emissions[4]	52,854	51,257	60,698	65,053	69,815	66,100	81,074	86,816	83,803	95,549
CSA Variable	8,901	8,221	9,266	10,086	11,780	10,465	12,263	12,512	11,505	13,060
Water[10]	331	295	321	316	312	271	307	302	268	293
Variable Wheeling[4]	28,815	26,570	29,928	30,505	31,151	28,112	32,834	33,426	30,710	34,792
Subtotal Variable Costs	261,736	247,069	282,075	291,443	304,004	278,111	332,299	345,544	323,811	368,125
TOTAL OPERATING EXPENSES	319,236	306,238	342,736	353,750	368,004	343,977	399,828	414,911	395,066	441,462
EBITDA ($000)	142,081	139,605	147,232	149,268	150,669	149,271	164,744	169,275	156,847	177,933
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)[11]	(31,910)	(32,479)	(34,988)	(36,370)	(36,632)	(34,930)	(43,650)	(41,026)	(35,699)	(45,929)
CASH AVAILABLE FOR DEBT SERVICE ($000)	110,172	107,126	112,244	112,898	114,037	114,341	121,094	128,249	121,148	132,004
DEBT SERVICE ($000)[12]	68,857	66,954	70,152	70,561	71,273	71,463	75,683	80,155	75,717	82,131
DEBT SERVICE COVERAGE RATIO	1.60x	1.60x	1.60x	1.60x	1.60x	1.60x	1.60x	1.60x	1.60x	1.61x
AVERAGE DSCR										
DEBT SERVICE RESERVE ACCOUNT ($000)[13]	46,212	46,212	46,212	46,212	46,212	53,927	53,927	53,927	53,927	53,927

Exhibit A-1
Sub-Table (a)

Tierra Mojada Project
Detailed Calculations for Other Pre-Debt Service Cash Flows

Base Case

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)										
OpCo Cash Flow Items										
Mexican Taxes	-	-	(14,455)	(32,592)	(33,506)	(31,686)	(26,033)	(22,504)	(29,771)	(29,824)
Working Capital and FRAC	(5,017)	268	(19,939)	(7,889)	(5,905)	6,471	6,962	(2,237)	(419)	1,168
Operating LC Fees	(1,460)	(1,406)	(1,315)	(1,330)	(1,350)	(1,285)	(1,266)	(1,279)	(1,297)	(1,307)
Cash Release (Build) on OpCo Balance Sheet	-	-	-	-	-	-	-	-	-	-
Subtotal OpCo Cash Flow Items	(6,478)	(1,138)	(35,708)	(41,811)	(40,762)	(26,500)	(20,337)	(26,019)	(31,487)	(29,964)
HoldCo Cash Flow Items										
Withholding Tax on Distributions to HoldCo	(4,359)	(3,697)	(3,163)	(2,840)	(2,705)	(2,521)	(2,359)	(2,175)	(1,964)	(1,740)
HoldCo Opex and Taxes	(80)	(88)	(100)	(94)	(91)	(90)	(88)	(86)	(84)	(81)
Subtotal HoldCo Cash Flow Items	(4,439)	(3,785)	(3,263)	(2,934)	(2,796)	(2,611)	(2,447)	(2,261)	(2,047)	(1,821)
TOTAL OTHER PRE-DEBT SERVICE CASH FLOWS	(10,917)	(4,924)	(38,971)	(44,745)	(43,558)	(29,110)	(22,784)	(28,280)	(33,535)	(31,785)

Sub-Table (b)

Tierra Mojada Project
Detailed Calculations for Debt Service

Base Case

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
DEBT SERVICE ($000)										
Outstanding Balance (EOY)	874,816	840,177	817,945	790,410	752,226	710,119	666,706	626,147	578,979	529,547
Principal	10,434	15,213	5,895	10,389	19,250	22,895	24,512	22,806	28,625	31,066
Interest	58,376	56,065	54,028	52,512	50,217	47,600	44,836	42,339	39,418	36,334
TOTAL DEBT SERVICE	68,810	71,278	59,922	62,901	69,467	70,494	69,349	65,145	68,043	67,400
EXCESS CASH FLOW SWEEP	18,750	19,426	16,337	17,146	18,934	19,213	18,900	17,754	18,542	18,366

Sub-Table (c)

Tierra Mojada Project
Detailed Calculations for Debt Service Reserve Account

Base Case

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
DEBT SERVICE RESERVE ACCOUNT ($000)										
DSR LC Commitment	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135
Issued DSR LC	37,696	31,778	36,703	44,664	47,135	46,881	41,129	44,161	43,593	44,415
Available DSR LC	9,439	15,356	10,431	2,471	-	253	6,006	2,974	3,542	2,720

Exhibit A-1
Sub-Table (a)

Tierra Mojada Project
Detailed Calculations for Other Pre-Debt Service Cash Flows

Base Case

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)										
OpCo Cash Flow Items										
Mexican Taxes	(28,860)	(28,401)	(32,502)	(32,096)	(33,269)	(31,535)	(38,208)	(39,530)	(37,847)	(38,662)
Working Capital and FRAC	(87)	(1,307)	121	(1,881)	(1,161)	(1,319)	(3,531)	182	3,620	(5,787)
Operating LC Fees	(1,325)	(1,336)	(1,351)	(1,357)	(1,361)	(1,425)	(1,459)	(1,450)	(1,392)	(1,401)
Cash Release (Build) on OpCo Balance Sheet	-	-	-	-	-	-	-	-	-	-
Subtotal OpCo Cash Flow Items	(30,271)	(31,044)	(33,732)	(35,334)	(35,791)	(34,279)	(43,198)	(40,798)	(35,619)	(45,849)
HoldCo Cash Flow Items										
Withholding Tax on Distributions to HoldCo	(1,559)	(1,355)	(1,176)	(956)	(761)	(571)	(373)	(148)	-	-
HoldCo Opex and Taxes	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)
Subtotal HoldCo Cash Flow Items	(1,639)	(1,435)	(1,256)	(1,036)	(841)	(651)	(453)	(228)	(80)	(80)
TOTAL OTHER PRE-DEBT SERVICE CASH FLOWS	(31,910)	(32,479)	(34,988)	(36,370)	(36,632)	(34,930)	(43,650)	(41,026)	(35,699)	(45,929)

Sub-Table (b)

Tierra Mojada Project
Detailed Calculations for Debt Service

Base Case

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
DEBT SERVICE ($000)										
Outstanding Balance (EOY)	494,128	458,435	417,001	372,418	324,174	272,661	213,336	145,532	77,902	-
Principal	35,420	35,693	41,434	44,583	48,244	51,513	59,325	67,805	67,630	77,902
Interest	33,438	31,261	28,719	25,978	23,029	19,950	16,359	12,351	8,087	4,229
TOTAL DEBT SERVICE	68,857	66,954	70,152	70,561	71,273	71,463	75,683	80,155	75,717	82,131
EXCESS CASH FLOW SWEEP	-	-	-	-	-	-	-	-	-	-

Sub-Table (c)

Tierra Mojada Project
Detailed Calculations for Debt Service Reserve Account

Base Case

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
DEBT SERVICE RESERVE ACCOUNT ($000)										
DSR LC Commitment	46,212	46,212	46,212	46,212	46,212	53,927	53,927	53,927	53,927	53,927
Issued DSR LC	42,443	45,483	45,825	46,212	45,042	49,273	52,365	46,117	28,204	-
Available DSR LC	3,769	729	387	-	1,170	4,654	1,563	7,810	25,723	53,927

Footnotes to Exhibit A-1

1) All years are December 1 through November 30 of the year indicated (e.g., the column labelled "2021" is for the period December 1, 2020 through November 30, 2021).
2) Not used.
3) From Market Consultant's Report, not validated by the Independent Engineer except to confirm proper usage within model.
4) Provided by the Company, not validated by the Independent Engineer except to confirm proper usage within model.
5) Sum of revenues for Capacity Charge, Fuel Reserve Capacity Charge, Fixed O&M Charge, Wheeling Fixed Costs (Others), and miscellaneous capacity-related revenues (for CFE Contract only), divided by the Contract Capacity.
6) Sum of revenues for Variable O&M Charge, Wheeling Charge, and miscellaneous energy revenues (for CFE Contract only), divided by Contract Energy.
7) Revenues for Fuel Consumption Variable Charge, divided by Contract Fuel Consumption.
8) Contract Revenue divided by Contract Energy.
9) Independent Engineer reviewed and confirmed for reasonableness line items representing 67% of total Fixed O&M for calendar year 2021. Largest item not reviewed and confirmed is Insurance (33%).
10) Independent Engineer reviewed and confirmed for reasonableness water quantity but not price, which was provided by the Company. The Company assumed price does not escalate.
11) Provided by the Company, not validated by the Independent Engineer. Detailed calculations performed by the Company provided in sub-table (a).
12) Provided by Issuer, not validated by the Independent Engineer. Detailed calculations performed by Issuer provided in sub-table (b).
13) Provided by Issuer, not validated by the Independent Engineer. Detailed calculations performed by Issuer provided in sub-table (c). End of year LC Commitment balance.

Exhibit A-2

Tierra Mojada Project
Projected Operating Results

Sensitivity A - Reduced Output[14]

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
PERFORMANCE										
Average Capacity (MW)	827	824	822	820	818	817	815	825	822	820
Availability (%)	96%	96%	96%	87%	96%	96%	96%	84%	96%	96%
Dispatch Factor (%)[3]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Capacity Factor (%)	96%	96%	96%	87%	96%	96%	96%	84%	96%	96%
Energy Generation (GWh)	6,971	6,953	6,933	6,264	6,903	6,890	6,878	6,089	6,935	6,916
Average Heat Rate (Btu/kWh)	6,216	6,222	6,227	6,230	6,234	6,236	6,239	6,216	6,222	6,227
Fuel Consumption (BBtu)	43,328	43,266	43,173	39,029	43,031	42,968	42,909	37,848	43,152	43,065
CFE Contract										
Capacity (Average MW)	550	600	600	600	600	600	600	600	600	600
Energy (GWh)	4,385	4,773	4,760	4,300	4,739	4,730	4,721	4,172	4,761	4,748
Guaranteed Average Heat Rate (Btu/kWh)	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346
Contracts with Other Offtakers										
Capacity (Average MW)	229	3,699	8,862	14,212	18,025	23,044	27,943	31,871	32,732	37,169
Energy (GWh)	1,821	2,015	171	-	-	-	-	-	-	-
Guaranteed Average Heat Rate (Btu/kWh)	6,346	6,265	6,241	-	-	-	-	-	-	-
Merchant										
Capacity Sales (Average MW)	25	23	252	251	251	250	250	253	252	251
Energy Sales (GWh)	765	191	2,005	1,964	2,164	2,160	2,156	1,909	2,174	2,168
FINANCIAL ASSUMPTIONS										
MXP CPI (%/yr)[4]	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
USD CPI (%/yr)[4]	1.9%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Avererage Exchange Rate (MXP/USD)[4]	21.2	20.6	20.3	20.6	20.9	21.2	21.5	21.8	22.1	22.4
REALIZED PRICES										
Fuel ($/MMBtu)[3]	2.6	2.3	2.5	2.7	3.0	3.1	3.2	3.3	3.5	3.6
CFE Contract										
Capacity-Based ($/kW-yr)[5]	185.5	184.1	184.1	189.2	190.4	192.3	192.1	193.2	195.2	196.2
Non-Fuel Energy-Based ($/MWh)[6]	3.9	4.0	4.2	4.2	4.1	4.0	4.0	4.3	4.3	4.3
Fuel-Based ($/MMBtu)[7]	2.6	2.3	2.5	2.7	3.0	3.1	3.2	3.3	3.5	3.6
All-In Realized ($/MWh)[8]	43.8	41.7	45.7	50.4	50.9	51.7	52.9	58.1	57.2	58.3
Contracts with Other Offtakers										
Capacity-Based ($/kW-yr)[5]	204.5	13.4	0.3	-	-	-	-	-	-	-
Non-Fuel Energy-Based ($/MWh)[6]	4.0	4.1	4.2	-	-	-	-	-	-	-
Fuel-Based ($/MMBtu)[7]	2.6	2.3	2.3	-	-	-	-	-	-	-
All-In Realized ($/MWh)[8]	46.4	43.0	32.6	-	-	-	-	-	-	-
Merchant										
Capacity ($/kW-yr)[3]	-	-	83.5	112.6	136.7	112.6	87.0	93.9	90.7	92.0
Energy ($/MWh)[3]	32.2	37.2	44.3	48.1	49.4	49.3	50.5	53.1	55.8	58.2
REVENUES ($000)										
CFE Contract	192,166	198,977	217,513	216,543	241,148	244,644	249,877	242,231	272,573	276,876
Contracts with Other Offtakers	84,438	86,647	5,572	-	-	-	-	-	-	-
Merchant	24,615	7,107	109,756	122,689	141,213	134,645	130,535	125,087	144,153	149,369
TOTAL REVENUES	301,220	292,731	332,841	339,232	382,361	379,289	380,412	367,317	416,727	426,244
EXPENSES ($000)										
Fixed Costs										
Fuel Reserve Capacity[4]	31,091	32,024	31,078	31,920	32,788	33,772	34,785	35,927	36,903	38,010
CSA Fixed	975	995	1,015	1,036	1,057	1,079	1,100	1,123	1,146	1,169
Fixed O&M[9]	13,268	13,623	13,968	14,261	14,561	14,866	15,179	15,497	15,823	16,155
Fixed Wheeling[4]	501	532	559	570	582	594	606	620	633	646
Subtotal Fixed Costs	45,836	47,175	46,619	47,788	48,988	50,311	51,670	53,167	54,504	55,980
Variable Costs										
Fuel	111,009	98,939	106,418	104,784	127,351	135,216	137,737	126,735	151,427	156,900
Emissions[4]	-	-	18,548	21,130	26,872	30,442	34,220	33,654	42,497	46,719
CSA Variable	4,940	8,159	8,324	6,781	6,727	6,864	7,003	6,253	7,290	7,926
Water[10]	340	348	352	313	341	335	330	288	324	319
Variable Wheeling[4]	20,985	22,227	23,267	21,450	24,149	24,609	25,081	22,647	26,365	26,842
Subtotal Variable Costs	137,274	129,673	156,910	154,458	185,440	197,466	204,371	189,578	227,904	238,706
TOTAL OPERATING EXPENSES	183,110	176,847	203,529	202,246	234,428	247,777	256,041	242,745	282,408	294,686
EBITDA ($000)	118,110	115,883	129,311	136,986	147,933	131,513	124,371	124,573	134,319	131,558
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)[11]	(10,371)	(5,415)	(29,834)	(46,737)	(40,277)	(27,304)	(19,595)	(25,504)	(29,596)	(31,027)
CASH AVAILABLE FOR DEBT SERVICE ($000)	107,739	110,469	99,477	90,249	107,656	104,209	104,776	99,069	104,723	100,531
DEBT SERVICE ($000)[12]	68,810	71,278	59,922	62,901	69,467	70,494	69,349	65,145	68,043	67,400
DEBT SERVICE COVERAGE RATIO	1.57x	1.55x	1.66x	1.43x	1.55x	1.48x	1.51x	1.52x	1.54x	1.49x
AVERAGE DSCR	1.52x									
DEBT SERVICE RESERVE ACCOUNT ($000)[13]	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135

Exhibit A-2

Tierra Mojada Project
Projected Operating Results

Sensitivity A - Reduced Output[14]

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
PERFORMANCE										
Average Capacity (MW)	818	816	815	813	813	826	823	820	818	817
Availability (%)	96%	87%	96%	96%	96%	84%	96%	96%	87%	96%
Dispatch Factor (%)[3]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Capacity Factor (%)	96%	87%	96%	96%	96%	84%	96%	96%	87%	96%
Energy Generation (GWh)	6,899	6,236	6,874	6,863	6,864	6,064	6,940	6,920	6,225	6,909
Average Heat Rate (Btu/kWh)	6,231	6,234	6,237	6,240	6,239	6,215	6,223	6,228	6,231	6,235
Fuel Consumption (BBtu)	42,992	38,877	42,875	42,821	42,824	37,693	43,187	43,095	38,790	43,076
CFE Contract										
Capacity (Average MW)	600	600	600	600	600	600	600	600	600	600
Energy (GWh)	4,736	4,280	4,719	4,711	4,712	4,163	4,764	4,751	4,273	4,743
Guaranteed Average Heat Rate (Btu/kWh)	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346
Contracts with Other Offtakers										
Capacity (Average MW)	42,823	48,242	52,587	59,100	66,401	72,450	77,243	84,412	93,847	111,712
Energy (GWh)	-	-	-	-	-	-	-	-	-	-
Guaranteed Average Heat Rate (Btu/kWh)	-	-	-	-	-	-	-	-	-	-
Merchant										
Capacity Sales (Average MW)	251	250	250	249	249	253	252	251	251	250
Energy Sales (GWh)	2,163	1,955	2,155	2,151	2,152	1,901	2,176	2,169	1,952	2,166
FINANCIAL ASSUMPTIONS										
MXP CPI (%/yr)[4]	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
USD CPI (%/yr)[4]	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Avererage Exchange Rate (MXP/USD)[4]	22.7	23.0	23.3	23.6	24.0	24.3	24.6	25.0	25.3	25.6
REALIZED PRICES										
Fuel ($/MMBtu)[3]	3.8	3.9	4.0	4.1	4.2	4.4	4.5	4.7	4.8	4.9
CFE Contract										
Capacity-Based ($/kW-yr)[5]	197.7	203.0	201.9	203.2	204.9	206.4	208.5	214.9	213.1	225.2
Non-Fuel Energy-Based ($/MWh)[6]	4.3	4.6	4.7	4.8	4.9	5.1	5.5	5.6	4.3	5.7
Fuel-Based ($/MMBtu)[7]	3.8	3.9	4.0	4.1	4.2	4.4	4.5	4.7	4.8	4.9
All-In Realized ($/MWh)[8]	59.9	65.0	64.3	64.9	66.6	72.5	71.5	73.5	76.6	77.7
Contracts with Other Offtakers										
Capacity-Based ($/kW-yr)[5]	-	-	-	-	-	-	-	-	-	-
Non-Fuel Energy-Based ($/MWh)[6]	-	-	-	-	-	-	-	-	-	-
Fuel-Based ($/MMBtu)[7]	-	-	-	-	-	-	-	-	-	-
All-In Realized ($/MWh)[8]	-	-	-	-	-	-	-	-	-	-
Merchant										
Capacity ($/kW-yr)[3]	92.7	96.6	97.1	104.5	108.1	111.3	124.7	123.7	130.4	133.3
Energy ($/MWh)[3]	60.8	62.5	65.4	67.9	70.6	73.8	76.8	80.3	83.7	85.7
REVENUES ($000)										
CFE Contract	283,788	278,040	303,364	305,966	313,805	301,764	340,893	348,968	327,520	368,690
Contracts with Other Offtakers	-	-	-	-	-	-	-	-	-	-
Merchant	154,828	146,404	165,205	172,070	178,842	168,479	198,441	205,347	196,044	219,001
TOTAL REVENUES	438,616	424,444	468,569	478,036	492,647	470,242	539,334	554,315	523,563	587,691
EXPENSES ($000)										
Fixed Costs										
Fuel Reserve Capacity[4]	39,151	40,436	41,535	42,781	44,064	45,511	46,748	48,150	49,595	51,223
CSA Fixed	1,193	1,217	1,241	1,267	1,292	1,319	1,345	1,373	1,401	1,429
Fixed O&M[9]	16,494	16,841	17,194	17,555	17,924	18,300	18,685	19,077	19,478	19,887
Fixed Wheeling[4]	659	673	687	701	716	732	747	763	779	795
Subtotal Fixed Costs	57,497	59,166	60,658	62,304	63,997	65,862	67,525	69,363	71,252	73,334
Variable Costs										
Fuel	162,101	152,508	172,563	175,998	181,183	164,312	195,300	201,626	187,426	212,956
Emissions[4]	50,152	48,637	57,595	61,727	66,245	62,721	76,930	82,378	79,519	90,664
CSA Variable	8,901	8,221	9,266	10,086	11,780	10,465	12,263	12,512	11,505	13,060
Water[10]	314	280	304	300	296	257	291	286	254	278
Variable Wheeling[4]	27,342	25,212	28,398	28,945	29,558	26,675	31,156	31,717	29,140	33,013
Subtotal Variable Costs	248,810	234,857	268,126	277,056	289,062	264,431	315,939	328,519	307,844	349,971
TOTAL OPERATING EXPENSES	306,307	294,023	328,784	339,361	353,058	330,293	383,464	397,882	379,096	423,305
EBITDA ($000)	132,310	130,421	139,786	138,675	139,589	139,949	155,870	156,433	144,468	164,386
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)[11]	(29,305)	(29,318)	(31,999)	(34,198)	(32,927)	(31,487)	(40,475)	(38,397)	(31,625)	(41,171)
CASH AVAILABLE FOR DEBT SERVICE ($000)	103,004	101,103	107,787	104,477	106,662	108,462	115,395	118,036	112,843	123,215
DEBT SERVICE ($000)[12]	68,857	66,954	70,152	70,561	71,273	71,463	75,683	80,155	75,717	82,131
DEBT SERVICE COVERAGE RATIO	1.50x	1.51x	1.54x	1.48x	1.50x	1.52x	1.52x	1.47x	1.49x	1.50x
AVERAGE DSCR										
DEBT SERVICE RESERVE ACCOUNT ($000)[13]	46,212	46,212	46,212	46,212	46,212	53,927	53,927	53,927	53,927	53,927

Exhibit A-2
Sub-Table (a)

Tierra Mojada Project
Detailed Calculations for Other Pre-Debt Service Cash Flows

Sensitivity A - Reduced Output[14]

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)										
OpCo Cash Flow Items										
Mexican Taxes	-	-	(6,432)	(35,033)	(30,528)	(29,541)	(22,473)	(19,823)	(27,233)	(27,628)
Working Capital and FRAC	(4,469)	(204)	(18,800)	(7,473)	(5,581)	6,141	6,619	(2,114)	991	(263)
Operating LC Fees	(1,457)	(1,399)	(1,309)	(1,325)	(1,344)	(1,276)	(1,257)	(1,271)	(1,288)	(1,298)
Cash Release (Build) on OpCo Balance Sheet	-	-	-	-	-	-	-	-	-	-
Subtotal OpCo Cash Flow Items	(5,926)	(1,603)	(26,541)	(43,831)	(37,454)	(24,675)	(17,111)	(23,208)	(27,531)	(29,189)
HoldCo Cash Flow Items										
Withholding Tax on Distributions to HoldCo	(4,365)	(3,723)	(3,193)	(2,812)	(2,732)	(2,538)	(2,396)	(2,210)	(1,981)	(1,757)
HoldCo Opex and Taxes	(80)	(88)	(101)	(95)	(91)	(90)	(88)	(86)	(84)	(82)
Subtotal HoldCo Cash Flow Items	(4,445)	(3,812)	(3,293)	(2,906)	(2,823)	(2,628)	(2,484)	(2,296)	(2,065)	(1,838)
TOTAL OTHER PRE-DEBT SERVICE CASH FLOWS	(10,371)	(5,415)	(29,834)	(46,737)	(40,277)	(27,304)	(19,595)	(25,504)	(29,596)	(31,027)

Sub-Table (b)

Tierra Mojada Project
Detailed Calculations for Debt Service

Sensitivity A - Reduced Output[14]

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
DEBT SERVICE ($000)										
Outstanding Balance (EOY)	874,816	840,177	817,945	790,410	752,226	710,119	666,706	626,147	578,979	529,547
Principal	10,434	15,213	5,895	10,389	19,250	22,895	24,512	22,806	28,625	31,066
Interest	58,376	56,065	54,028	52,512	50,217	47,600	44,836	42,339	39,418	36,334
TOTAL DEBT SERVICE	68,810	71,278	59,922	62,901	69,467	70,494	69,349	65,145	68,043	67,400
EXCESS CASH FLOW SWEEP	18,750	19,426	16,337	17,146	18,934	19,213	18,900	17,754	18,542	18,366

Sub-Table (c)

Tierra Mojada Project
Detailed Calculations for Debt Service Reserve Account

Sensitivity A - Reduced Output[14]

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
DEBT SERVICE RESERVE ACCOUNT ($000)										
DSR LC Commitment	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135
Issued DSR LC	37,696	31,778	36,703	44,664	47,135	46,881	41,129	44,161	43,593	44,415
Available DSR LC	9,439	15,356	10,431	2,471	-	253	6,006	2,974	3,542	2,720

Exhibit A-2
Sub-Table (a)

Tierra Mojada Project
Detailed Calculations for Other Pre-Debt Service Cash Flows

Sensitivity A - Reduced Output[14]

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)										
OpCo Cash Flow Items										
Mexican Taxes	(26,246)	(25,269)	(29,496)	(30,013)	(29,595)	(28,129)	(35,191)	(36,873)	(33,617)	(34,215)
Working Capital and FRAC	(75)	(1,246)	131	(1,779)	(1,094)	(1,244)	(3,347)	171	3,456	(5,484)
Operating LC Fees	(1,315)	(1,327)	(1,342)	(1,348)	(1,352)	(1,417)	(1,449)	(1,441)	(1,384)	(1,391)
Cash Release (Build) on OpCo Balance Sheet	-	-	-	-	-	-	-	-	-	-
Subtotal OpCo Cash Flow Items	(27,636)	(27,842)	(30,706)	(33,141)	(32,041)	(30,790)	(39,988)	(38,142)	(31,545)	(41,091)
HoldCo Cash Flow Items										
Withholding Tax on Distributions to HoldCo	(1,589)	(1,396)	(1,213)	(978)	(806)	(618)	(407)	(174)	-	-
HoldCo Opex and Taxes	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)
Subtotal HoldCo Cash Flow Items	(1,669)	(1,476)	(1,293)	(1,058)	(886)	(698)	(487)	(254)	(80)	(80)
TOTAL OTHER PRE-DEBT SERVICE CASH FLOWS	(29,305)	(29,318)	(31,999)	(34,198)	(32,927)	(31,487)	(40,475)	(38,397)	(31,625)	(41,171)

Sub-Table (b)

Tierra Mojada Project
Detailed Calculations for Debt Service

Sensitivity A - Reduced Output[14]

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
DEBT SERVICE ($000)										
Outstanding Balance (EOY)	494,128	458,435	417,001	372,418	324,174	272,661	213,336	145,532	77,902	-
Principal	35,420	35,693	41,434	44,583	48,244	51,513	59,325	67,805	67,630	77,902
Interest	33,438	31,261	28,719	25,978	23,029	19,950	16,359	12,351	8,087	4,229
TOTAL DEBT SERVICE	68,857	66,954	70,152	70,561	71,273	71,463	75,683	80,155	75,717	82,131
EXCESS CASH FLOW SWEEP	-	-	-	-	-	-	-	-	-	-

Sub-Table (c)

Tierra Mojada Project
Detailed Calculations for Debt Service Reserve Account

Sensitivity A - Reduced Output[14]

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
DEBT SERVICE RESERVE ACCOUNT ($000)										
DSR LC Commitment	46,212	46,212	46,212	46,212	46,212	53,927	53,927	53,927	53,927	53,927
Issued DSR LC	42,443	45,483	45,825	46,212	45,042	49,273	52,365	46,117	28,204	-
Available DSR LC	3,769	729	387	-	1,170	4,654	1,563	7,810	25,723	53,927

Footnotes to Exhibit A-2

The footnotes to Exhibit A-2 are the same as the footnotes for Exhibit A-1 with the addition of:

14) The demonstrated capacity of the Facility is assumed to be 5 percent less than that assumed in the Base Case. In the event the underperformance of the Facility is attributable to the CTs or ST, LDs payable to the Company by GEGS for output degradation of the CTs and ST that is greater than the guarantee under the CSA may apply.

Exhibit A-3

Tierra Mojada Project
Projected Operating Results

Sensitivity B - Reduced Availability[14]

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
PERFORMANCE										
Average Capacity (MW)	872	868	866	864	862	861	859	869	866	864
Availability (%)	91%	92%	92%	83%	92%	92%	92%	80%	92%	92%
Dispatch Factor (%)[3]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Capacity Factor (%)	91%	92%	92%	83%	92%	92%	92%	80%	92%	92%
Energy Generation (GWh)	6,978	6,962	6,942	6,272	6,911	6,898	6,886	6,096	6,944	6,924
Average Heat Rate (Btu/kWh)	6,216	6,222	6,227	6,230	6,234	6,236	6,239	6,216	6,222	6,227
Fuel Consumption (BBtu)	43,375	43,317	43,224	39,075	43,082	43,019	42,960	37,893	43,203	43,116
CFE Contract										
Capacity (Average MW)	550	600	600	600	600	600	600	600	600	600
Energy (GWh)	4,389	4,779	4,765	4,305	4,745	4,735	4,727	4,177	4,767	4,753
Guaranteed Average Heat Rate (Btu/kWh)	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346
Contracts with Other Offtakers										
Capacity (Average MW)	229	3,632	8,714	13,983	14,928	19,313	24,142	28,004	26,456	30,348
Energy (GWh)	1,822	2,015	171	-	-	-	-	-	-	-
Guaranteed Average Heat Rate (Btu/kWh)	6,346	6,272	6,249	-	-	-	-	-	-	-
Merchant										
Capacity Sales (Average MW)	38	36	265	265	264	264	263	267	265	265
Energy Sales (GWh)	766	191	2,008	1,966	2,167	2,163	2,159	1,911	2,177	2,171
FINANCIAL ASSUMPTIONS										
MXP CPI (%/yr)[4]	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
USD CPI (%/yr)[4]	1.9%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Avererage Exchange Rate (MXP/USD)[4]	21.2	20.6	20.3	20.6	20.9	21.2	21.5	21.8	22.1	22.4
REALIZED PRICES										
Fuel ($/MMBtu)[3]	2.6	2.3	2.5	2.7	3.0	3.1	3.2	3.3	3.5	3.6
CFE Contract										
Capacity-Based ($/kW-yr)[5]	185.4	184.0	184.1	189.1	190.4	192.3	192.1	193.2	195.2	196.1
Non-Fuel Energy-Based ($/MWh)[6]	3.9	4.0	4.2	4.2	4.1	4.0	4.1	4.3	4.3	4.3
Fuel-Based ($/MMBtu)[7]	2.6	2.3	2.5	2.7	3.0	3.1	3.2	3.3	3.5	3.6
All-In Realized ($/MWh)[8]	43.8	41.7	45.7	50.9	50.9	52.6	53.6	58.7	57.2	58.9
Contracts with Other Offtakers										
Capacity-Based ($/kW-yr)[5]	204.4	13.6	0.3	-	-	-	-	-	-	-
Non-Fuel Energy-Based ($/MWh)[6]	4.0	4.1	4.2	-	-	-	-	-	-	-
Fuel-Based ($/MMBtu)[7]	2.6	2.3	2.3	-	-	-	-	-	-	-
All-In Realized ($/MWh)[8]	46.3	43.0	32.6	-	-	-	-	-	-	-
Merchant										
Capacity ($/kW-yr)[3]	-	-	83.5	112.6	136.7	112.6	87.0	93.9	90.7	92.0
Energy ($/MWh)[3]	32.2	37.2	44.3	48.1	49.4	49.3	50.5	53.1	55.8	58.2
REVENUES ($000)										
CFE Contract	192,279	199,095	217,656	219,163	241,322	248,876	253,396	244,961	272,788	279,795
Contracts with Other Offtakers	84,461	86,684	5,575	-	-	-	-	-	-	-
Merchant	24,663	7,115	110,993	124,325	143,187	136,290	131,835	126,485	145,527	150,764
TOTAL REVENUES	301,403	292,894	334,223	343,489	384,509	385,167	385,231	371,446	418,316	430,559
EXPENSES ($000)										
Fixed Costs										
Fuel Reserve Capacity[4]	31,091	32,024	31,078	31,920	32,788	33,772	34,785	35,927	36,903	38,010
CSA Fixed	975	995	1,015	1,036	1,057	1,079	1,100	1,123	1,146	1,169
Fixed O&M[9]	13,268	13,623	13,968	14,261	14,561	14,866	15,179	15,497	15,823	16,155
Fixed Wheeling[4]	504	535	561	573	585	597	609	623	636	649
Subtotal Fixed Costs	45,839	47,177	46,622	47,790	48,990	50,314	51,673	53,170	54,507	55,983
Variable Costs										
Fuel	111,129	99,056	106,544	104,908	127,502	135,377	137,901	126,884	151,606	157,086
Emissions[4]	-	-	18,570	21,155	26,904	30,478	34,260	33,694	42,547	46,775
CSA Variable	4,512	7,751	7,908	6,776	6,391	6,520	6,653	5,940	6,926	7,066
Water[10]	340	348	352	314	341	336	331	289	325	319
Variable Wheeling[4]	21,008	22,253	23,295	21,475	24,178	24,638	25,111	22,674	26,396	26,874
Subtotal Variable Costs	136,990	129,408	156,669	154,628	185,316	197,349	204,256	189,481	227,800	238,120
TOTAL OPERATING EXPENSES	182,828	176,585	203,291	202,418	234,306	247,663	255,929	242,651	282,307	294,103
EBITDA ($000)	118,575	116,309	130,932	141,070	150,203	137,504	129,302	128,795	136,008	136,456
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)[11]	(10,370)	(5,410)	(32,154)	(47,400)	(42,104)	(27,728)	(21,439)	(27,025)	(30,670)	(31,172)
CASH AVAILABLE FOR DEBT SERVICE ($000)	108,205	110,899	98,778	93,671	108,098	109,776	107,863	101,770	105,338	105,284
DEBT SERVICE ($000)[12]	68,810	71,278	59,922	62,901	69,467	70,494	69,349	65,145	68,043	67,400
DEBT SERVICE COVERAGE RATIO	1.57x	1.56x	1.65x	1.49x	1.56x	1.56x	1.56x	1.56x	1.55x	1.56x
AVERAGE DSCR	1.55x									
DEBT SERVICE RESERVE ACCOUNT ($000)[13]	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135

Exhibit A-3

Tierra Mojada Project
Projected Operating Results

Sensitivity B - Reduced Availability[14]

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
PERFORMANCE										
Average Capacity (MW)	862	860	859	857	857	871	867	864	862	861
Availability (%)	92%	83%	92%	92%	92%	79%	92%	92%	83%	92%
Dispatch Factor (%)[3]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Capacity Factor (%)	92%	83%	92%	92%	92%	79%	92%	92%	83%	92%
Energy Generation (GWh)	6,908	6,243	6,882	6,871	6,872	6,072	6,948	6,928	6,232	6,917
Average Heat Rate (Btu/kWh)	6,231	6,234	6,237	6,240	6,239	6,215	6,223	6,228	6,231	6,235
Fuel Consumption (BBtu)	43,043	38,923	42,926	42,872	42,876	37,738	43,238	43,146	38,836	43,127
CFE Contract										
Capacity (Average MW)	600	600	600	600	600	600	600	600	600	600
Energy (GWh)	4,742	4,285	4,725	4,717	4,718	4,168	4,770	4,756	4,278	4,749
Guaranteed Average Heat Rate (Btu/kWh)	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346
Contracts with Other Offtakers										
Capacity (Average MW)	35,919	41,258	43,143	49,087	56,289	61,062	62,739	69,238	78,552	96,301
Energy (GWh)	-	-	-	-	-	-	-	-	-	-
Guaranteed Average Heat Rate (Btu/kWh)	-	-	-	-	-	-	-	-	-	-
Merchant										
Capacity Sales (Average MW)	264	264	263	263	262	267	266	265	264	264
Energy Sales (GWh)	2,166	1,957	2,158	2,154	2,154	1,903	2,178	2,172	1,954	2,169
FINANCIAL ASSUMPTIONS										
MXP CPI (%/yr)[4]	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
USD CPI (%/yr)[4]	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Averege Exchange Rate (MXP/USD)[4]	22.7	23.0	23.3	23.6	24.0	24.3	24.6	25.0	25.3	25.6
REALIZED PRICES										
Fuel ($/MMBtu)[3]	3.8	3.9	4.0	4.1	4.2	4.4	4.5	4.7	4.8	4.9
CFE Contract										
Capacity-Based ($/kW-yr)[5]	197.7	203.0	201.9	203.2	204.9	206.4	208.4	214.9	213.0	225.2
Non-Fuel Energy-Based ($/MWh)[6]	4.4	4.6	4.7	4.8	4.9	5.2	5.5	5.6	4.3	5.8
Fuel-Based ($/MMBtu)[7]	3.8	3.9	4.0	4.1	4.2	4.4	4.5	4.7	4.8	4.9
All-In Realized ($/MWh)[8]	60.5	65.6	64.3	65.5	67.2	72.9	71.5	74.2	77.5	78.5
Contracts with Other Offtakers										
Capacity-Based ($/kW-yr)[5]	-	-	-	-	-	-	-	-	-	-
Non-Fuel Energy-Based ($/MWh)[6]	-	-	-	-	-	-	-	-	-	-
Fuel-Based ($/MMBtu)[7]	-	-	-	-	-	-	-	-	-	-
All-In Realized ($/MWh)[8]	-	-	-	-	-	-	-	-	-	-
Merchant										
Capacity ($/kW-yr)[3]	92.7	96.6	97.1	104.5	108.1	111.3	124.7	123.7	130.4	133.3
Energy ($/MWh)[3]	60.8	62.5	65.4	67.9	70.6	73.8	76.8	80.3	83.7	85.7
REVENUES ($000)										
CFE Contract	286,750	280,995	303,618	309,089	317,149	303,758	341,187	352,982	331,471	372,875
Contracts with Other Offtakers	-	-	-	-	-	-	-	-	-	-
Merchant	156,236	147,851	166,680	173,647	180,473	170,161	200,331	207,228	197,999	221,018
TOTAL REVENUES	442,985	428,846	470,297	482,736	497,622	473,919	541,518	560,210	529,470	593,893
EXPENSES ($000)										
Fixed Costs										
Fuel Reserve Capacity[4]	39,151	40,436	41,535	42,781	44,064	45,511	46,748	48,150	49,595	51,223
CSA Fixed	1,193	1,217	1,241	1,267	1,292	1,319	1,345	1,373	1,401	1,429
Fixed O&M[9]	16,494	16,841	17,194	17,555	17,924	18,300	18,685	19,077	19,478	19,887
Fixed Wheeling[4]	662	676	690	705	719	736	751	766	782	799
Subtotal Fixed Costs	57,500	59,170	60,661	62,308	64,000	65,866	67,529	69,367	71,255	73,337
Variable Costs										
Fuel	162,293	152,689	172,768	176,208	181,399	164,505	195,530	201,865	187,648	213,209
Emissions[4]	50,211	48,694	57,663	61,800	66,324	62,795	77,021	82,475	79,613	90,772
CSA Variable	8,308	7,810	8,803	8,982	10,368	9,941	11,649	11,886	10,930	12,407
Water[10]	314	280	305	300	296	258	291	286	254	278
Variable Wheeling[4]	27,374	25,242	28,432	28,980	29,594	26,706	31,192	31,754	29,175	33,052
Subtotal Variable Costs	248,501	234,715	267,971	276,270	287,981	264,206	315,684	328,267	307,620	349,718
TOTAL OPERATING EXPENSES	306,001	293,885	328,632	338,578	351,981	330,071	383,213	397,634	378,876	423,056
EBITDA ($000)	136,984	134,961	141,665	144,159	145,641	143,848	158,305	162,576	150,594	170,838
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)[11]	(31,217)	(30,797)	(33,308)	(34,560)	(35,173)	(33,480)	(41,533)	(38,902)	(33,950)	(43,510)
CASH AVAILABLE FOR DEBT SERVICE ($000)	105,767	104,165	108,357	109,599	110,468	110,368	116,772	123,674	116,644	127,327
DEBT SERVICE ($000)[12]	68,857	66,954	70,152	70,561	71,273	71,463	75,683	80,155	75,717	82,131
DEBT SERVICE COVERAGE RATIO	1.54x	1.56x	1.54x	1.55x	1.55x	1.54x	1.54x	1.54x	1.54x	1.55x
AVERAGE DSCR										
DEBT SERVICE RESERVE ACCOUNT ($000)[13]	46,212	46,212	46,212	46,212	46,212	53,927	53,927	53,927	53,927	53,927

Exhibit A-3
Sub-Table (a)

Tierra Mojada Project
Detailed Calculations for Other Pre-Debt Service Cash Flows

Sensitivity B - Reduced Availability[14]

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)										
OpCo Cash Flow Items										
Mexican Taxes	-	-	(7,622)	(35,297)	(32,041)	(30,289)	(24,687)	(21,253)	(28,362)	(27,752)
Working Capital and FRAC	(4,469)	(203)	(19,934)	(7,865)	(5,904)	6,470	6,966	(2,222)	1,039	(278)
Operating LC Fees	(1,457)	(1,400)	(1,309)	(1,325)	(1,344)	(1,276)	(1,257)	(1,271)	(1,288)	(1,298)
Cash Release (Build) on OpCo Balance Sheet	-	-	-	-	-	-	-	-	-	-
Subtotal OpCo Cash Flow Items	(5,926)	(1,603)	(28,864)	(44,488)	(39,290)	(25,096)	(18,978)	(24,746)	(28,611)	(29,328)
HoldCo Cash Flow Items										
Withholding Tax on Distributions to HoldCo	(4,364)	(3,719)	(3,189)	(2,817)	(2,724)	(2,542)	(2,374)	(2,193)	(1,976)	(1,762)
HoldCo Opex and Taxes	(80)	(88)	(100)	(95)	(91)	(90)	(88)	(86)	(84)	(82)
Subtotal HoldCo Cash Flow Items	(4,444)	(3,807)	(3,289)	(2,911)	(2,815)	(2,632)	(2,461)	(2,279)	(2,060)	(1,844)
TOTAL OTHER PRE-DEBT SERVICE CASH FLOWS	(10,370)	(5,410)	(32,154)	(47,400)	(42,104)	(27,728)	(21,439)	(27,025)	(30,670)	(31,172)

Sub-Table (b)

Tierra Mojada Project
Detailed Calculations for Debt Service

Sensitivity B - Reduced Availability[14]

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
DEBT SERVICE ($000)										
Outstanding Balance (EOY)	874,816	840,177	817,945	790,410	752,226	710,119	666,706	626,147	578,979	529,547
Principal	10,434	15,213	5,895	10,389	19,250	22,895	24,512	22,806	28,625	31,066
Interest	58,376	56,065	54,028	52,512	50,217	47,600	44,836	42,339	39,418	36,334
TOTAL DEBT SERVICE	68,810	71,278	59,922	62,901	69,467	70,494	69,349	65,145	68,043	67,400
EXCESS CASH FLOW SWEEP	18,750	19,426	16,337	17,146	18,934	19,213	18,900	17,754	18,542	18,366

Sub-Table (c)

Tierra Mojada Project
Detailed Calculations for Debt Service Reserve Account

Sensitivity B - Reduced Availability[14]

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
DEBT SERVICE RESERVE ACCOUNT ($000)										
DSR LC Commitment	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135
Issued DSR LC	37,696	31,778	36,703	44,664	47,135	46,881	41,129	44,161	43,593	44,415
Available DSR LC	9,439	15,356	10,431	2,471	-	253	6,006	2,974	3,542	2,720

Exhibit A-3
Sub-Table (a)

Tierra Mojada Project
Detailed Calculations for Other Pre-Debt Service Cash Flows

Sensitivity B - Reduced Availability[14]

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)										
OpCo Cash Flow Items										
Mexican Taxes	(28,172)	(26,713)	(30,814)	(30,274)	(31,816)	(30,076)	(36,080)	(37,393)	(35,860)	(36,513)
Working Capital and FRAC	(81)	(1,296)	126	(1,876)	(1,141)	(1,312)	(3,524)	190	3,374	(5,526)
Operating LC Fees	(1,316)	(1,327)	(1,342)	(1,348)	(1,352)	(1,417)	(1,449)	(1,441)	(1,384)	(1,392)
Cash Release (Build) on OpCo Balance Sheet	-	-	-	-	-	-	-	-	-	-
Subtotal OpCo Cash Flow Items	(29,569)	(29,336)	(32,030)	(33,498)	(34,309)	(32,805)	(41,053)	(38,644)	(33,870)	(43,430)
HoldCo Cash Flow Items										
Withholding Tax on Distributions to HoldCo	(1,569)	(1,381)	(1,198)	(982)	(784)	(595)	(400)	(178)	-	-
HoldCo Opex and Taxes	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)
Subtotal HoldCo Cash Flow Items	(1,649)	(1,461)	(1,278)	(1,062)	(864)	(675)	(480)	(258)	(80)	(80)
TOTAL OTHER PRE-DEBT SERVICE CASH FLOWS	(31,217)	(30,797)	(33,308)	(34,560)	(35,173)	(33,480)	(41,533)	(38,902)	(33,950)	(43,510)

Sub-Table (b)

Tierra Mojada Project
Detailed Calculations for Debt Service

Sensitivity B - Reduced Availability[14]

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
DEBT SERVICE ($000)										
Outstanding Balance (EOY)	494,128	458,435	417,001	372,418	324,174	272,661	213,336	145,532	77,902	-
Principal	35,420	35,693	41,434	44,583	48,244	51,513	59,325	67,805	67,630	77,902
Interest	33,438	31,261	28,719	25,978	23,029	19,950	16,359	12,351	8,087	4,229
TOTAL DEBT SERVICE	68,857	66,954	70,152	70,561	71,273	71,463	75,683	80,155	75,717	82,131
EXCESS CASH FLOW SWEEP	-	-	-	-	-	-	-	-	-	-

Sub-Table (c)

Tierra Mojada Project
Detailed Calculations for Debt Service Reserve Account

Sensitivity B - Reduced Availability[14]

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
DEBT SERVICE RESERVE ACCOUNT ($000)										
DSR LC Commitment	46,212	46,212	46,212	46,212	46,212	53,927	53,927	53,927	53,927	53,927
Issued DSR LC	42,443	45,483	45,825	46,212	45,042	49,273	52,365	46,117	28,204	-
Available DSR LC	3,769	729	387	-	1,170	4,654	1,563	7,810	25,723	53,927

Footnotes to Exhibit A-3

The footnotes to Exhibit A-3 are the same as the footnotes for Exhibit A-1 with the addition of:

14) Availability of the Facility is assumed to be five percentage points less than the Base Case due to a corresponding increase in the scheduled outage factor (planned plus maintenance outage), resulting in a five percent reduction in energy generation from the Base Case. In the event the lower availability of the Facility is attributable to the CTGs and STG, LDs payable to the Company by GEGS for reliability of the CTs and ST that is lower than the guarantee under the CSA may apply.

Exhibit A-4

Tierra Mojada Project
Projected Operating Results

Sensitivity C - Increased Heat Rate[14]

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
PERFORMANCE										
Average Capacity (MW)	872	868	866	864	862	861	859	869	866	864
Availability (%)	96%	96%	96%	87%	96%	96%	96%	84%	96%	96%
Dispatch Factor (%)[3]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Capacity Factor (%)	96%	96%	96%	87%	96%	96%	96%	84%	96%	96%
Energy Generation (GWh)	7,345	7,328	7,307	6,602	7,275	7,261	7,248	6,417	7,309	7,288
Average Heat Rate (Btu/kWh)	6,527	6,533	6,538	6,542	6,545	6,548	6,551	6,527	6,533	6,539
Fuel Consumption (BBtu)	47,941	47,876	47,774	43,188	47,617	47,547	47,482	41,882	47,751	47,654
CFE Contract										
Capacity (Average MW)	550	600	600	600	600	600	600	600	600	600
Energy (GWh)	4,572	5,031	5,016	4,532	4,994	4,985	4,976	4,386	5,018	5,003
Guaranteed Average Heat Rate (Btu/kWh)	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346
Contracts with Other Offtakers										
Capacity (Average MW)	229	243	1,599	3,261	761	1,217	2,952	3,851	744	5
Energy (GWh)	1,833	2,015	171	-	-	-	-	-	-	-
Guaranteed Average Heat Rate (Btu/kWh)	6,346	6,346	6,346	-	-	-	-	-	-	-
Merchant										
Capacity Sales (Average MW)	38	36	265	265	264	264	263	267	265	265
Energy Sales (GWh)	892	283	2,120	2,070	2,281	2,276	2,272	2,012	2,291	2,285
FINANCIAL ASSUMPTIONS										
MXP CPI (%/yr)[4]	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
USD CPI (%/yr)[4]	1.9%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Avererage Exchange Rate (MXP/USD)[4]	21.2	20.6	20.3	20.6	20.9	21.2	21.5	21.8	22.1	22.4
REALIZED PRICES										
Fuel ($/MMBtu)[3]	2.6	2.3	2.5	2.7	3.0	3.1	3.2	3.3	3.5	3.6
CFE Contract										
Capacity-Based ($/kW-yr)[5]	185.2	183.2	184.1	189.1	190.4	192.3	192.1	192.8	197.9	193.4
Non-Fuel Energy-Based ($/MWh)[6]	4.3	4.3	4.5	4.6	4.5	4.4	4.5	4.8	4.7	4.8
Fuel-Based ($/MMBtu)[7]	2.6	2.3	2.5	2.7	3.0	3.1	3.2	3.3	3.5	3.6
All-In Realized ($/MWh)[8]	43.2	40.7	45.0	50.1	50.2	52.0	53.1	58.0	57.1	58.1
Contracts with Other Offtakers										
Capacity-Based ($/kW-yr)[5]	204.4	203.3	1.5	-	-	-	-	-	-	-
Non-Fuel Energy-Based ($/MWh)[6]	4.0	4.2	4.3	-	-	-	-	-	-	-
Fuel-Based ($/MMBtu)[7]	2.6	2.3	2.3	-	-	-	-	-	-	-
All-In Realized ($/MWh)[8]	46.2	43.2	32.9	-	-	-	-	-	-	-
Merchant										
Capacity ($/kW-yr)[3]	-	-	83.5	112.6	136.7	112.6	87.0	93.9	90.7	92.0
Energy ($/MWh)[3]	32.3	37.2	44.2	48.1	49.4	49.3	50.5	53.1	55.8	58.2
REVENUES ($000)										
CFE Contract	197,725	204,719	225,529	227,057	250,916	259,152	264,091	254,522	286,492	290,848
Contracts with Other Offtakers	84,678	87,124	5,623	-	-	-	-	-	-	-
Merchant	28,839	10,522	115,903	129,299	148,821	141,900	137,569	131,825	151,920	157,416
TOTAL REVENUES	311,241	302,365	347,055	356,356	399,737	401,052	401,659	386,347	438,411	448,265
EXPENSES ($000)										
Fixed Costs										
Fuel Reserve Capacity[4]	31,091	32,024	31,078	31,920	32,788	33,772	34,785	35,927	36,903	38,010
CSA Fixed	975	995	1,015	1,036	1,057	1,079	1,100	1,123	1,146	1,169
Fixed O&M[9]	13,268	13,623	13,968	14,261	14,561	14,866	15,179	15,497	15,823	16,155
Fixed Wheeling[4]	504	535	561	573	585	597	609	623	636	649
Subtotal Fixed Costs	45,839	47,177	46,622	47,790	48,990	50,314	51,673	53,170	54,507	55,983
Variable Costs										
Fuel	122,827	109,483	117,759	115,951	140,923	149,627	152,417	140,241	167,564	173,621
Emissions[4]	-	-	20,525	23,382	29,736	33,686	37,867	37,241	47,026	51,698
CSA Variable	4,940	8,159	8,324	6,781	6,727	6,864	7,003	6,253	7,290	7,926
Water[10]	358	366	371	330	359	354	348	304	342	336
Variable Wheeling[4]	22,113	23,424	24,521	22,605	25,451	25,935	26,432	23,867	27,786	28,288
Subtotal Variable Costs	150,239	141,432	171,500	169,050	203,196	216,465	224,067	207,905	250,008	261,869
TOTAL OPERATING EXPENSES	196,077	188,609	218,122	216,840	252,186	266,779	275,740	261,075	304,515	317,853
EBITDA ($000)	115,164	113,756	128,933	139,516	147,551	134,273	125,919	125,272	133,896	130,412
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)[11]	(10,787)	(5,046)	(25,473)	(50,803)	(41,727)	(26,762)	(20,294)	(25,915)	(31,246)	(28,913)
CASH AVAILABLE FOR DEBT SERVICE ($000)	104,377	108,710	103,460	88,713	105,823	107,511	105,624	99,356	102,651	101,499
DEBT SERVICE ($000)[12]	68,810	71,278	59,922	62,901	69,467	70,494	69,349	65,145	68,043	67,400
DEBT SERVICE COVERAGE RATIO	1.52x	1.53x	1.73x	1.41x	1.52x	1.53x	1.52x	1.53x	1.51x	1.51x
AVERAGE DSCR	1.51x									
DEBT SERVICE RESERVE ACCOUNT ($000)[13]	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135

Exhibit A-4

Tierra Mojada Project
Projected Operating Results

Sensitivity C - Increased Heat Rate[14]

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
PERFORMANCE										
Average Capacity (MW)	862	860	859	857	857	871	867	864	862	861
Availability (%)	96%	87%	96%	96%	96%	84%	96%	96%	87%	96%
Dispatch Factor (%)[3]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Capacity Factor (%)	96%	87%	96%	96%	96%	84%	96%	96%	87%	96%
Energy Generation (GWh)	7,271	6,572	7,245	7,232	7,234	6,391	7,314	7,293	6,560	7,282
Average Heat Rate (Btu/kWh)	6,543	6,546	6,549	6,552	6,551	6,526	6,534	6,539	6,543	6,546
Fuel Consumption (BBtu)	47,574	43,020	47,445	47,385	47,389	41,710	47,790	47,688	42,924	47,667
CFE Contract										
Capacity (Average MW)	600	600	600	600	600	600	600	600	600	600
Energy (GWh)	4,992	4,507	4,973	4,965	4,966	4,387	5,021	5,006	4,504	4,999
Guaranteed Average Heat Rate (Btu/kWh)	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346
Contracts with Other Offtakers										
Capacity (Average MW)	1,121	2,895	1,022	2,646	5,422	6,031	2,739	4,006	7,800	20,011
Energy (GWh)	-	-	-	-	-	-	-	-	-	-
Guaranteed Average Heat Rate (Btu/kWh)	-	-	-	-	-	-	-	-	-	-
Merchant										
Capacity Sales (Average MW)	264	264	263	263	262	267	266	265	264	264
Energy Sales (GWh)	2,280	2,060	2,271	2,267	2,268	2,004	2,293	2,286	2,057	2,283
FINANCIAL ASSUMPTIONS										
MXP CPI (%/yr)[4]	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
USD CPI (%/yr)[4]	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Avererage Exchange Rate (MXP/USD)[4]	22.7	23.0	23.3	23.6	24.0	24.3	24.6	25.0	25.3	25.6
REALIZED PRICES										
Fuel ($/MMBtu)[3]	3.8	3.9	4.0	4.1	4.2	4.4	4.5	4.7	4.8	4.9
CFE Contract										
Capacity-Based ($/kW-yr)[5]	197.7	202.8	201.9	203.2	204.9	206.4	208.4	214.9	213.0	225.2
Non-Fuel Energy-Based ($/MWh)[6]	4.9	5.1	5.2	5.3	5.4	5.7	6.1	6.2	5.0	6.4
Fuel-Based ($/MMBtu)[7]	3.8	3.9	4.0	4.1	4.2	4.4	4.5	4.7	4.8	4.9
All-In Realized ($/MWh)[8]	60.1	65.1	63.9	65.2	67.0	72.5	71.3	74.1	77.3	78.4
Contracts with Other Offtakers										
Capacity-Based ($/kW-yr)[5]	-	-	-	-	-	-	-	-	-	-
Non-Fuel Energy-Based ($/MWh)[6]	-	-	-	-	-	-	-	-	-	-
Fuel-Based ($/MMBtu)[7]	-	-	-	-	-	-	-	-	-	-
All-In Realized ($/MWh)[8]	-	-	-	-	-	-	-	-	-	-
Merchant										
Capacity ($/kW-yr)[3]	92.7	96.6	97.1	104.5	108.1	111.3	124.7	123.7	130.4	133.3
Energy ($/MWh)[3]	60.8	62.5	65.4	67.9	70.6	73.8	76.8	80.3	83.7	85.7
REVENUES ($000)										
CFE Contract	299,962	293,308	317,944	323,909	332,590	317,963	358,223	370,755	348,183	391,874
Contracts with Other Offtakers	-	-	-	-	-	-	-	-	-	-
Merchant	163,170	154,293	174,107	181,342	188,480	177,554	209,132	216,411	206,607	230,801
TOTAL REVENUES	463,132	447,601	492,051	505,251	521,069	495,517	567,355	587,166	554,790	622,675
EXPENSES ($000)										
Fixed Costs										
Fuel Reserve Capacity[4]	39,151	40,436	41,535	42,781	44,064	45,511	46,748	48,150	49,595	51,223
CSA Fixed	1,193	1,217	1,241	1,267	1,292	1,319	1,345	1,373	1,401	1,429
Fixed O&M[9]	16,494	16,841	17,194	17,555	17,924	18,300	18,685	19,077	19,478	19,887
Fixed Wheeling[4]	662	676	690	705	719	736	751	766	782	799
Subtotal Fixed Costs	57,500	59,170	60,661	62,308	64,000	65,866	67,529	69,367	71,255	73,337
Variable Costs										
Fuel	179,377	168,761	190,954	194,757	200,494	181,822	216,112	223,114	207,401	235,652
Emissions[4]	55,497	53,820	63,733	68,306	73,306	69,405	85,128	91,157	87,993	100,326
CSA Variable	8,901	8,221	9,266	10,086	11,780	10,465	12,263	12,512	11,505	13,060
Water[10]	331	295	321	316	312	271	307	302	268	293
Variable Wheeling[4]	28,815	26,570	29,928	30,505	31,151	28,112	32,834	33,426	30,710	34,792
Subtotal Variable Costs	272,921	257,668	294,203	303,969	317,042	290,074	346,644	360,510	337,877	384,124
TOTAL OPERATING EXPENSES	330,421	316,837	354,864	366,277	381,042	355,940	414,173	429,876	409,133	457,461
EBITDA ($000)	132,711	130,764	137,187	138,974	140,027	139,577	153,182	157,289	145,657	165,214
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)[11]	(28,886)	(29,688)	(32,072)	(33,193)	(33,357)	(31,906)	(40,244)	(37,341)	(32,911)	(41,395)
CASH AVAILABLE FOR DEBT SERVICE ($000)	103,825	101,076	105,115	105,781	106,670	107,671	112,938	119,948	112,747	123,819
DEBT SERVICE ($000)[12]	68,857	66,954	70,152	70,561	71,273	71,463	75,683	80,155	75,717	82,131
DEBT SERVICE COVERAGE RATIO	1.51x	1.51x	1.50x	1.50x	1.50x	1.51x	1.49x	1.50x	1.49x	1.51x
AVERAGE DSCR										
DEBT SERVICE RESERVE ACCOUNT ($000)[13]	46,212	46,212	46,212	46,212	46,212	53,927	53,927	53,927	53,927	53,927

Exhibit A-4
Sub-Table (a)

Tierra Mojada Project
Detailed Calculations for Other Pre-Debt Service Cash Flows

Sensitivity C - Increased Heat Rate[14]

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)										
OpCo Cash Flow Items										
Mexican Taxes	-	-	(957)	(38,716)	(31,710)	(29,343)	(23,534)	(20,150)	(27,320)	(27,118)
Working Capital and FRAC	(4,878)	199	(19,869)	(7,844)	(5,850)	6,509	6,976	(2,199)	(559)	1,370
Operating LC Fees	(1,460)	(1,406)	(1,315)	(1,330)	(1,350)	(1,285)	(1,266)	(1,279)	(1,297)	(1,307)
Cash Release (Build) on OpCo Balance Sheet	-	-	-	-	-	-	-	-	-	-
Subtotal OpCo Cash Flow Items	(6,338)	(1,208)	(22,141)	(47,890)	(38,910)	(24,119)	(17,824)	(23,627)	(29,176)	(27,055)
HoldCo Cash Flow Items										
Withholding Tax on Distributions to HoldCo	(4,369)	(3,750)	(3,231)	(2,818)	(2,726)	(2,553)	(2,383)	(2,202)	(1,985)	(1,777)
HoldCo Opex and Taxes	(80)	(89)	(101)	(95)	(91)	(90)	(88)	(86)	(84)	(82)
Subtotal HoldCo Cash Flow Items	(4,449)	(3,838)	(3,332)	(2,913)	(2,817)	(2,643)	(2,471)	(2,288)	(2,070)	(1,859)
TOTAL OTHER PRE-DEBT SERVICE CASH FLOWS	(10,787)	(5,046)	(25,473)	(50,803)	(41,727)	(26,762)	(20,294)	(25,915)	(31,246)	(28,913)

Sub-Table (b)

Tierra Mojada Project
Detailed Calculations for Debt Service

Sensitivity C - Increased Heat Rate[14]

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
DEBT SERVICE ($000)										
Outstanding Balance (EOY)	874,816	840,177	817,945	790,410	752,226	710,119	666,706	626,147	578,979	529,547
Principal	10,434	15,213	5,895	10,389	19,250	22,895	24,512	22,806	28,625	31,066
Interest	58,376	56,065	54,028	52,512	50,217	47,600	44,836	42,339	39,418	36,334
TOTAL DEBT SERVICE	68,810	71,278	59,922	62,901	69,467	70,494	69,349	65,145	68,043	67,400
EXCESS CASH FLOW SWEEP	18,750	19,426	16,337	17,146	18,934	19,213	18,900	17,754	18,542	18,366

Sub-Table (c)

Tierra Mojada Project
Detailed Calculations for Debt Service Reserve Account

Sensitivity C - Increased Heat Rate[14]

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
DEBT SERVICE RESERVE ACCOUNT ($000)										
DSR LC Commitment	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135
Issued DSR LC	37,696	31,778	36,703	44,664	47,135	46,881	41,129	44,161	43,593	44,415
Available DSR LC	9,439	15,356	10,431	2,471	-	253	6,006	2,974	3,542	2,720

Exhibit A-4
Sub-Table (a)

Tierra Mojada Project
Detailed Calculations for Other Pre-Debt Service Cash Flows

Sensitivity C - Increased Heat Rate[14]

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)										
OpCo Cash Flow Items										
Mexican Taxes	(25,822)	(25,603)	(29,571)	(28,897)	(29,991)	(28,491)	(34,796)	(35,829)	(34,307)	(34,935)
Working Capital and FRAC	(60)	(1,274)	143	(1,860)	(1,119)	(1,292)	(3,494)	216	2,869	(4,979)
Operating LC Fees	(1,325)	(1,336)	(1,351)	(1,357)	(1,361)	(1,425)	(1,459)	(1,450)	(1,392)	(1,401)
Cash Release (Build) on OpCo Balance Sheet	-	-	-	-	-	-	-	-	-	-
Subtotal OpCo Cash Flow Items	(27,206)	(28,212)	(30,779)	(32,115)	(32,472)	(31,209)	(39,749)	(37,063)	(32,831)	(41,315)
HoldCo Cash Flow Items										
Withholding Tax on Distributions to HoldCo	(1,600)	(1,396)	(1,213)	(999)	(805)	(617)	(415)	(198)	-	-
HoldCo Opex and Taxes	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)
Subtotal HoldCo Cash Flow Items	(1,680)	(1,476)	(1,293)	(1,079)	(885)	(697)	(495)	(278)	(80)	(80)
TOTAL OTHER PRE-DEBT SERVICE CASH FLOWS	(28,886)	(29,688)	(32,072)	(33,193)	(33,357)	(31,906)	(40,244)	(37,341)	(32,911)	(41,395)

Sub-Table (b)

Tierra Mojada Project
Detailed Calculations for Debt Service

Sensitivity C - Increased Heat Rate[14]

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
DEBT SERVICE ($000)										
Outstanding Balance (EOY)	494,128	458,435	417,001	372,418	324,174	272,661	213,336	145,532	77,902	-
Principal	35,420	35,693	41,434	44,583	48,244	51,513	59,325	67,805	67,630	77,902
Interest	33,438	31,261	28,719	25,978	23,029	19,950	16,359	12,351	8,087	4,229
TOTAL DEBT SERVICE	68,857	66,954	70,152	70,561	71,273	71,463	75,683	80,155	75,717	82,131
EXCESS CASH FLOW SWEEP	-	-	-	-	-	-	-	-	-	-

Sub-Table (c)

Tierra Mojada Project
Detailed Calculations for Debt Service Reserve Account

Sensitivity C - Increased Heat Rate[14]

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
DEBT SERVICE RESERVE ACCOUNT ($000)										
DSR LC Commitment	46,212	46,212	46,212	46,212	46,212	53,927	53,927	53,927	53,927	53,927
Issued DSR LC	42,443	45,483	45,825	46,212	45,042	49,273	52,365	46,117	28,204	-
Available DSR LC	3,769	729	387	-	1,170	4,654	1,563	7,810	25,723	53,927

Footnotes to Exhibit A-4

The footnotes to Exhibit A-4 are the same as the footnotes for Exhibit A-1 with the addition of:

14) Fuel consumption of the Facility is increased 5 percent above that assumed in the Base Case. In the event the underperformance of the Facility is attributable to the CTs or ST, LDs payable to the Company by GEGS for heat rate degradation of the CTs and ST that is greater than the guarantee under the CSA may apply.

Exhibit A-5

Tierra Mojada Project
Projected Operating Results

Sensitivity D - Increased
Non-Fuel Operating Expenses[14]

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
PERFORMANCE										
Average Capacity (MW)	872	868	866	864	862	861	859	869	866	864
Availability (%)	96%	96%	96%	87%	96%	96%	96%	84%	96%	96%
Dispatch Factor (%)[3]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Capacity Factor (%)	96%	96%	96%	87%	96%	96%	96%	84%	96%	96%
Energy Generation (GWh)	7,345	7,328	7,307	6,602	7,275	7,261	7,248	6,417	7,309	7,288
Average Heat Rate (Btu/kWh)	6,216	6,222	6,227	6,230	6,234	6,236	6,239	6,216	6,222	6,227
Fuel Consumption (BBtu)	45,658	45,596	45,499	41,132	45,350	45,283	45,221	39,887	45,477	45,385
CFE Contract										
Capacity (Average MW)	550	600	600	600	600	600	600	600	600	600
Energy (GWh)	4,572	5,031	5,016	4,532	4,994	4,985	4,976	4,386	5,018	5,003
Guaranteed Average Heat Rate (Btu/kWh)	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346
Contracts with Other Offtakers										
Capacity (Average MW)	229	243	1,607	3,286	777	1,293	3,062	3,982	768	33
Energy (GWh)	1,833	2,015	171	-	-	-	-	-	-	-
Guaranteed Average Heat Rate (Btu/kWh)	6,346	6,346	6,346	-	-	-	-	-	-	-
Merchant										
Capacity Sales (Average MW)	38	36	265	265	264	264	263	267	265	265
Energy Sales (GWh)	892	283	2,120	2,070	2,281	2,276	2,272	2,012	2,291	2,285
FINANCIAL ASSUMPTIONS										
MXP CPI (%/yr)[4]	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
USD CPI (%/yr)[4]	1.9%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Avererage Exchange Rate (MXP/USD)[4]	21.2	20.6	20.3	20.6	20.9	21.2	21.5	21.8	22.1	22.4
REALIZED PRICES										
Fuel ($/MMBtu)[3]	2.6	2.3	2.5	2.7	3.0	3.1	3.2	3.3	3.5	3.6
CFE Contract										
Capacity-Based ($/kW-yr)[5]	185.2	183.2	184.1	189.1	190.4	192.3	192.1	192.8	197.6	193.7
Non-Fuel Energy-Based ($/MWh)[6]	4.3	4.3	4.5	4.6	4.5	4.4	4.5	4.8	4.7	4.8
Fuel-Based ($/MMBtu)[7]	2.6	2.3	2.5	2.7	3.0	3.1	3.2	3.3	3.5	3.6
All-In Realized ($/MWh)[8]	43.2	40.7	44.8	49.9	50.1	51.8	52.8	57.8	56.8	57.8
Contracts with Other Offtakers										
Capacity-Based ($/kW-yr)[5]	204.4	203.2	1.5	-	-	-	-	-	-	-
Non-Fuel Energy-Based ($/MWh)[6]	4.0	4.2	4.3	-	-	-	-	-	-	-
Fuel-Based ($/MMBtu)[7]	2.6	2.3	2.3	-	-	-	-	-	-	-
All-In Realized ($/MWh)[8]	46.2	43.2	32.9	-	-	-	-	-	-	-
Merchant										
Capacity ($/kW-yr)[3]	-	-	83.5	112.6	136.7	112.6	87.0	93.9	90.7	92.0
Energy ($/MWh)[3]	32.3	37.2	44.2	48.1	49.4	49.3	50.5	53.1	55.8	58.2
REVENUES ($000)										
CFE Contract	197,747	204,745	224,884	226,316	249,969	258,076	262,877	253,331	284,804	289,356
Contracts with Other Offtakers	84,687	87,134	5,624	-	-	-	-	-	-	-
Merchant	28,839	10,522	115,903	129,299	148,821	141,900	137,569	131,825	151,920	157,416
TOTAL REVENUES	311,273	302,401	346,411	355,615	398,791	399,976	400,446	385,156	436,724	446,772
EXPENSES ($000)										
Fixed Costs										
Fuel Reserve Capacity[4]	31,091	32,024	31,078	31,920	32,788	33,772	34,785	35,927	36,903	38,010
CSA Fixed	975	995	1,015	1,036	1,057	1,079	1,100	1,123	1,146	1,169
Fixed O&M[9]	13,573	13,942	14,299	14,599	14,906	15,219	15,538	15,865	16,198	16,538
Fixed Wheeling[4]	504	535	561	573	585	597	609	623	636	649
Subtotal Fixed Costs	46,143	47,496	46,953	48,128	49,336	50,666	52,033	53,537	54,882	56,366
Variable Costs										
Fuel	116,978	104,269	112,152	110,429	134,213	142,502	145,159	133,563	159,585	165,354
Emissions[4]	-	-	19,547	22,269	28,320	32,082	36,063	35,467	44,787	49,237
CSA Variable	4,940	8,159	8,324	6,781	6,727	6,864	7,003	6,253	7,290	7,926
Water[10]	394	403	408	363	395	389	383	334	376	370
Variable Wheeling[4]	22,113	23,424	24,521	22,605	25,451	25,935	26,432	23,867	27,786	28,288
Subtotal Variable Costs	144,426	136,255	164,952	162,448	195,105	207,772	215,041	199,484	239,823	251,174
TOTAL OPERATING EXPENSES	190,569	183,751	211,905	210,576	244,441	258,437	267,074	253,021	294,706	307,539
EBITDA ($000)	120,704	118,650	134,506	145,039	154,350	141,539	133,372	132,135	142,018	139,233
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)[11]	(10,920)	(4,927)	(38,185)	(45,107)	(43,459)	(29,005)	(22,672)	(28,171)	(33,399)	(31,674)
CASH AVAILABLE FOR DEBT SERVICE ($000)	109,784	113,723	96,321	99,932	110,890	112,533	110,700	103,964	108,619	107,558
DEBT SERVICE ($000)[12]	68,810	71,278	59,922	62,901	69,467	70,494	69,349	65,145	68,043	67,400
DEBT SERVICE COVERAGE RATIO	1.60x	1.60x	1.61x	1.59x	1.60x	1.60x	1.60x	1.60x	1.60x	1.60x
AVERAGE DSCR	1.60x									
DEBT SERVICE RESERVE ACCOUNT ($000)[13]	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135

Exhibit A-5

Tierra Mojada Project
Projected Operating Results

Sensitivity D - Increased
Non-Fuel Operating Expenses[14]

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
PERFORMANCE										
Average Capacity (MW)	862	860	859	857	857	871	867	864	862	861
Availability (%)	96%	87%	96%	96%	96%	84%	96%	96%	87%	96%
Dispatch Factor (%)[3]	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Capacity Factor (%)	96%	87%	96%	96%	96%	84%	96%	96%	87%	96%
Energy Generation (GWh)	7,271	6,572	7,245	7,232	7,234	6,391	7,314	7,293	6,560	7,282
Average Heat Rate (Btu/kWh)	6,231	6,234	6,237	6,240	6,239	6,215	6,223	6,228	6,231	6,235
Fuel Consumption (BBtu)	45,309	40,971	45,185	45,128	45,132	39,724	45,514	45,417	40,880	45,397
CFE Contract										
Capacity (Average MW)	600	600	600	600	600	600	600	600	600	600
Energy (GWh)	4,992	4,507	4,973	4,965	4,966	4,387	5,021	5,006	4,504	4,999
Guaranteed Average Heat Rate (Btu/kWh)	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346	6,346
Contracts with Other Offtakers										
Capacity (Average MW)	1,362	3,182	1,298	3,059	5,912	6,569	3,327	4,659	8,566	21,145
Energy (GWh)	-	-	-	-	-	-	-	-	-	-
Guaranteed Average Heat Rate (Btu/kWh)	-	-	-	-	-	-	-	-	-	-
Merchant										
Capacity Sales (Average MW)	264	264	263	263	262	267	266	265	264	264
Energy Sales (GWh)	2,280	2,060	2,271	2,267	2,268	2,004	2,293	2,286	2,057	2,283
FINANCIAL ASSUMPTIONS										
MXP CPI (%/yr)[4]	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
USD CPI (%/yr)[4]	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Avererage Exchange Rate (MXP/USD)[4]	22.7	23.0	23.3	23.6	24.0	24.3	24.6	25.0	25.3	25.6
REALIZED PRICES										
Fuel ($/MMBtu)[3]	3.8	3.9	4.0	4.1	4.2	4.4	4.5	4.7	4.8	4.9
CFE Contract										
Capacity-Based ($/kW-yr)[5]	197.7	202.8	201.9	203.2	204.9	206.4	208.4	214.9	213.0	225.2
Non-Fuel Energy-Based ($/MWh)[6]	4.9	5.1	5.2	5.3	5.4	5.7	6.1	6.2	5.0	6.4
Fuel-Based ($/MMBtu)[7]	3.8	3.9	4.0	4.1	4.2	4.4	4.5	4.7	4.8	4.9
All-In Realized ($/MWh)[8]	59.7	64.7	63.5	64.8	66.5	72.0	70.8	73.5	76.7	77.7
Contracts with Other Offtakers										
Capacity-Based ($/kW-yr)[5]	-	-	-	-	-	-	-	-	-	-
Non-Fuel Energy-Based ($/MWh)[6]	-	-	-	-	-	-	-	-	-	-
Fuel-Based ($/MMBtu)[7]	-	-	-	-	-	-	-	-	-	-
All-In Realized ($/MWh)[8]	-	-	-	-	-	-	-	-	-	-
Merchant										
Capacity ($/kW-yr)[3]	92.7	96.6	97.1	104.5	108.1	111.3	124.7	123.7	130.4	133.3
Energy ($/MWh)[3]	60.8	62.5	65.4	67.9	70.6	73.8	76.8	80.3	83.7	85.7
REVENUES ($000)										
CFE Contract	298,171	291,571	315,883	321,699	330,215	315,713	355,462	367,796	345,327	388,615
Contracts with Other Offtakers	-	-	-	-	-	-	-	-	-	-
Merchant	163,170	154,293	174,107	181,342	188,480	177,554	209,132	216,411	206,607	230,801
TOTAL REVENUES	461,341	445,864	489,990	503,041	518,695	493,267	564,593	584,207	551,934	619,416
EXPENSES ($000)										
Fixed Costs										
Fuel Reserve Capacity[4]	39,151	40,436	41,535	42,781	44,064	45,511	46,748	48,150	49,595	51,223
CSA Fixed	1,193	1,217	1,241	1,267	1,292	1,319	1,345	1,373	1,401	1,429
Fixed O&M[9]	16,885	17,240	17,602	17,971	18,349	18,734	19,128	19,529	19,939	20,358
Fixed Wheeling[4]	662	676	690	705	719	736	751	766	782	799
Subtotal Fixed Costs	57,891	59,569	61,068	62,724	64,425	66,299	67,972	69,819	71,717	73,809
Variable Costs										
Fuel	170,835	160,725	181,861	185,482	190,946	173,164	205,821	212,489	197,525	224,431
Emissions[4]	52,854	51,257	60,698	65,053	69,815	66,100	81,074	86,816	83,803	95,549
CSA Variable	8,901	8,221	9,266	10,086	11,780	10,465	12,263	12,512	11,505	13,060
Water[10]	364	324	353	347	343	299	337	332	295	322
Variable Wheeling[4]	28,815	26,570	29,928	30,505	31,151	28,112	32,834	33,426	30,710	34,792
Subtotal Variable Costs	261,769	247,098	282,107	291,474	304,035	278,138	332,330	345,575	323,837	368,154
TOTAL OPERATING EXPENSES	319,660	306,667	343,175	354,198	368,460	344,438	400,301	415,393	395,555	441,963
EBITDA ($000)	141,681	139,197	146,815	148,843	150,235	148,829	164,292	168,814	156,379	177,453
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)[11]	(31,790)	(32,362)	(34,848)	(36,245)	(36,502)	(34,800)	(43,500)	(40,892)	(35,570)	(45,765)
CASH AVAILABLE FOR DEBT SERVICE ($000)	109,891	106,835	111,967	112,598	113,733	114,029	120,792	127,922	120,810	131,689
DEBT SERVICE ($000)[12]	68,857	66,954	70,152	70,561	71,273	71,463	75,683	80,155	75,717	82,131
DEBT SERVICE COVERAGE RATIO	1.60x	1.60x	1.60x	1.60x	1.60x	1.60x	1.60x	1.60x	1.60x	1.60x
AVERAGE DSCR										
DEBT SERVICE RESERVE ACCOUNT ($000)[13]	46,212	46,212	46,212	46,212	46,212	53,927	53,927	53,927	53,927	53,927

Exhibit A-5
Sub-Table (a)

Tierra Mojada Project
Detailed Calculations for Other Pre-Debt Service Cash Flows

Sensitivity D - Increased Non-Fuel Operating Expenses[14]

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)										
OpCo Cash Flow Items										
Mexican Taxes	-	-	(13,667)	(32,957)	(33,406)	(31,579)	(25,920)	(22,393)	(29,635)	(29,712)
Working Capital and FRAC	(5,020)	268	(19,938)	(7,889)	(5,905)	6,471	6,962	(2,237)	(419)	1,167
Operating LC Fees	(1,460)	(1,406)	(1,315)	(1,330)	(1,350)	(1,285)	(1,266)	(1,279)	(1,297)	(1,307)
Cash Release (Build) on OpCo Balance Sheet	-	-	-	-	-	-	-	-	-	-
Subtotal OpCo Cash Flow Items	(6,480)	(1,139)	(34,919)	(42,176)	(40,662)	(26,393)	(20,224)	(25,909)	(31,350)	(29,851)
HoldCo Cash Flow Items										
Withholding Tax on Distributions to HoldCo	(4,360)	(3,700)	(3,166)	(2,836)	(2,707)	(2,523)	(2,361)	(2,176)	(1,965)	(1,741)
HoldCo Opex and Taxes	(80)	(88)	(100)	(94)	(91)	(90)	(88)	(86)	(84)	(81)
Subtotal HoldCo Cash Flow Items	(4,440)	(3,788)	(3,266)	(2,931)	(2,798)	(2,613)	(2,448)	(2,262)	(2,049)	(1,823)
TOTAL OTHER PRE-DEBT SERVICE CASH FLOWS	(10,920)	(4,927)	(38,185)	(45,107)	(43,459)	(29,005)	(22,672)	(28,171)	(33,399)	(31,674)

Sub-Table (b)

Tierra Mojada Project
Detailed Calculations for Debt Service

Sensitivity D - Increased Non-Fuel Operating Expenses[14]

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
DEBT SERVICE ($000)										
Outstanding Balance (EOY)	874,816	840,177	817,945	790,410	752,226	710,119	666,706	626,147	578,979	529,547
Principal	10,434	15,213	5,895	10,389	19,250	22,895	24,512	22,806	28,625	31,066
Interest	58,376	56,065	54,028	52,512	50,217	47,600	44,836	42,339	39,418	36,334
TOTAL DEBT SERVICE	68,810	71,278	59,922	62,901	69,467	70,494	69,349	65,145	68,043	67,400
EXCESS CASH FLOW SWEEP	18,750	19,426	16,337	17,146	18,934	19,213	18,900	17,754	18,542	18,366

Sub-Table (c)

Tierra Mojada Project
Detailed Calculations for Debt Service Reserve Account

Sensitivity D - Increased Non-Fuel Operating Expenses[14]

	2021[1]	2022	2023	2024	2025	2026	2027	2028	2029	2030
DEBT SERVICE RESERVE ACCOUNT ($000)										
DSR LC Commitment	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135	47,135
Issued DSR LC	37,696	31,778	36,703	44,664	47,135	46,881	41,129	44,161	43,593	44,415
Available DSR LC	9,439	15,356	10,431	2,471	-	253	6,006	2,974	3,542	2,720

Exhibit A-5
Sub-Table (a)

Tierra Mojada Project
Detailed Calculations for Other Pre-Debt Service Cash Flows

Sensitivity D - Increased Non-Fuel Operating Expenses[14]

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
OTHER PRE-DEBT SERVICE CASH FLOWS ($000)										
OpCo Cash Flow Items										
Mexican Taxes	(28,738)	(28,283)	(32,360)	(31,969)	(33,137)	(31,403)	(38,056)	(39,393)	(37,715)	(38,499)
Working Capital and FRAC	(87)	(1,307)	121	(1,881)	(1,161)	(1,319)	(3,531)	182	3,618	(5,785)
Operating LC Fees	(1,325)	(1,336)	(1,351)	(1,357)	(1,361)	(1,425)	(1,459)	(1,450)	(1,392)	(1,401)
Cash Release (Build) on OpCo Balance Sheet	-	-	-	-	-	-	-	-	-	-
Subtotal OpCo Cash Flow Items	(30,149)	(30,925)	(33,590)	(35,207)	(35,659)	(34,147)	(43,045)	(40,662)	(35,490)	(45,685)
HoldCo Cash Flow Items										
Withholding Tax on Distributions to HoldCo	(1,561)	(1,357)	(1,178)	(958)	(763)	(573)	(375)	(150)	-	-
HoldCo Opex and Taxes	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)
Subtotal HoldCo Cash Flow Items	(1,641)	(1,437)	(1,258)	(1,038)	(843)	(653)	(455)	(230)	(80)	(80)
TOTAL OTHER PRE-DEBT SERVICE CASH FLOWS	(31,790)	(32,362)	(34,848)	(36,245)	(36,502)	(34,800)	(43,500)	(40,892)	(35,570)	(45,765)

Sub-Table (b)

Tierra Mojada Project
Detailed Calculations for Debt Service

Sensitivity D - Increased Non-Fuel Operating Expenses[14]

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
DEBT SERVICE ($000)										
Outstanding Balance (EOY)	494,128	458,435	417,001	372,418	324,174	272,661	213,336	145,532	77,902	-
Principal	35,420	35,693	41,434	44,583	48,244	51,513	59,325	67,805	67,630	77,902
Interest	33,438	31,261	28,719	25,978	23,029	19,950	16,359	12,351	8,087	4,229
TOTAL DEBT SERVICE	68,857	66,954	70,152	70,561	71,273	71,463	75,683	80,155	75,717	82,131
EXCESS CASH FLOW SWEEP	-	-	-	-	-	-	-	-	-	-

Sub-Table (c)

Tierra Mojada Project
Detailed Calculations for Debt Service Reserve Account

Sensitivity D - Increased Non-Fuel Operating Expenses[14]

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
DEBT SERVICE RESERVE ACCOUNT ($000)										
DSR LC Commitment	46,212	46,212	46,212	46,212	46,212	53,927	53,927	53,927	53,927	53,927
Issued DSR LC	42,443	45,483	45,825	46,212	45,042	49,273	52,365	46,117	28,204	-
Available DSR LC	3,769	729	387	-	1,170	4,654	1,563	7,810	25,723	53,927

Footnotes to Exhibit A-5

The footnotes to Exhibit A-5 are the same as the footnotes for Exhibit A-1 with the addition of:

14) Non-fuel operating expenses are assumed to be 10 percent higher than that assumed in the Base Case. The Company noted that most of the prices associated with operating expenses are fixed by contract, and assumed that only the non-fixed costs would be subject to this increase. As a result, certain fixed costs and variable water costs were increased. Expenses which were not increased in this sensitivity include: CSA fees which are fixed by the CSA, NAES Mexico fixed management fee which is fixed by the O&M Agreement, NAES Mexico incentive management fee which is assumed not paid because the operating budget was not achieved by NAES Mexico, MSA fee which is set by contract, insurance, and wheeling and CENACE fees which are assumed would be offset by an increase in market prices. As a result of these exclusions, only 14.1 percent of the total non-fuel operating expenses were increased resulting in a 0.77 percent increase in the total non-fuel operating expenses.

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Ciclo Combinado Tierra Mojada, S. de R.L. de C.V.

Independent Auditor's Report
Financial Statements as of
December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Limited Partners of Ciclo Combinado Tierra Mojada, S. de R.L. de C.V.:

Opinion

We have audited the financial statements of Ciclo Combinado Tierra Mojada, S. de R.L. de C.V. (the Company), which comprise the statement of financial position as at December 31, 2019 and 2018, the income statement, statement of changes in equity and statement of cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 14 to the financial statements, which describes the uncertainty related to the outcome and effects which the situation of COVID 19 could have on the Company and its future operations. Our opinion is not mofied in respect of this matter.

Responsibilities of Management and Those Charged with Governance of the Partnership for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion . Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Deloitte, S. L. Inscrita en el Registro Mercantil de Madrid, tomo 13 650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª.
C.I. F.: B-79104469. Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

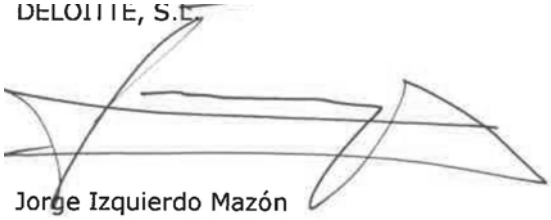
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the General Partner of the Partnership.

- Conclude on the appropriateness of the directors of the General Partner of the Partnership's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE, S.L.



Jorge Izquierdo Mazón

May 7, 2020

Ciclo Combinado Tierra Mojada, S. de R. L. de C. V.

Financial Statements for the
Years Ended December 31,
2019 and 2018

CICLO COMBINADO TIERRA MOJADA, S. DE R.L. DE C.V.

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2019, 2018 AND 2017

(In US Dollars)

ASSETS	Notes	31-12-2019	31-12-2018	31-12-2017	EQUITY AND LIABILITIES	Notes	31-12-2019	31-12-2018	31-12-2017
CURRENT ASSETS		**28.930.305**	**40.217.809**	**8.914.595**	**CURRENT LIABILITY**		**31.720.261**	**75.000.139**	**17.173.466**
Cash and cash equivalent	**Notes 5 and 8**	10.851.404	1.194 543	822.076	Loans with credit institutions	**Notes 7 and 8**	11 025.732	29.066.130	7.489 071
Recoverable taxes	**Note 11**	17 306.115	35.666 204	8.043.140	Accounts payable	**Note 8**	14.150 908	45.555 045	9.150.185
Other receviables		772.786	951	49 379	Due to related parties	**Note 10**	6.435 383	267 972	479 850
Derivate financial instruments	**Note 8**	-	3.356.111	-	Taxes payable	**Note 11**	108 238	110 992	54 360
					NON - CURRENT LIABILITIES		**584.148.824**	**438.512.012**	**178.027.550**
LONG - TERM ASSETS		**601.859.677**	**472.585.423**	**190.996.445**	Loans with credit institutions	**Notes 7 and 8**	489.299 031	424 614.465	169 881 645
Intangible assets		269 625	-	-	Loans with related parties	**Notes 8 and 10**	52 224 509	-	-
Property, plant and equipment	**Note 6**	559.461 536	442 853 973	172 891 889	Derivate financial instruments	**Note 8**	21 906.465	-	330.821
Due from related parties	**Notes 8 and 10**	18.173.485	11 355.086	4.773.522	Deferred tax liabilities	**Note 11**	20.718 819	13 897 547	7 815.084
Deferred income taxes	**Note 11**	23 944.362	15 595.132	13 331.034					
Derivate financial instruments	**Note 8**	-	2.781.232	-	**EQUITY NET**		**14.920.897**	**(708.919)**	**4.710.024**
Other financial assets		10 669	-	-	**NET EQUITY**		**14.920.897**	**(708.919)**	**4.710.024**
					Capital stock	**Note 9**	**64.286.307**	**11.506.307**	**11.506.307**
					Accumulated deficit		**(15.950.488)**	**(6.564.708)**	**13.402**
					Result of year		**(18.080.396)**	**(9.946.658)**	**(6.578.110)**
					Other comprensive results	**Note 8**	**(15.334.526)**	**4.296.140**	**(231.575)**
TOTAL ASSETS		**630.789.982**	**512.803.232**	**199.911.040**	**TOTAL EQUITY AND LIABILITIES**		**630.789.982**	**512.803.232**	**199.911.040**

Notes 1 to 15 described in the accompanying footnotes are an integral part of the statements of financial position as December 31, 2019, 2018 and 2017.

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CICLO COMBINADO TIERRA MOJADA, S. DE R.L. DE C.V.

STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME AND LOSS CORRESPONDING TO THE YEARS 2019, 2018 AND 2017

(In US Dollars)

	Notes	Year 2019	Year 2018	Year 2017
Other operating expenses		**(5.578.946)**	**(3.105.417)**	**(4.267.981)**
RESULT OF OPERATION		**(5.578.946)**	**(3.105.417)**	**(4.267.981)**
Financial income		**1.456.103**	**1.281.239**	**64.289**
Financial expense		**(7.168.775)**	**(7.312.041)**	**(4.918.806)**
Exchange differences		**144.032**	**1.061.330**	**(3.132.131)**
FINANCIAL LOSS		**(5.568.640)**	**(4.969.472)**	**(7.986.648)**
LOSS BEFORE TAXES		**(11.147.586)**	**(8.074.889)**	**(12.254.629)**
Income tax	**Note 11**	(6.932.810)	(1.871.769)	5.676.519
LOSS NET PROFIT		**(18.080.396)**	**(9.946.658)**	**(6.578.110)**

	Notes	Year 2019	Year 2018	Year 2017
RESULT OF THE PROFIT AND LOSS ACCOUNT		**(18.080.396)**	**(9.946.658)**	**(6.578.110)**
OTHER COMPREHENSIVE RESULTS:				
Valuation of financial derivate instrument		**(15.334.526)**	**4.296.140**	**(231.575)**
COMPREHENSIVE LOSS		**(33.414.922)**	**(5.650.518)**	**(6.809.685)**

Notes 1 to 15 described in the accompanying footnotes are an integral part of the statements of statements of profit and loss and other comprehnesive income and loss corresponding to the years 2019, 2018 and 2017.

CICLO COMBINADO TIERRA MOJADA, S. DE R.L. DE C.V.

STATEMENTS OF CHANGES IN STOCKHOLDERS´ EQUITY
CORRESPONDING TO THE YEARS 2019, 2018 AND 2017
(In US Dollars)

	Equity	Accumulated deficit	Profit for the year	Other results	Total
BALANCES AS OF JANUARY 1, 2017	**6.006.307**	**13.402**	**-**	**-**	**6.019.709**
Capital increase	5.500.000	-	-	-	5.500.000
Profit for the year 2017	-	-	(6.578.110)	-	(6.578.110)
Comprehensive result for the year 2017	-	-	-	(231.575)	(231.575)
BALANCES AS OF DECEMBRE 31, 2017	**11.506.307**	**13.402**	**(6.578.110)**	**(231.575)**	**4.710.024**
Distribution of profit 2017	-	(6.578.110)	6.578.110	-	-
Profit for the year 2018	-	-	(9.946.658)	-	(9.946.658)
Comprehensive result for the year 2018	-	-	-	4.527.715	4.527.715
BALANCES AS OF DECEMBRE 31, 2018	**11.506.307**	**(6.564.708)**	**(9.946.658)**	**4.296.140**	**(708.919)**
Capital increase	52.780.000	-	-	-	52.780.000
Distribution of profit 2018	-	(9.946.658)	9.946.658	-	-
Profit for the year 2019	-	-	(18.080.396)	-	(18.080.396)
Comprehensive result for the year 2019	-	560.878	-	(19.630.666)	(19.069.788)
BALANCES AS OF DECEMBRE 31, 2019	**64.286.307**	**(15.950.488)**	**(18.080.396)**	**(15.334.526)**	**14.920.897**

Notes 1 to 15 described in the accompanying footnotes are an integral part of the statements of changes in stockholders' equity corresponding to the years 2019, 2018 and 2017.

STATEMENTS OF CASH FLOW CORRESPONDING TO THE YEARS 2019, 2018 AND 2017.

(In US Dollars)

	Notes	Year 2019	Year 2018	Year 2017
Operating activities:		**(15.369.042)**	**(24.149.703)**	**(12.278.952)**
Loss before income taxes		(11.147.586)	(8.074.889)	(12.254.629)
Adjustments:				
Depreciation and amortization		54.936	7.174	3.617
Interest expenses		4.328.354	13.873.103	-
Interest income		(1.456.103)	(289.215)	-
Unrealized exchange rate fluctuation		560.878	(1.801.444)	-
Changes in current capital ((increase) decrease in):				
- Recoberable taxes, mainly value added tax		18.360.089	(27.623.064)	(7.729.889)
- Advanced payments		(771.835)	48.428	(49.379)
- Suppliers		(31.404.137)	(140.697)	7.463.332
- Due to related parties		6.167.411	(211.878)	-
- Other current assests		(10.669)	56.632	54.360
- Other current liabilities		(2.754)	-	-
Differences conversion for income tax		(47.625)	6.147	233.636
Cash flow investment activities:		**(95.675.604)**	**(233.423.701)**	**(165.057.185)**
- Payment for investments		(95.675.604)	(233.423.701)	(165.057.185)
Cash flow financing activities:		**120.701.506**	**257.945.871**	**177.713.276**
- Capital contributions		52.780.000	-	5.500.000
- Bank loans recibed		63.732.964	301.641.009	189.162.960
- Bank loans paid		(18.040.398)	(24.327.963)	-
- Accounts receivable from related parties		(6.818.399)	(6.292.349)	(4.773.522)
- Loans with related parties		52.224.509		-
- Interest net paid		(23.177.170)	(13.074.826)	(12.176.162)
NET INCREASE/REDUCTION OF CASH OR EQUIVALENTS		**9.656.861**	**372.467**	**377.139**
Cash and cash equivalent at the beginning of the year	**Note 5**	1.194.543	822.076	444.937
Cash and cash equivalent at the end of the year	**Note 5**	10.851.404	1.194.543	822.076

Notes 1 to 15 described in the accompanying footnotes are an integral part of the statements of cash flow corresponding to the years 2019, 2018 and 2017.

Ciclo Combinado de Tierra Mojada, S. de R.L. de C.V.

Notes to the Financial Statements for the years ended December 31, 2019 and 2018

(In U.S. dollars)

1. Activities

Ciclo Combinado de Tierra Mojada. S. de R. L. de C. V. (subsidiary of Fisterra Energy Mexico V, S. de R. L. de C. V., and wich ultimate parent entity is The Blackstone Group, L.P.) (onwards the "Entity") was incorporated on November 3, 2014 with the purpose of designing, developing, constructing, and commercially exploit a Combined Cycle Gas Turbine Power Plant (the "Central") of 874.5 Mega Watts, located in Zapotlanejo, Jalisco in Mexico with do micile for legal purposes at Miguel de Cervantes Saavedra 301, Torre Norte, Piso 12, Colonia Granada, C.P. 11520 in the Mexico City, Mexico.

Construction of the plant began in June 2017 and its estimated completion date is at the middle of May 2020.

2. Significant accounting polices

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards released by International Accounting Standards Board ("IASB").

b. Basis of preparation

The accompanying financial statements fairly represent the net equity, the financial position, the results of operations, and the cash flow of the Entity occurred for the year ended December 31, 2019 and 2018.

These financial statements are reported in United States Dollars, as this is the functional currency of the Entity being the main currency in which the Entity curses its operations. Transactions in currencies other than the Entity's functional currency (foreign currencies) are recognized as described in paragraph j.

The financial statements have been prepared on the historical cost basis except for cash and financial derivative instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

i. Historical cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

ii. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can 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; and

- Level 3 inputs are unobservable inputs for the asset or liability.

c. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

d. Financial assets

Financial assets are classified into the following specified categories: financial assets measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss depending on the following elements:

a) the entity's business model for managing the asset, and

b) the asset's contractual cash flow characteristics

This classification is made when the entity first recognises a financial asset.

1. Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial

assets classified as of FVTPL.

2. Loans and receivable

   Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

   Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is inmaterial

e. Derivative financial instruments

The Entity enters into a variety of derivative financial instruments to manage its exposure to interest rate risks with swaps.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in other comprehensive results.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Entity has both legal right and intention to offset.A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

f. Hedge accounting

The Entity designates certain derivatives as hedging instruments in respect of interest rate risk in cash flow hedges.

At the inception of the hedge relationship, the Entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Entity documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;

- The effect of credit risk does not dominate the value changes that result from that economic relationship; and

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Entity actually hedges and the quantity of the hedging instrument that the Entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Entity adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Entity designates the full change in the fair value of a forward contract (i.e. including the forward

elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The movements in the hedge reserve in capital detail the status of other comprehensive results.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the other gains and losses line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Entity expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Entity discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

g. Property, plant and equipment

Tangible fixed assets are initially valued at their acquisition price, and subsequently reduced by the corresponding accumulated amortization and impairment losses, if any.

The maintenance expenses of the various elements that comprise tangible fixed assets are charged to the statement of profit and loss and other comprehensive income and loss in the year they are incurred. Amounts invested in improvements that contribute to increasing the capacity, efficiency or the lengthen of the useful life of said assets are recorded as tangible fixed assets increasing its cost.

The Entity depreciates the tangible fixed assets using the straight-line method, applying annual depreciation percentages calculated based on the years of the estimated useful life of the respective assets, according to the following detail:

	Useful lives
Transportation equipment	3
Information processing equipment	4

h. Impairment of tangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and

intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the greater between the fair value less the cost of selling it and the value in use. When assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the value of money over time and the specific risks of the asset for the perio which estimates of future cash flows have not been adjusted.

i. Foreign currencies

In preparing the financial statements of the Entity, transactions in currencies other than the Entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

j. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

k. Income taxes

Income tax expense represents the sum of the tax current and deferred income tax.

Current income tax

Current income tax ("ISR", for its name in Spanish) is recognized in the results of the year in which is incurred.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred income tax for the year

Current and deferred income tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

l. Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. Application of new and revised International Financial Reporting Standards

Amendments to International Financial Reporting Standards (IFRS or IAS) which are mandatory for the current years:

A number of new and amended IFRSs issued by the International Accounting Standards Board (IASB) are mandatory and effective for fiscal years beginning on or after January 1, 2018.

IFR 9 - Financial Instruments

From the year 2018, the Entity has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives. However, the Entity has elected to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Entity adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures about 2018 and to the comparative period.

IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities,
2. Impairment of financial assets, and
3. General hedge accounting.

Details of these new requirements as well as their impact on the Entity's financial statements are described below.

(a) Classification and measurement of financial assets

All recognized financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortized cost;

  Despite the aforegoing, the Entity may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Entity can irrevocably choose to present subsequent changes in the fair value of a capital investment that is not held for trading or the contingent consideration recognized by an acquirer in a business combination in other comprehensive income; and

- The Entity can irrevocably designate a debt investment that complies with the amortized cost or the criteria Fair value through comprehensive results measured in fair value through profit or loss if doing so eliminates or significantly reduces an accounting disparity.

The Entity has not designated any investment in debt securities that meet the criteria of amortized cost or fair value through other comprehensive results measured at fair value through profit or loss.

Debt instruments subsequently measured at amortized cost or fair value through other comprehensive income are subject to impairment.

The Entity's existing financial assets were reviewed and evaluated as of January 1, 2018 based on the facts and circumstances that existed at that date and it was concluded that in the initial application of IFRS 9, financial assets classified as held for expiration. Loans and accounts receivable in accordance with IAS 39 that were measured at amortized cost, continue to be measured at amortized cost under IFRS 9 while remaining within the business model to obtain contractual cash flows and these cash flows consist only of payments of the principal and interest on the outstanding amount of the principal.

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, this is applicable to the Entity in the recognition of an insolvency for expected credit losses in accounts receivable and contractual assets at the date of these financial statements.

(c) Classification and measurement of financial liabilities

The application of IFRS 9 has not had an impact on the classification and measurement of the Entity's financial liabilities.

(d) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. The effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Entity's risk management activities have also been introduced.

In accordance with IFRS 9's transition provisions for hedge accounting, the Entity has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application on 1 January 2018. The Entity's qualifying hedging relationships in place as at 1 January 2018 also qualify for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedging relationships. No rebalancing of any of the hedging relationships was necessary on 1 January 2018. As the critical terms of the hedging instruments match those of their corresponding hedged items, all hedging relationships continue to be effective under IFRS 9's effectiveness assessment requirements. The Entity has also not designated any hedging relationships under IFRS 9 that would not have met the qualifying hedge accounting criteria under IAS 39.

(e) Disclosures in relation to the initial application of IFRS 9

There were no financial assets or financial liabilities which the Entity had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the Entity has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the Entity has elected to designate as at FVTPL at the date of initial application of IFRS 9.

A number of new and amended IFRSs issued by the International Accounting Standards Board (IASB) are mandatory and effective for fiscal years beginning on or after January 1, 2019.

IFRS 16 "Leases": Replaces IAS 17 and the current associated interpretations. The central novelty of IFRS 16 is that there is a single accounting model for lessees, which includes on the balance sheet all leases (with some limited exceptions) with a similar impact as current finance leases.

This standard requires lessees to recognise in the balance sheet a financial liability for the present value of the payments to be made over the remaining life of the lease and an asset for the right to use the underlying asset, which is measured at the amount of the associated liability plus the initial direct costs incurred. In addition, the method of recording lease expense changes, and it is recorded as an expense for the depreciation of the asset and a financial expense for the updating of the lease liability. As regards the lessor's current accounting, the standard does not change substantially and the lease continues to be classified as either an operating lease or a finance lease, depending on the degree to which the risks and rewards of ownership are substantially transferred.

Since the Entity does not have operating leases as a lessee, this standard has had no impact on the financial statements.

Annual Improvements to IFRS Standards Cycle 2015-2017: The most significant aspects of these improvements are:

Standard	Amendment
IFRS 3 Business Combinations and IFRS 11 Combined Businesses	The amendments to IFRS 3 clarify that when an entity obtains control over a business previously recorded as a joint venture, it is treated as a business combination achieved in stages. Conversely, the amendments to IFRS 11 clarify that when an entity obtains joint control over a joint venture, which is a business in which it had an interest but does not have joint control, the entity shall reassess its previous interest.
IAS 12 Income Tax	The amendment clarifies that the tax impact of the remuneration of financial instruments classified as equity must be recognised in the income statement.
IAS 23 Interest Cost	The amendment clarifies that the tax impact of the remuneration of financial instruments classified as equity must be recognised in the income statement.

Amendments to IFRS 9 "Early repayment features with negative compensation": The measurement at amortised cost of some early cancellable financial assets is permitted for an amount less than the outstanding amount of principal and interest on that principal.

Amendments to IAS 19 "Modification, reduction or settlement of a plan": This standard clarifies how to calculate service cost for the current period and net interest for the remainder of an annual period when there is a modification, reduction or settlement of a defined benefit plan.

Amendments to IAS 28 "Long-term interests in associates and joint ventures": This standard clarifies that IFRS9 is applicable to investments in long-term interests in associates and joint ventures, but only to those that are not accounted for using the equity method, IAS 28 remains applicable.

IFRIC 23 "Uncertainty in the treatment of income taxes": This standard explains how to recognise and measure current and deferred income tax assets and liabilities when there is uncertainty about their tax treatment. The interpretation does not apply to taxes or levies that are outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The implementation of the improvements and modifications described above has not had a significant impact on the Entity's financial statements.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in Note 2, the management of the Entity is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a. Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see Note 4.b below), that the management of the Entity has made in the process of applying the Entity's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Functional currency - The Entity has determined that the functional currency is the US dollar.

b. Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurements and valuation processes

Some of the Entity's financial derivatives are measured at fair value for financial reporting purposes. The management of the Entity has determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Entity uses market-observable data to the extent it is available. If needed, where no market-observable data is available, the Entity engages third party qualified appraiser to perform the valuation. In that cases, the management of the Entity works closely with the qualified external appraiser to establish the appropriate valuation techniques and inputs to the model.

5. Cash and cash equivalents

For purposes of the cash flow statements, cash and cash equivalents include cash and banks and investments in money market instruments. Cash and equivalents at the end of the period as show in the statement of cash flows can be reconciled with the related items in the statement of financial positon. As of December 31, 2019, 2018 and 2017, the balance in cash and cash equivalents is $ 10,851, $1,195 and $822 thousands, respectively.

6. Property, plant and equipment

The composition and the movement under this heading of the statement of financial position during the years 2019, 2018 and 2017 has been as follows:

	US dollars		
	Balance as of 01-01-19	Additions	Balance as of 31-12-19
Cost:			
Land	2.005.811	-	2.005.811
Fixed assets in progress	440.831.803	116.013.308	556.845.111
Other tangible fixed assets	27.257	649.191	676.448
Total cost	442.864.871	116.662.499	559.527.370
Accumulated depreciation:			
Other tangible fixed assets	(10.898)	(54.936)	(65.834)
Total accumulated amortization	(10.898)	(54.936)	(65.834)
Net book value	**442.853.973**	**116.607.563**	**559.461.536**

	US dollars		
	Balance as of 01-01-18	Additions	Balance as of 31-12-18
Cost:			
Land	2.005.811		2.005.811
Fixed assets in progress	170.862.545	269.969.258	440.831.803
Other tangible fixed assets	27.257	-	27.257
Total cost	172.895.613	269.969.258	442.864.871
Accumulated depreciation:			
Other tangible fixed assets	(3.724)	(7.174)	(10.898)
Total accumulated amortization	(3.724)	(7.174)	(10.898)
Net book value	**172.891.889**	**269.962.084**	**442.853.973**

	US dollasr			
	Balance as of 01-01-17	Additions	Conversion Differences	Balance as of 31-12-17
Cost:				
Land	1.867.417	188.955	-	2.056.372
Fixed assets in progress	5.970.904	164.841.080	-	170.811.984
Other tangible fixed assets	-	27.257	-	27.257
Total cost	7.838.321	165.057.292	-	172.895.613
Accumulated depreciation:				
Other tangible fixed assets	-	(3.617)	(107)	(3.724)
Total accumulated amortization	-	(3.617)	(107)	(3.724)
Net book value	**7.838.321**	**165.053.675**	**(107)**	**172.891.889**

As of December 31, 2019, 2018 and 2017, the fixed assets in progress correspond to the costs incurred by the Entity in relation to the construction of the Central. Of the amount as of December 31, 2019, $447,193 thousand correspond to the costs associated with the long-term construction contract that the Entity has signed with a supplier ($380,718 and $133,089 thousands as of December 31, 2018 and 2017, respectively).

During 2019, 2018 and 2017, the Entity capitalized financial costs of $21,256, $12,293 and $3,275 thousands, respectively.

As of December 31, 2019, 2018 and 2017, the Entity did not have fully depreciated items of property, plant and equipment.

The Entity has formalized insurance policies to cover the possible risks affecting various elements of its tangible fixed assets, understanding that these policies sufficiently cover the risks to which they are subject.

7. Long and current term loans with financial institutions

The composition of these headings of the statement of financial position as of December 31, 2019, 2018 and 2017 has been as follows:

	US dollars		
	Balance as of 31-12-19	Balance as of 31-12-18	Balance as of 31-12-17
Not current-			
Senior credit	499.999.643	436.266.683	182.057.807
Commission for opening	(10.700.612)	(11.652.215)	(12.176.162)
Total	**489.299.031**	**424.614.468**	**169.881.645**
Current-			
VAT credit	10.135.209	28.039.749	7.105.151
Interest payable	890.523	1.026.381	384.630
Total	**11.025.732**	**29.066.130**	**7.489.781**

On June 19, 2017 the Entity entered into a credit agreement with various financial entities for a maximum amount of $500,000 thousands, which matures in June 2026, in order to finance the construction of the Cycle. The interest rate of this loan is monthly Libor plus the applicable margin (2 points from the date of the execution of the contract until the sixth year and 2.25 points from the date immediately following the sixth year of the execution of the contract until the ninth year); interest are settled in a monthly basis..

In accordance with the use of the effective interest rate, the commission to obtain this credit, which amounted to $13,270 thousands, have been recorded net within the balance of the loan. This amount will be recorded in the income statement of the following years until the end of said loan agreements based on the effective interest.

In compliance with the payment obligations assumed in the aforementioned credit agreement, on June 19, 2017 the Entity and its shareholders entered into an irrevocable trust administration and guarantee contract whereby certain properties and collection rights of the Entity, as well as the social parts thereof, were contributed to a trust administered by a trustee.

On other hand on June 19, 2017, the Entity entered into a contract for the opening of a simple loan with a Mexican financial institution for a maximum of 2,000,000,000 Mexican pesos and a maturity date not to exceed June 19, 2026. The interest rate applicable in each interest period is the Interbank Equilibrium Interest Rate (TIIE) plus the applicable margin (from the date of the contract and up to 24 months, 200 basis points; from month 25 and until month 36, 225 basis points; from month 37 and up to month 48, 250 basis points; and from month 49, 275 basis points). The amount of the loan will be used only to make the payment of the amounts corresponding to the Value Added Tax (“VAT”) applicable to the costs of the construction project of the Central.

Derived from the credits previously described, the Entity is subject to positive and negative covenants with the financial institutions. The Entity is in compliance with such covenants.

8. Financial instruments

a. Capital risk management

The Entity manages its capital to ensure that the Entity will be able to continue as an ongoing business while maximizing returns to its shareholders through the optimization of debt and capital balances. The general strategy of the Entity remains unchanged since fiscal year 2018.

The capital structure of the Entity consists of net debt (loans as compensated by cash and cash equivalent balances and banks) and the Entity's capital (composed of issued social capital, reserves and accumulated deficit).

The Entity is not subject to any requirement imposed externally for the administration of its capital.

b. Categories of financial instruments

	US dollars		
	Balance as of 31-12-19	Balance as of 31-12-18	Balance as of 31-12-17
Financial assets-			
Cash and cash equivalents	10.851.404	1.194.543	822.076
At amortized cost-Loans and accounts receivable	18.173.485	11.355.086	4.773.522
At fair value - Derivative instruments	-	6.137.343	-
	29.024.889	**18.686.972**	**5.595.598**
Financial liabilities-			
At amortized cost - Bank loans	500.324.763	453.680.595	177.370.716
At amortized cost - Debts with related parties	52.224.509	-	-
At fair value - Derivative instruments	21.906.465	-	330.821
	574.455.737	**453.680.595**	**330.821**

c. Financial risk management

The Administration supervises and manages the financial risks related to the Entity's operations through the internal risk reports, which analyze the exposures by grade and the magnitude of the risks. These risks include market risk (including foreign exchange risk, interest rate risk at fair value), credit risk, and liquidity risk.

The Entity seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the approved policies of the Entity, which provide principles on the risk of interest rates and the use of derivative financial instruments.

d. Exchange risk management

The Entity performs transactions denominated in foreign currency; consequently, exposures to fluctuations in the exchange rate are generated. As of December 31, 2019, 2018 and 2017, they are not considered significant.

e. Interest rate risk management

The Entity is exposed to risks in interest rates because it has obtained loans at variable interest rates. This risk is managed by the Entity through the use of interest rate swap contracts.

On June 19, 2017, the Entity entered into twelve interest rate swaps for which it will pay fixed interest and receive variable interest, of which 6 expire on December 31, 2019 and 6 expire on December 15, 2031. In the first months of 2018, derived from the reassignment of the Senior credit with new financial entities, the Entity entered into 6 interest rate swaps for which it will pay fixed interest and receive variable interest, of which 3 expire on December 31, 2019 and three they expire on December 15, 2031. The notional corresponds to approximately 75% of the principal of the debt in dollars. The contracts have monthly due dates with variable notional amounts.

Given that the interest rate swaps comply with the hedge accounting criteria, the entity designated the instruments as cash flow hedges, recognizing the effective portion of the hedge within other comprehensive income within the Stockholders' equity and subsequently recognizes in results when it is affected by debt coverage. As of December 31, 2019, the valuation of these financial instruments against of the Entity amounts to $21,906 thousands. This valuation has been recorded under "Derivative financial instruments" in the Non Current Liabities caption, credited to the heading "Valuation of financial instruments" in the "Net equity" caption of the statement of financial position at that date attached for its net tax amount, $15,335 thousands and the heading "Deferred income taxes" in the amount of $6,572

thousands (Note 11) of the statement of financial position at that date attached.

As of December 31, 2018, the valuation of these financial instruments in favor of the Entity amounts to $6,137 thousands. This valuation has been recorded under "Derivative financial instruments" in the Long-term assets and Current assets captions, charged to the heading "Valuation of financial instruments" in the "Net equity" caption of the statement of financial position at that date attached for its net tax amount, $4,296 thousands and the heading "Deferred tax liabilities" in the amount of $1,841 thousands (Note 11) of the statement of financial position at that date attached.

f. Liquidity risk management

The management of the Entity has the final responsibility for the management of liquidity risk, and has established an appropriate framework by maintaining adequate reserves, banking facilities and for obtaining loans, through continuous monitoring of projected and actual cash flows, and reconciling the maturity profiles of financial assets and liabilities.

- Interest and liquity risk tables

The following table details the remaining contractual maturity of the Entity for its non-derivative financial liabilities with agreed payment periods. The table has been designed based on the undiscounted cash flows of financial liabilities based on the most recent date in which the Entity must make payments. The table includes both interest and capital cash flows. To the extent that the interest is at a variable rate, the undiscounted amount is derived from the curves in the interest rate at the end of the reporting period. The contractual maturity is based on the minimum date by which the Entity must make the payment.

	US dollars			
	Less than 6 months	From 6 months to 1 year	From 1 year to 5 years	Total
December 31, 2019				
No subject to interest -				
Suppliers	14.150.908	-	-	14.150.908
Subject to interest -				
Bank loans	-	11.025.732	489.299.031	500.324.763
Debts with related parties	-	-	52.224.509	52.224.509
Total	**14.150.908**	**11.025.732**	**541.523.540**	**566.700.180**
December 31, 2018				
No subject to interest -				
Suppliers	45.555.045	-	-	45.555.045
Subject to interest -				
Bank loans	-	29.066.130	424.614.465	453.680.595
Total	**45.555.045**	**29.066.130**	**424.614.465**	**499.235.640**
December 31, 2017				
No subject to interest -				
Suppliers	9.150.185	-	-	9.150.185
Subject to interest -				
Bank loans	-	7.489.071	169.881.645	177.370.718
Total	**9.150.185**	**7.489.071**	**169.881.645**	**186.520.901**

The following table details the expected maturity of the Entity for its non-derivative financial assets. The table has been designed based on the undiscounted contractual maturities of the financial assets including the interest that would be obtained from said assets. The inclusion of information on non-derivative financial assets is necessary to understand the management of the liquidity risk of the Entity, since liquidity is managed on a net asset and liability basis.

	US dólares			
	Less than 6 months	From 6 months to 1 year	From 1 year to 5 years	Total
December 31, 2019				
No subject to interest-				
Cash or other equivalent liquid assets	10.851.404	-	-	10.851.404
Subject to interest-				
Loans related parties	-	-	18.173.485	18.173.485
Total	**10.851.404**	**-**	**18.173.485**	**29.024.889**
December 31, 2018				
No subject to interest-				
Cash or other equivalent liquid assets	1.194.543	-	-	1.194.543
Subject to interest-				
Loans related parties	-	-	11.355.086	11.355.086
Total	**1.194.543**	**-**	**11.355.086**	**12.549.629**
December 31, 2017				
No subject to interest -				
Suppliers	822.076	-	-	822.076
Subject to interest -				
Bank loans	-	-	4.773.522	4.773.522
Total	**822.076**	-	**4.773.522**	**5.595.598**

The amounts included above for variable interest instruments for both assets and non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimated for interest rates determined at the end of the period about which is reported.

g. Fair value of financial instruments

Except for financial instruments that are at fair value, the Entity's management estimates that the fair value of its financial instruments is similar to its book value. Additionally, it is considered that they correspond to a Level 2 Fair Value Hierarchy.

During the 2019 and 2018 years there were no transfers between Level 1 and 2.

9. Equity

As of December 31, 2019, 2018 and 2017 the equity at nominal value of the Entity is as follows:

	31-12-2019			31-12-2018			31-12-2017		
	Number of social parts	Amount (Mexican pesos)	Amount equivalent (US dollars)	Number of social parts	Amount (Mexican pesos)	Amount Equivalent (US dollars)	Number of social parts	Amount (Mexican pesos)	Amount Equivalent (US dollars)
Equity fixed	2	85.000	6.307	2	85.000	6.307	2	85.000	6.307
Equity variable	2	1.226.401.780	64.280.000	2	210.488.940	11.500.000	2	210.488.940	11.500.000
Total	**4**	**1.226.486.780**	**64.286.307**	**4**	**210.573.940**	**11.506.307**	**4**	**210.573.940**	**11.506.307**

On March 7, 2019, the Board of Directors agreed to increase the Entity Equity for the amount of $75,000 thousands (Variable equity between Fisterra Energy México V, S. de R.L. de C.V. and Fisterra Energy Luxembourg V S.a.l.r.). Therefore, Fisterra Energy México V, S. de R.L. de C.V. and Fisterra Energy Luxembourg V S.a.l.r. agreed a corresponding amount of $74,625 thousands would be contributed to the Trust by Fisterra Energy México V, S. de R.L. de C.V. (99.5%), and the amount of $375 thousands will be contributed to the Trust by Fisterra Energy Luxembourg V S.a.l.r (0.5%). As of December 31, 2019, the disbursed amount of capital increase ascends to $52,780 thousands.

In accordance with the The Mexican General Corporate Law, a minimum of 5% of the net profits of the year must be separated to form the legal reserve, until the amount amounts to 20% of the capital stock at par value. The legal reserve can be capitalized, but it must not be distributed unless the company is dissolved, and it must be reconstituted when it decreases for any reason.

10. Transactions and balances with related parties

The detail of the balances held as of December 31, 2019, 2018 and 2017 with related companies, as well as the transactions carried out with them during the 2019, 2018 and 2017 periods is as follows:

Transaction (Dr/(Cr))				Balances (Dr/(Cr))			
	US dollars				US dollars		
Concept	2019	2018	2017	Concepto	31-12-2019	31-12-2018	31-12-2017
Financial income	503.350	289.447	52.095	Non - current credits	17.308.268	11.015.920	4.723.571
Aquisition of fixed assets in progress	8.754.055	2.418.719	8.330.010	Interest receivable	865.217	339.166	49.951
				Non - current loans	(51.220.000)	-	-
				Interest payable	(1.004.509)	-	-
				Suppliers	(6.435.383)	(267.972)	(479.850)

On October 19, 2017 the Entity entered into a contract with its related party Fisterra Energy Luxembourg V, S.a.l.r, in which a credit line of $40,000,000 was granted. As of December 31, 2019 the amount withdrawn was $17,308 thousands ($11,016 and $4,723 thousands as of December 31, 2018 and 2017, respectively). The loan accrues interest at an annual rate of 3.8875% during the construnction stage and 4.7750% during the operation stage until the date of repayment of the loan.

Furthermore, on June 19, 2017 the Entity entered into a contract with its related party Fisterra Energy Luxembourg V, S.a.l.r, whereby the latter granted the Entity a credit line of $150,000 thousands. As of December 31, 2019, the amount drawn on totals in $51,220 thousands. The loan accrues interest at an annual rate of 9.5%.

11. Tax situation

The debit and credit balances derived from taxes with the authority, as of December 31, 2019, 2018 and 2017, are the following:

	US dollars		
	31-12-2019	31-12-2018	31-12-2017
Current debit balances:			
Value-added tax	17.177.504	35.555.650	8.016.001
Deferred income tax assets	48.607	88.656	26.178
Recoverable income tax	80.004	21.898	961
Total	**17.306.115**	**35.666.204**	**8.043.140**
Non-current debit balances:			
Deferred income tax asset from tax losses	16.155.858	15.415.423	13.231.788
Deferred income tax assets due to other temporary differences	7.788.504	179.709	99.246
Total	**23.944.362**	**15.595.132**	**13.331.034**
Current credit balances:			
Public Treasury, creditor for other concepts	108.238	110.992	54.365
Total	**108.238**	**110.992**	**54.365**
Non-current credit balances:			
Deferred income taxes liability	20.718.819	13.897.547	7.815.084
Total	**20.718.819**	**13.897.547**	**7.815.084**

The “Deferred income tax asset from tax losses “account includes the tax credit derived from the activation of the tax loss generated by the Entity for previous years. In accordance with the mexican legislation, the Entity has a 10-year term to compensate for these tax losses.

The “Deferred income tax assets due to other temporary differences” account includes an amount of $6,572 thousands, as of December 31, 2019, related to the fiscal effect of the valuation of the Financial Instruments, as indicated in Note 8.

The “Deferred income taxes liability " account includes an amount of the temporary differences generated in the calculation of the income tax for the years 2019 and prior years, related to the different accounting and tax treatment of the financial costs of the loans banks, as well as certain costs incurred in 2019 and prior years and capitalized in tangible assets. As of December 31, 2018, it included an amount of $1,841 thousand derived from the tax effect of the valuation of the financial instruments, as indicated in Note 8.

The reconciliation of the accounting profit or loss to the income tax expense is as follows:

	US dollars		
	31-12-2019	31-12-2018	31-12-2017
Profit (loss) before tax on continuing operations	(11.147.586)	(8.074.889)	(12.254.629)
Permanent differences (Includes effect of inflation)	(11.961.781)	1.835.659	31.176.359
Total	(23.109.367)	(6.239.230)	18.921.730
Tax charge at 30%	(6.932.810)	(1.871.769)	5.676.519
Tax expense for the year	**(6.932.810)**	**(1.871.769)**	**5.676.519**

12. Revenue from Contracts with Customers

As previously described in Note 1, the purpose of the Entity is to design, develop, build, and commercially exploit a Combined Cycle Gas Turbine Power Plant of 874.5 Mega Watt located in Zapotlanejo, Jalisco, Mexico.

The construction of the Power Plant began in June 2017 and it is estimated that it will finish at the end of April 2020. In this regard, the Company has a coverage contract for the sale of power and electrical energy with a mainly client, which estipulates, according to the Administrators' estimates, the sale of near 70% of the electrical energy that the plant will produce over a period of 20 years. The remaining 30% of production is committed in three individual Power Supply Agreements. These agreements expire on December 31, 2024.

13. Guarantees committed with third parties

As of December 31, 2019 and 2018, the Entity is guaranteed by third parties, through various financial entities, for an amount of $22 milion. These guarantees are related to compliance with the Entity's obligations arising from the signing of certain contracts, as well as those associated with the concession of the interconnection of the Cycle. The Entity does not estimate that significant liabilities for the same arise.

14. Subsequent events

The World Health Organization declared the viral outbreak Coronavirus COVID-19 on March 11 2020 a pandemic emergency due to its appearance in China in early January 2020 continuing with its recent global expansion in a large number of countries.

Considering the complexity of the markets due to their globalization, and the absence, so far, of an effective medical treatment against the virus, the consequences for the operations of the Entity are uncertain and will largely depend on the evolution and spread of the pandemic in the coming months, as well as the capacity of reaction and adaptation of all the economic agents involved.

At the date of issuance of these financial statements, it is premature to make a specific valuation or quantification of the possible damages that COVID-19 will have on the Entity, due to the uncertainty about its consequences on the short and long term.

The Board of Directors of the Entity have made a preliminary assessment of the current situation according to the most updated information available. Due to those mentioned above, said information may be incomplete. From the results of this evaluation, the following risks stand out:

• Liquidity risk: it is foreseeable that the general situation of the markets could cause a general increase in liquidity tensions in the economy, as well as a contraction in the credit markets. Mentioning these, the Entity has the sufficient capacity to obtain financing from intercompany entities or from certain financial markets. This leaves the Entitity in a suitable position to face market tensions.

• Assets and liabilities valuation risk: a change in future estimation of sales, production costs, finance costs, accounts receivable, etc. of the Entity could have a negative impact on the book value of certain assets as well as the need to record certain provisions or other types of liabilities. As soon as sufficient and reliable information is available, the appropriate evaluation will be carried out to the value of the assets and liabilities.

• Going concern risk: With all the factors previously mentioned, the Board of Directors considers that there is no risk for the assumption of going concern principle.

Lastly, it should be noted that the Board of Directors of the Entity are constantly evaluating the evolution of the situation, with the objective of successfully face any possible impacts that may occur.

15. Authorization of the Financial Statements

The accompanying financial statements fairly represent the financial condition and results of operations of the Entity in accordance with IFRS. The financial Statements were authorized for issuance by the Board of Directors of the Entity and are subject to the approval of the Shareholders of the Entity.