
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 7, 2018 (February 6, 2018)



TerraForm Power, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-36542
(Commission File Number)

46-4780940
(I. R. S. Employer
Identification No.)

7550 Wisconsin Avenue, 9th Floor, Bethesda, Maryland 20814
(Address of principal executive offices, including zip code)

(240) 762-7700
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

EXPLANATORY NOTE

On February 7, 2018, TerraForm Power, Inc. (Nasdaq: TERP) (the “Company”) announced that it intends to launch a voluntary tender offer (the “Tender Offer”) to acquire 100% of the outstanding shares of Saeta Yield, S.A., a Spanish corporation (“Saeta”) and a leading, publicly-listed European owner and operator of wind and solar assets, located primarily in Spain. The Tender Offer will be for €12.20 in cash per share of Saeta. The Tender Offer is expected to be completed in the second quarter of 2018, subject to certain closing conditions.

Item 1.01 Entry into a Material Definitive Agreement.

Irrevocable Agreement to Launch Tender Offer

On February 6, 2018, TERP Spanish HoldCo, S.L., a subsidiary of the Company entered into an Irrevocable Undertaking Agreement for the launch and acceptance of the takeover bid for the shares of Saeta Yield, S.A. (the “Irrevocable Agreement”), with Cobra Concesiones, S.L., a company incorporated under the laws of Spain (“Cobra”) and GIP II Helios, S.à r.l., a société à responsabilité limitée organized under the laws of the Grand Duchy of Luxembourg (“GIP”), an Irrevocable Undertaking Agreement with Mutuactivos, S.A.U., S.G.I.I.C, a company incorporated under the laws of Spain (“Mutuactivos”) and an Irrevocable Undertaking Agreement with Sinergia Advisors 2006, A.V., S.A., a company incorporated under the laws of Spain (“Sinergia” and, together with Cobra, GIP and Mutuactivos, the “Selling Stockholders”) pursuant to which the Company has agreed to launch the Tender Offer. Under the terms of these Irrevocable Undertaking Agreements, the Selling Stockholders have irrevocably and unconditionally agreed to tender their combined 50.338% interest in Saeta in the Tender Offer.

The Company’s acceptance of the shares of Saeta tendered in the Tender Offer is conditioned upon the Company obtaining compulsory authorization required from the European Commission and Cobra and GIP irrevocably accepting the Tender Offer in respect of their shares of Saeta representing no less than 48.222% of Saeta’s voting share capital.

The aggregate value of the shares of Saeta held by the Selling Stockholders is approximately \$600 million. If the Company successfully acquires all of the remaining Saeta shares in the Tender Offer, the aggregate purchase price (including the value of the Selling Stockholders shares) will be approximately \$1.2 billion. Assuming a \$1.2 billion acquisition price, the Company intends to finance the acquisition with a \$400 million equity issuance of the Company’s Class A common stock and the remaining \$800 million will be financed from available liquidity, which the Company expects to refinance with a combination of non-recourse financings of the Company’s currently unencumbered wind and solar assets and certain cash released from Saeta’s assets.

In connection with the launch of the Tender Offer, the Company is required to post a bank guarantee (the “Bank Guarantee”) with the Comisión Nacional del Mercado de Valores (the “CNMV”) in Spain for the maximum amount payable in the Tender Offer, which amount will be approximately \$1.2 billion. In connection with posting this bank guarantee, the Company expects to enter into a Letter of Credit Facility with a syndicate of banks that will govern the Company’s obligations to reimburse such banks upon any drawing under the Bank Guarantee. It is expected that this Letter of Credit Facility will be entered into prior to the launch of the Tender Offer and is expected to have customary fees and expenses, representations and warranties, covenants and event of default provisions.

The foregoing description of the Irrevocable Undertaking Agreements and the Tender Offer does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Irrevocable

Undertaking Agreements attached hereto as Exhibits 10.1, 10.2 and 10.3 and incorporated herein by reference.

Backstop Agreement with Brookfield

In connection with the Tender Offer, the Company intends to finance the acquisition of Saeta shares with a \$400 million equity issuance of the Company's Class A common stock (the "Equity Offering").

On February 6, 2018, the Company entered into a Support Agreement (the "Support Agreement") with Brookfield Asset Management Inc. ("Brookfield"). Pursuant to the Support Agreement, Brookfield agreed that, if requested by the Company, Brookfield would provide a back-stop to the Company for up to 100% of the Equity Offering (such agreement, the "Back-Stop") if the offering price per Class A Share of the Company in the Equity Offering equals the five-day volume weighted average price (VWAP) of the Class A Shares ending the trading day prior to the Company's announcement of the Tender Offer.

Brookfield's obligations in relation to the provision of the Back-Stop under the Support Agreement are subject to successful commencement of the Tender Offer and to prior effectiveness of a registration statement, if required, that the Company would file in connection with the Equity Offering and such obligation would not apply to any Equity Offering commenced prior to May 1, 2018 or after September 30, 2018.

The foregoing description of the Support Agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Support Agreement attached hereto as Exhibit 10.4 and incorporated herein by reference.

Upsizing of Revolving Credit Facility

On February 6, 2018, TerraForm Power Operating, LLC ("TERP Operating"), an indirect subsidiary of the Company, elected to increase the aggregate principal amount of its revolving credit facility (the "Revolving Credit Facility") pursuant to the Credit and Guaranty Agreement dated as of October 17, 2017, by and among TERP Operating, TerraForm Power, LLC, certain subsidiary guarantors of TERP Operating, and the lenders and issuing banks party thereto from time to time and HSBC Bank USA, National Association, as administrative agent and collateral agent from \$450 million to \$600 million (the "Revolving Loan Commitment Increase"). The Revolving Loan Commitment Increase became effective on February 6, 2018.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

The information contained in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.03.

Item 7.01 Regulation FD Disclosure.

Tender Offer Announcement

On February 7, 2018, the Company issued a press release announcing the Tender Offer. A copy of the press release is furnished herewith as Exhibit 99.1. Also on February 7, 2018, the Company posted presentation materials to the Investors section of its website. A copy of the presentation is furnished herewith as Exhibit 99.2.

Announcement of Quarterly Dividend

As also described in the press release dated February 7, 2018 and furnished as Exhibit 99.1, TerraForm Power announced that, on February 6, 2018, its Board declared a quarterly dividend with respect to TerraForm Power's Class A common stock of \$0.19 per share. The dividend is payable on March 30, 2018 to shareholders of record as of February 28, 2018.

The information in Exhibits 99.1 and 99.2 shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section. The information Exhibits 99.1 and 99.2 shall not be incorporated by reference into any filing or other document under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing or document.

Cautionary Note Regarding Forward-Looking Statements. Except for historical information contained in this Form 8-K and the press release and the presentation materials attached as an exhibit hereto, this Form 8-K and the press release and the presentation materials contain forward-looking statements which involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. Please refer to the cautionary note in the press release and the presentation materials regarding these forward-looking statements.

Item 9.01 Financial Statement and Exhibits.

(d) *Exhibits*

<u>Exhibit No.</u>	<u>Description</u>
10.1	Irrevocable Undertaking Agreement for the launch and acceptance of the takeover bid for the shares of Saeta Yield, S.A., dated as of February 6, 2018 between TERP Spanish HoldCo, S.L., Cobra Concesiones, S.L. and GIP II Helios, S.à r.l.
10.2	Irrevocable Undertaking Agreement for the launch and acceptance of the takeover bid for the shares of Saeta Yield, S.A., dated as of February 6, 2018 between TERP Spanish HoldCo, S.L. and Mutuactivos, S.A.U., S.G.I.I.C.
10.3	Irrevocable Undertaking Agreement for the launch and acceptance of the takeover bid for the shares of Saeta Yield, S.A., dated as of February 6, 2018 between TERP Spanish HoldCo, S.L. and Sinergia Advisors 2006, A.V., S.A.
10.4	Support Agreement, dated as of February 6, 2018, between TerraForm Power, Inc. and Brookfield Asset Management Inc.
99.1	Press release, dated February 7, 2018, titled "TerraForm Power Announces Offer to Acquire 100% of Leading European Renewable Power Business, Saeta Yield."
99.2	TerraForm Power, Inc. presentation materials titled "Saeta Yield Acquisition", dated as of February 7, 2018.

EXHIBIT INDEX

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99.2	TerraForm Power, Inc. presentation materials titled “Saeta Yield Acquisition”, dated as of February 7, 2018.

Irrevocable Undertaking Agreement for the launch and acceptance of the takeover bid for the shares of Saeta Yield, S.A.

BETWEEN

TERP Spanish HoldCo, S.L.

As the Bidder

AND

Cobra Concesiones, S.L.

GIP II Helios, S.à r.l.

As the Selling Shareholders

In Madrid, on 6 February 2018

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BETWEEN

On the one hand,

“**TERP Spanish HoldCo, S.L.**”, a company incorporated and validly existing under the laws of Spain, with registered office at 21 calle Serrano, Madrid, 28001, registered at the Commercial Registry of Madrid at book 35,995, volume 9, section 8, sheet M-646,732, entry 1 and provided with tax identification number B87827648 (the “**Bidder**”), duly represented by Mr Alfredo Zamarriego Fernández and Mr Ricardo Arias Sainz, in their capacity as Joint and Several Directors of the Bidder, pursuant to the notarial deed executed on 30 January 2018 before the notary public of Madrid Mr Francisco Miras Ortiz, with number 301 of his protocol;

And, on the other hand,

“**Cobra Concesiones, S.L.**”, a company incorporated and validly existing under the laws of Spain, with registered office at Calle Cardenal Marcelo Spinola, 10, Madrid, Spain, registered at the Commercial Registry of Madrid and provided with tax identification number B84878883 (“**Cobra**”), duly represented by Mr José María Castillo Lacabex, in his capacity as sole director of Cobra, pursuant to the notarial deed granted on 10 October 2017 before the notary public of Madrid Mr Segismundo Álvarez Royo-Villanova, with number 3,209 of his protocol;

and

“**GIP II Helios, S.à r.l.**”, a company incorporated and validly existing under the laws of Luxembourg, with registered office at 6, rue Eugène Ruppert, L-2453, Luxembourg and registered at the Luxembourg Trade and Companies Registry with number B 194.517 (“**GIP**” and, together with Cobra, the “**Selling Shareholders**” and, individually, a “**Selling Shareholder**”), duly represented by Mr Alejandro Ortiz, in his capacity as GIP’s attorney, pursuant to a decision of the Board of Directors of GIP dated 1 February 2018.

The Bidder, on the one hand, and the Selling Shareholders, on the other hand, shall be hereinafter collectively referred to as the “**Parties**” and individually as a “**Party**”.

WHEREAS

- I. “**Saeta Yield, S.A.**” is a Spanish corporation (*sociedad anónima*) with registered office at Avenida de Burgos, 16D, Madrid, 28036, holding Tax Identification Number (NIF) A-85699221, and registered with the Commercial Registry of Madrid at Volume (*Tomo*) 26,842, Page (*Folio*) 14 and Sheet (*Hoja*) M-483,710 (the “**Target**” or the “**Company**”), whose issued share capital amounts to EUR 81,576,928.00 and is represented by 81,576,928 ordinary shares, of EUR 1.00 par value each, fully subscribed and paid-up, all of which are

of the same class and pertain to the same series and are represented by book entries (the “**Shares**”). All the Shares are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and traded through the Automated Quotation System of such Stock Exchanges (*Sistema de Interconexión Bursátil*).

- II. As of the date hereof, the Selling Shareholders jointly own 39,337,270 Shares in the Company, which represent 48.222% of the Company’s total share capital (the “**Selling Shareholders’ Shares**”). Each Selling Shareholder owns the Shares described as follows:

Shareholder	Number of Shares (owned directly or indirectly)	%
Cobra Concesiones, S.L.	19,750,212	24.211%
GIP II Helios, S.à r.l.	19,587,058	24.011%

Notwithstanding the above, should the Selling Shareholders acquire, receive by any means or be entitled to any other Shares during the course of the Offer, as defined in the following paragraph, the Selling Shareholders’ Shares will also encompass such other Shares.

- III. The Bidder has agreed to launch a voluntary takeover bid in relation with the total share capital of the Company (the “**Offer**”), through which the Bidder wishes to acquire the Selling Shareholders’ Shares from the Selling Shareholders, and the Selling Shareholders have agreed to irrevocably accept the Offer and tender the Selling Shareholders’ Shares under the Offer, all the preceding pursuant to the terms and conditions set out herein.
- IV. In view of the foregoing, the Parties have agreed to enter into this irrevocable undertaking agreement for the launch and acceptance of the Offer (the “**Agreement**”) in accordance with the following

CLAUSES

1. LAUNCHING OF THE OFFER

1.1 Commitment to launch the Offer

The Bidder has taken the decision to launch the Offer, conditional only on the execution of this Agreement, and undertakes to do so by filing the necessary documentation with the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the “**CNMV**”) for the purposes of obtaining its approval of the relevant offer document (*folleto explicativo*) (the “**Offer Document**”) and the Offer, in accordance with the terms and conditions of this Agreement.

1.2 The terms of the Offer

The Offer will be on the following terms and conditions (the “**Offer Terms and Conditions**”):

- (i) the Offer shall be launched at a price of EUR 12.20 per Share of the Company, to be paid fully in cash (the “**Offer Price**”);
- (ii) the shareholders of the Company shall be granted a term of 15 calendar days to accept the Offer (the “**Acceptance Period**”); and

- (iii) the Offer shall only be conditional upon:
 - (a) the Bidder obtaining merger control clearance from the European Commission (in so far as legally required); and
 - (b) the Selling Shareholders irrevocably accepting the Offer in respect of Shares representing no less than 48.222% of the Company's voting share capital.

The conditions described under Clauses 1.2(iii)(a) and 1.2(iii)(b) will be collectively referred throughout this Agreement as the “**Offer Conditions**”.

If the European Commission and/or any other applicable antitrust authority requests, requires or imposes any condition, obligation, undertaking and/or remedy (each, a “**Commitment**”) to the Bidder in order to approve the acquisition by the Bidder of a controlling stake in the Company, the Bidder shall offer, accept and agree to any such Commitment (which shall not include, without the prior written consent of the Selling Shareholders, any amendment to the Offer Terms and Conditions) as may be necessary to obtain such approval, provided that the Bidder shall be under no obligation to offer, accept or agree to any Commitment that requires any action to be taken by any person other than TerraForm Power Inc. and/or its subsidiaries (including, for the avoidance of doubt, the Target and its subsidiaries). The Bidder undertakes that, between the date hereof and the satisfaction of the Offer Condition in Clause 1.2(iii)(a) above, neither it nor TerraForm Power Inc. nor any subsidiary of TerraForm Power Inc. shall take any action which is reasonably likely to preclude or hinder the satisfaction of the Offer Condition in Clause 1.2(iii)(a) above, including (without limitation) any corporate and/or M&A transaction.

The Offer Price has been determined on the basis of the Target not making any distribution of dividends, reserves, premium or any other equivalent form of equity or related shareholding distribution or equity remuneration of any kind to its shareholders prior to the settlement of the Offer other than quarterly dividends in line with the Company's dividend policy as currently publicised.

For this purpose, dividends up to the following maximum amounts shall be considered as being in line with the Company's dividend policy:

- (w) if the settlement of the Offer takes place before 25 May 2018, one or more dividends can be paid, as from the date hereof, up to a maximum aggregated amount of EUR 0.1967 per share;
- (x) if the settlement of the Offer takes place on or after 25 May 2018 and before 24 August 2018, one or more dividends can be paid, as from the date hereof, up to a maximum aggregated amount of EUR 0.3967 per share;
- (y) if the settlement of the Offer takes place on or after 24 August 2018 and before 23 November 2018, one or more dividends can be paid, as from the date hereof, up to a maximum aggregated amount a maximum of EUR 0.6017 per share; and
- (z) if the settlement of the Offer takes place on or after 23 November 2018 and before 22 February 2019, one or more dividends can be paid, as from the date hereof, up to a maximum aggregated amount of EUR 0.8067 per share,

provided, in all cases, that the ex-dividend date of the corresponding dividend(s) takes place on or before the settlement of the Offer.

If the settlement of the Offer were to take place on or after 22 February 2019, the above-mentioned maximum aggregated amount increases on a quarterly basis by EUR 0.205 per share and the reference date for the settlement of the Offer is the Friday falling on the penultimate week of May, August, November or February, as applicable.

Consequently, should the Target carry out before the settlement of the Offer any equity distribution or remuneration to the shareholders other than quarterly dividends in line with the Company's dividend policy as currently publicised, or any distribution of quarterly dividends in excess of the abovementioned amounts per share (each, an "**Excess Distribution**"), the Bidder may, in accordance with article 33.1 of Spanish Royal Decree 1066/2007, of July 27 (*Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores*) (the "**Takeover Regulations**"), maintain the Offer and adjust the Offer Price by an amount equivalent to the gross amount per share received, or to the gross amount per share received in excess of the abovementioned amounts, as applicable, due to said Excess Distribution, inasmuch as the potential reduction of the consideration does not exceed what is deemed necessary to maintain the financial equivalence with the consideration previously offered, and the Bidder obtains the prior authorization from the CNMV, without prejudice to the withdrawal right provided in said article 33.1 of the Takeover Regulations.

1.3 Announcement and filing for authorisation

The Bidder shall publish the relevant public announcement of the Offer referred to in article 16 of the Takeover Regulations in the form of Annex 1 hereto on the date on which this Agreement is signed or, in any event, before the commencement of trading in the Spanish Stock Exchanges the following day.

The Bidder undertakes to file with the CNMV the request for authorisation of the Offer in accordance with the provisions of the Takeover Regulations in terms of content, procedure and timing (the "**Request for Authorisation**"), which will include the Offer Document. Subject to the Offer Terms and Conditions and Clause 1.5 below, the terms and conditions of the Offer and the final content of the Offer Document will be in such form as the Bidder considers desirable or necessary in order to obtain the authorisation of the Offer by the CNMV.

The Bidder shall file with the CNMV any ancillary documents required pursuant to article 20 of the Takeover Regulations.

The Bidder shall (i) amend the Offer Document as requested by the CNMV from time to time, and (ii) provide to the CNMV revised versions of the Offer Document and any other documentation and information requested, in each case in a timely manner with the aim to obtain the CNMV's authorisation of the Offer as soon as possible.

For the purposes of this Agreement, a "**business day**" shall be deemed any day of the week, except for Saturdays, Sundays or any banking holiday in Madrid.

1.4 Withdrawal of the Offer

The Bidder may, at its sole discretion, withdraw the Offer only (a) if any of the Offer Conditions is not met, or (b) pursuant to article 33.1 of the Takeover Regulations.

In any such event, this Agreement will terminate in accordance with Clause 8.

1.5 Amendments to the Offer Terms and Conditions

Subject to the Offer Terms and Conditions, the Bidder shall be entitled to extend the acceptance period of the Offer or to modify the Offer and the Offer Document whenever deemed necessary to obtain the authorisation of the Offer and/or to achieve its success.

Should the Bidder decide to increase the Offer Price, the Selling Shareholders will be entitled to benefit from such price increase and will receive, for each of the Selling Shareholders' Shares, the new Offer Price. For the avoidance of doubt, any increase to the Offer Price shall be made fully in cash.

1.6 Information

The Bidder shall:

- (i) provide to the Selling Shareholders and its advisors the initial and subsequent versions of the Offer Document and the Request for Authorisation and, to the extent they contain references to the Selling Shareholders, excerpts of press releases, investor presentations or any other material Offer document, in each case with forty-eight (48) hours for review before they are filed with the CNMV or disclosed to the market (as applicable), and consider (but not be bound by) any reasonable comment they may provide; and
- (ii) keep the Selling Shareholders timely informed of the Offer authorisation process and any material developments or requests received from the CNMV or any other regulatory authority.

2. THE SELLING SHAREHOLDERS' COMMITMENTS

2.1 Acceptance of the Offer

The Selling Shareholders hereby, irrevocably and on the terms of this Agreement, undertake to accept the Offer with all of the Selling Shareholders' Shares, under the Offer Terms and Conditions—as amended in accordance herewith, as the case may be— within the first 5 business days of the Acceptance Period and further undertake not to revoke such acceptance, except where, as applicable:

- (i) the Bidder decides to withdraw the Offer in accordance with Clause 1.4; or
- (ii) the CNMV does not authorize the Offer by 31 July 2018.

Save for the provisions in Clause 10, which shall remain in force, if any of the scenarios described in (i) and (ii) above takes place, the Selling Shareholders shall be entitled to freely transact with the Selling Shareholders' Shares in any way without any obligation or liability vis-à-vis the Bidder. Under no circumstances other than those specified in this paragraph may the Selling Shareholders accept any third-party offer in relation to any or all Selling Shareholders' Shares.

2.2 Voting

From the date this Agreement is entered into until the settlement of the Offer—except where this Agreement is terminated pursuant to Clause 7 below—, the Selling Shareholders undertake, to the extent legally possible, to exercise the voting rights attached to the Selling Shareholders' Shares against resolutions which, if passed, (i) might reasonably result in the Offer Conditions

not being fulfilled or which might reasonably impede or frustrate the Offer in any way, or (ii) will result in any Excess Distribution.

2.3 Directors' report on the Offer

To the extent permitted by applicable law and subject to the fulfilment of the directors' legal duties and any other laws and regulations applicable to them, the Selling Shareholders undertake to instruct the proprietary directors nominated by each of them to vote in favour of a favourable Directors' report on the Offer, pursuant to article 24 of the Takeover Regulations.

2.4 Selling Shareholders' proprietary directors' resignation

To the extent permitted by applicable law, the Selling Shareholders shall procure the resignation of the proprietary directors nominated by them in the Company's Board of Directors no later than 3 business days following the settlement of the Offer.

2.5 Standstill

For the term of this Agreement, the Selling Shareholders undertake not to, nor to cause any related person in accordance with the Takeover Regulations to, transact with any Shares of the Company.

In particular, for the term of this Agreement the Selling Shareholders, shall not, nor cause any related person to, subscribe for, purchase, sell, transfer, swap or otherwise acquire or dispose of any Shares, financial instruments having the Shares as underlying asset or rights attached to the Shares, or the voting or economic rights attached to them, nor create any charges, pledges, liens, encumbrances or in any way purchase, subscribe for or grant any right over Shares or the voting or economic rights attached to them.

2.6 Related-party transactions

For the term of this Agreement, none of the Selling Shareholders, nor any party related to them in accordance with applicable law, may enter into, amend or terminate any agreement with the Company or any company of its group of companies, unless in the ordinary course of business.

2.7 Termination of the ROFO Agreement

The Selling Shareholders expressly acknowledge and agree that the Bidder intends that the agreement entered into on 29 January 2015 by the Company with ACS Servicios Comunicaciones y Energía, S.L. and Bow Power, S.L., as amended from time to time (the "**ROFO Agreement**") be terminated. For that purpose, the Bidder will either (i) cause the Company to terminate the ROFO Agreement within one month from the squeeze-out settlement date; or, in the absence of squeeze-out, (ii) within one month from the Offer settlement date, convene a general shareholders meeting of the Company and vote in favour of such termination.

If the Company so requests, the Selling Shareholders shall use all reasonable efforts to cause the parties to the ROFO Agreement other than the Company to consent to the termination of the ROFO Agreement without any penalty or consideration being triggered.

3. POST OFFER SETTLEMENT STANDSTILL

Within the 6 months from the Offer's settlement date, the Bidder undertakes that:

- (i) neither it nor TerraForm Power Inc. nor any subsidiary of TerraForm Power Inc. shall transfer, acquire or agree to transfer or acquire any Share; and
- (ii) it shall use all reasonable efforts to cause its affiliates (other than those mentioned in the preceding paragraph) not to transfer, acquire or agree to transfer or acquire any Share,

in each case for a price per Share higher than the price per Share paid by the Bidder to the Selling Shareholders.

4. REPRESENTATIONS AND WARRANTIES

4.1 Representations and warranties from the Bidder

The Bidder represents and warrants to the Selling Shareholders that:

- (i) The Bidder is validly incorporated, in existence and duly registered under the laws of its jurisdiction and has full corporate power to carry out its object (including the capacity to dispose of and encumber its assets) as conducted as at the date of this Agreement; and to be party to the contracts and perform the obligations deriving from them.
- (ii) The Bidder has obtained all corporate authorisations and all other governmental, statutory, regulatory or other consents, licenses and authorizations required to enter into and perform its obligations under this Agreement.
- (iii) This Agreement is not contrary to or entail a breach of any of the corporate documents of the Bidder, nor is it contrary to any laws or regulations in its jurisdiction or of any order, decree or judgment of any court or any governmental or regulatory authority.
- (iv) The Bidder is neither insolvent or bankrupt under the laws of its jurisdiction of incorporation, nor unable to pay its debts as they fall due or is held liable due to its inability to pay any debt. The Bidder is not party to any proceeding against it in connection with arrangements with creditors, nor is it subject to any winding up, bankruptcy or insolvency proceeding or are there reasons to believe such proceedings may be initiated against the Bidder in the future.
- (v) The Bidder has available funds and/or has obtained binding funding commitments which provide the necessary cash resources to settle the Offer and obtain the bank guarantee referred to in article 15.2 of the Takeover Regulations, in each case covering the Offer Price for 100% of the Shares.
- (vi) Each of the above representations and warranties is true and accurate at the date hereof and shall remain true and accurate and not misleading on the settlement date of the Offer as if repeated immediately before the settlement of the Offer.

4.2 Representations and warranties from the Selling Shareholders

Each of the Selling Shareholders, acting severally (*mancomunadamente*) and not jointly (*solidariamente*), represents and warrants that:

- (i) It is validly incorporated, in existence and duly registered under the laws of its jurisdiction and has full corporate power to carry out its object (including the capacity to dispose of

and encumber its assets) as conducted as at the date of this Agreement; and to be party to the contracts and perform the obligations deriving from them.

- (ii) It has obtained all internal corporate authorisations, and there are no governmental, statutory or regulatory consents or authorizations, in each case required to enter into and perform its obligations under this Agreement.
- (iii) This Agreement is not contrary to or entails a breach of any of the corporate documents of the Selling Shareholder, nor is it contrary to any laws or regulations in its jurisdiction or of any order, decree or judgment of any court or any governmental or regulatory authority, in each case which are applicable to it.
- (iv) It is the sole legal and beneficial owner of its relevant Selling Shareholders' Shares as per Recital II. The Selling Shareholders' Shares owned by it are free from all liens, encumbrances and third-party rights and include all the voting and other rights attached thereto, as evidenced by the ownership certificate(s) a copy of which is attached hereto (which certificate(s) remain in the Selling Shareholders' possession).
- (v) It is entitled to dispose, sell and transfer the Selling Shareholders' Shares it owns on the terms and conditions herein described.
- (vi) It is neither insolvent nor bankrupt under the laws of its jurisdiction of incorporation, nor unable to pay its debts as they fall due or were held liable due to their inability to pay any debt. It is not party to any proceeding in connection with arrangements with creditors nor is it subject to any winding up, bankruptcy or insolvency proceeding or has reasons to believe such proceedings may be initiated in the future.
- (vii) Each of the above representations and warranties is true and accurate at the date hereof and shall remain true and accurate and not misleading on the settlement date of the Offer as if repeated immediately before the settlement of the Offer.

5. SEVERAL LIABILITY OF THE SELLING SHAREHOLDERS

The liability of the Selling Shareholders under this Agreement is several (*responsabilidad mancomunada*); thus, each Selling Shareholder shall only be responsible for the fulfilment of the duties herein described in connection with the Selling Shareholders' Shares owned individually by such Selling Shareholder.

6. BREACH

The breach by any Party of this Agreement will entitle the other Party(ies) to claim against the breaching Party(ies) either (i) the specific performance of the breached undertaking(s), or (ii) in the event of a material breach of the Agreement, the termination of the Agreement; in both cases, together with a compensation for damages.

The non-breaching Party(ies) shall notify the breach to the other Party(ies) and the request for specific performance or termination of the Agreement, as described in the preceding paragraph, in accordance with the notification procedure set out in Clause 10.8 below.

For the avoidance of doubt, none of the Parties shall be liable for any indirect, consequential or reputational damages or loss of profits.

7. DURATION

This Agreement will be in force from the date hereof until the settlement of the Offer, unless terminated earlier in accordance with its terms. Notwithstanding anything to the contrary in this Agreement, Clauses 3, 5, 6 and 10 shall remain in full force and effect after the settlement of the Offer.

8. EARLY TERMINATION OF THE AGREEMENT

This Agreement may only be terminated in any of the following circumstances:

- (i) by one Party giving notice to the other Parties if the CNMV rejects the Offer and the Bidder decides not to request again its authorization; or
- (ii) by one Party giving notice to the other Parties if the CNMV does not authorize the Offer by 31 July 2018; or
- (iii) by the Bidder upon withdrawing the Offer pursuant to Clause 1.4; or
- (iv) by a non-breaching Party giving notice to the other Parties if this Agreement has been materially breached, pursuant to Clause 6.

Unless terminated earlier, this Agreement will expire if and when the Bidder has launched the Offer and the Selling Shareholders have accepted the Offer, tendered the Selling Shareholders' Shares to the Bidder and received the Offer Price, in each case pursuant to the terms herein, and no other obligation of any Party hereunder remains outstanding (save as set out in Clause 7 above).

The expiry or termination of this Agreement will be without prejudice to the provisions in Clauses 3, 5, 6 and 10, which shall remain in force, and to the accrued rights and obligations of the Parties hereunder on and prior thereto, including as to the consequences set out for each of the events triggering the termination throughout this Agreement.

9. ANNOUNCEMENTS

The Selling Shareholders agree to the public announcement referred to in Clause 1.3 incorporating references to the Selling Shareholders and to this Agreement in the terms set out in Annex 1 hereto.

Other than the above-referred public announcement, the Request for Authorisation and the press release and investor presentations to be made by the Bidder, none of the Parties (nor any of their respective affiliates) shall make any announcement or disclosure or issue any circular in connection with the possibility, existence, subject matter, content, terms and conditions or Parties to this Agreement or the Offer without the prior written approval of the other Party (such approval not to be unreasonably withheld or delayed).

The restriction in this Clause 9 shall not apply (i) to the extent that the announcement or circular is required or requested by any applicable law or regulation, by any stock exchange or any regulatory or other supervisory body or authority of competent jurisdiction, whether or not the requirement or request has the force of law, in which case, the Party making the announcement or issuing the circular shall, to the extent feasible and legally permitted, use its reasonable efforts to consult with the other Party in advance as to its form, content and timing, or (ii) to any disclosure to any affiliate of, or direct or indirect investor in, the relevant Party, provided that

the disclosing Party shall procure that the applicable affiliate shall observe the confidentiality obligations set out in this Clause 9.

In any event, the Parties acknowledge and agree that they are obliged not to and shall therefore, under no circumstance, make any announcement or disclosure in connection with this Agreement to any third party (including, for the avoidance of doubt, any stock exchange or any other regulatory or supervisory body or authority) before the Bidder publishes the announcement of the Offer as per Clause 1.3.

10. MISCELLANEOUS

10.1 No assignment

No Party may without the prior unanimous written consent of the other Parties assign its rights and obligations deriving from this Agreement to any other person, nor may it, without the prior written consent of the other Parties, assign, grant any security interest over, or otherwise transfer the benefit of the whole or any part of this Agreement.

10.2 Amendments

No amendment to this Agreement will be valid unless made in writing and signed by all the Parties.

10.3 Severability

If any provision of this Agreement is declared void, invalid or unenforceable by a competent court or authority, this Agreement will remain in force except for that part declared void, invalid or unenforceable. The Parties will consult each other and use their best efforts to agree upon a valid and enforceable provision as a reasonable substitute for the void, invalid or unenforceable provision in accordance with the spirit of this Agreement.

10.4 Entire Agreement

This Agreement constitutes the entire agreement among the Parties in relation to the launch and acceptance of the Offer and replaces any other prior agreement, whether oral or in writing, regarding the same matter.

10.5 Counterparts

This Agreement may be signed in one or more counterparts, each of which will be an original and complete Agreement.

10.6 Waiver

Except for the situations described in Clause 8, any failure or delay to exercise a right, power or privilege provided in this Agreement will not in itself amount to a waiver thereof and the individual or partial exercise of these rights, powers or privileges will not constitute a waiver to exercise the right, power or privilege in the future.

10.7 Costs

Each Party shall bear all costs incurred by it in connection with the preparation, negotiation and entry into of this Agreement.

10.8 Notices

Any notice between the Parties in connection to this Agreement shall be made in writing and in English to the following addresses or e-mails:

If sent to the Bidder:

Addressee: Ms Emmanuelle Rouchel
Address: 99 Bishopsgate, London, EC2M 3XD
E-mail: x@brookfield.com

Addressee: Mr Ricardo Arias
Address: 21 calle Serrano, 2nd floor, 28001, Madrid, Spain
E-mail: x@brookfield.com

With a copy to:

Addressee: Mr Rafael Núñez-Lagos / Mr Alfonso Ventoso
Address: C/ Príncipe de Vergara, 187, 28002, Madrid, Spain
E-mail: x@uria.com / y@uria.com

If sent to the Selling Shareholders:

Cobra:

Addressee: Mr José María Castillo Lacabex
Address: Calle Cardenal Marcelo Spínola 10, 28016 Madrid (Spain)
E-mail: x@grupocobra.com

With a copy to:

Addressee: Ms Aida Pérez Alonso
Address: Calle Cardenal Marcelo Spínola 10, 28016 Madrid (Spain)
E-mail: y@grupocobra.com

Addressee: Mr Alejandro Ortiz Vaamonde and Mr Esteban Arza Bombin
Address: Calle Almagro 40, 28010 Madrid (Spain)
E-mail: x@linklaters.com and y@linklaters.com

GIP:

Addressee: GIP II Helios, S.à r.l.
Board of managers
Address: 6, rue Eugène Ruppert, L-2453, Luxembourg

Addressee: Mr Antoine Kerrenneur
Address: The Peak, 5 Wilton Road, London SW1V 1AN, United Kingdom
E-mail: x@global-infra.com

With a copy to:

Addressee: Mr Joseph Blum
Global Infrastructure Partners, General Counsel
Address: The Peak, 5 Wilton Road, London SW1V 1AN, United Kingdom
E-mail: y@global-infra.com

Addressee: Mr Alejandro Ortiz Vaamonde and Mr Esteban Arza Bombin
Address: Calle Almagro 40, 28010 Madrid (Spain)
E-mail: x@linklaters.com and y@linklaters.com

Any correspondence sent to the above addresses will be deemed to have been received by the addressee (unless the addressee had previously informed the sender of a change of address by notice in accordance with this Clause), provided that they evidence receipt by the addressee.

10.9 Governing law

This Agreement shall be governed by the common Laws of the Kingdom of Spain (*legislación común española*).

10.10 Jurisdiction

The Parties, waiving their right to any other jurisdiction, irrevocably submit to the courts of the city of Madrid (Spain) for the resolution of any dispute, claim or controversy arising from or relating to this Agreement, including any question with respect to its existence, validity, termination, nullification or effectiveness.

As an expression of their consent, the Parties initial each page and sign at the end of the three counterparts in which this Agreement is formalised in the place and on the date indicated in its heading.

[Signature pages follow]

[Signature page to the Irrevocable Undertaking Agreement for the launch and acceptance of the takeover bid for the shares of Saeta Yield, S.A.]

TERP Spanish HoldCo, S.L.

By: /s/ Alfredo Zamarriego Fernández

By: /s/ Ricardo Arias Sainz

Mr Alfredo Zamarriego Fernández

Mr Ricardo Arias Sainz

[Signature page to the Irrevocable Undertaking Agreement for the launch and acceptance of the takeover bid for the shares of Saeta Yield, S.A.]

Cobra Concesiones, S.L.

By: /s/ José María Castillo Lacabex

Mr José María Castillo Lacabex

[Signature page to the Irrevocable Undertaking Agreement for the launch and acceptance of the takeover bid for the shares of Saeta Yield, S.A.]

GIP II Helios, S.à r.l.

By: /s/ Alejandro Ortiz

Mr Alejandro Ortiz

Irrevocable Undertaking Agreement for the launch and acceptance of the takeover bid for the shares of Saeta Yield, S.A.

BETWEEN

TERP Spanish HoldCo, S.L.

As the Bidder

AND

MUTUACTIVOS, S.A.U., S.G.I.L.C.

In Madrid, on 6 February 2018

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BETWEEN

On the one hand,

I. “**TERP Spanish HoldCo, S.L.**”, a company incorporated and validly existing under the laws of Spain, with registered office at 21 calle Serrano, Madrid, 28001, registered at the Commercial Registry of Madrid at book 35,995, volume 9, section 8, sheet M-646,732, entry 1 and provided with tax identification number B87827648 (the “**Bidder**”), duly represented by Mr Alfredo Zamarriego Fernández and Mr Ricardo Arias Sainz, in their capacity as Joint and Several Directors of the Bidder, pursuant to the notarial deed executed on 30 January 2018 before the notary public of Madrid Mr Francisco Miras Ortiz, with number 301 of his protocol;

And, on the other hand,

II. “**MUTUACTIVOS, S.A.U., S.G.I.I.C.**”, a company incorporated and validly existing under the laws of Spain, with registered office at Paseo de la Castellana, 33 registered with the Commercial Registry of Madrid at book 3,256 (*tomo*), and sheet (*hoja*) M-55,390 and with the Registry of Collective Investment Schemes Managers at the Spanish National Securities Market Commission, and provided with tax identification number A78015203 (the “**Selling Shareholder**”), duly represented on a joint basis by (i) Mr Ángel Fresnillo Salcedo, in his capacity as representative of the Selling Shareholder pursuant to the notarial deed executed on 3 May 2015 before the notary public of Madrid Mr José Miguel García Lombardía, with number 893 of his protocol, and (ii) and Mr Pedro Pablo García García, in his capacity as representative of the Selling Shareholder pursuant to the notarial deed executed on 2 July 2012 before the notary public of Madrid Mr José Miguel García Lombardía, with number 2,880 of his protocol.

The Bidder and the Selling Shareholder shall be hereinafter collectively referred to as the “**Parties**” and individually as a “**Party**”.

WHEREAS

I. **Saeta Yield, S.A.** is a Spanish corporation (*sociedad anónima*) with registered office at Avenida de Burgos, 16D, Madrid, 28036, holding Tax Identification Number (NIF) A-85699221, and registered with the Commercial Registry of Madrid at Volume (*Tomo*) 26,842, Page (*Folio*) 14 and Sheet (*Hoja*) M-483,710 (the “**Target**” or the “**Company**”), whose issued share capital amounts to EUR 81,576,928.00 and is represented by 81,576,928 ordinary shares, of EUR 1.00 par value each, fully subscribed and paid-up, all of which are of the same class and pertain to the same series and are represented by book entries (the “**Shares**”). All the Shares are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and traded through the Automated Quotation System of such Stock Exchanges (*Sistema de Interconexión Bursátil*).

- II. As of the date hereof, the Selling Shareholder represents funds, SICAVs and managed portfolios identified in **Annex 1** hereto, which collectively own 1,430,726 Shares in the Company representing 1.754% of the Company's total share capital (the "**Selling Shareholder's Shares**"). Notwithstanding, should the Selling Shareholder acquire, receive by any means or be entitled to any other Shares during the course of the Offer, as defined in the following paragraph, the Selling Shareholder's Shares will also encompass such other Shares.
- III. The Bidder has agreed to launch a voluntary takeover bid in relation with the total share capital of the Company (the "**Offer**"), through which the Bidder wishes to acquire the Selling Shareholder's Shares, and the Selling Shareholder has agreed to irrevocably accept the Offer and tender the Selling Shareholder's Shares under the Offer pursuant to the terms and conditions set out herein.
- IV. In view of the foregoing, the Parties have agreed to enter into this irrevocable undertaking agreement for the launch and acceptance of the Offer (the "**Agreement**") in accordance with the following

CLAUSES

1. LAUNCHING OF THE OFFER

1.1 Commitment to launch the Offer

The Bidder has taken the decision to launch the Offer, subject to certain conditions, and undertakes to do so by filing the necessary documentation with the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the "**CNMV**") for the purposes of obtaining its approval of the relevant offer document (*folleto explicativo*) (the "**Offer Document**") and the Offer, in accordance with the terms and conditions of this Agreement.

1.2 The terms of the Offer

The Offer will be on the following terms and conditions (the "**Offer Terms and Conditions**"):

- (i) the Offer shall be launched at a price of EUR 12.20 per Share, to be paid fully in cash (the "**Offer Price**");
- (ii) the shareholders of the Company shall be granted a term of 15 calendar days to accept the Offer (the "**Acceptance Period**"); and
- (iii) the Offer shall only be conditional upon:
 - (a) the Bidder obtaining merger control clearance from the European Commission (in so far as legally required); and
 - (b) the Offer being irrevocably accepted by shareholders of the Target representing no less than 48.222% of the Company's voting share capital.

The conditions described under Clauses 1.2(iii)(a) and 1.2(iii)(b) will be collectively referred throughout this Agreement as the "**Offer Conditions**".

If the European Commission and/or any other applicable antitrust authority requests, requires or imposes any condition, obligation, undertaking and/or remedy (each, a "**Commitment**") to the Bidder in order to approve the acquisition by the Bidder of a controlling stake in the Company, the Bidder shall offer, accept and agree to any such Commitment (which shall not include, without

the prior written consent of the Selling Shareholder, any amendment to the Offer Terms and Conditions) as may be necessary to obtain such approval, provided that the Bidder shall be under no obligation to offer, accept or agree to any Commitment that requires any action to be taken by any person other than TerraForm Power Inc. and/or its subsidiaries (including, for the avoidance of doubt, the Target and its subsidiaries). The Bidder undertakes that, between the date hereof and the satisfaction of the Offer Condition in Clause 1.2(iii)(a) above, neither it nor TerraForm Power Inc. nor any subsidiary of TerraForm Power Inc. shall take any action which is reasonably likely to preclude or hinder the satisfaction of the Offer Condition in Clause 1.2(iii)(a) above, including (without limitation) any corporate and/or M&A transaction.

The Offer Price has been determined on the basis of the Target not making any distribution of dividends, reserves, premium or any other equivalent form of equity or related shareholding distribution or equity remuneration of any kind to its shareholders prior to the settlement of the Offer other than quarterly dividends in line with the Company's dividend policy as currently publicised.

For this purpose, dividends up to the following maximum amounts shall be considered as being in line with the Company's dividend policy:

- (w) if the settlement of the Offer takes place before 25 May 2018, one or more dividends can be paid, as from the date hereof, up to a maximum aggregated amount of EUR 0.1967 per share;
- (x) if the settlement of the Offer takes place on or after 25 May 2018 and before 24 August 2018, one or more dividends can be paid, as from the date hereof, up to a maximum aggregated amount of EUR 0.3967 per share;
- (y) if the settlement of the Offer takes place on or after 24 August 2018 and before 23 November 2018, one or more dividends can be paid, as from the date hereof, up to a maximum aggregated amount a maximum of EUR 0.6017 per share; and
- (z) if the settlement of the Offer takes place on or after 23 November 2018 and before 22 February 2019, one or more dividends can be paid, as from the date hereof, up to a maximum aggregated amount of EUR 0.8067 per share,

provided, in all cases, that the ex-dividend date of the corresponding dividend(s) takes place on or before the settlement of the Offer.

If the settlement of the Offer were to take place on or after 22 February 2019, the above-mentioned maximum aggregated amount increases on a quarterly basis by EUR 0.205 per share and the reference date for the settlement of the Offer is the Friday falling on the penultimate week of May, August, November or February, as applicable.

Consequently, should the Target carry out before the settlement of the Offer any equity distribution or remuneration to the shareholders other than quarterly dividends in line with the Company's dividend policy as currently publicised, or any distribution of quarterly dividends in excess of the abovementioned amounts per share (each, an "**Excess Distribution**"), the Bidder may, in accordance with article 33 of Spanish Royal Decree 1066/2007, of July 27 (*Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores*) (the "**Takeover Regulations**"), either: (a) withdraw the Offer if, in the Bidder's opinion, the

Excess Distribution prevents it from maintaining the Offer and the Bidder obtains prior approval from the CNMV; or (b) maintain the Offer and adjust the Offer Price by an amount equivalent to the gross amount per share received, or to the gross amount per share received in excess of the abovementioned amounts, as applicable, due to said Excess Distribution, inasmuch as the potential reduction of the consideration does not exceed what is deemed necessary to maintain the financial equivalence with the consideration previously offered, and the Bidder obtains the prior authorization from the CNMV.

1.3 Announcement and filing for authorisation

The Bidder shall make the relevant public announcement of the Offer referred to in article 16 of the Takeover Regulations no later than 5 business days after the execution of the Agreement.

For the purposes of this Agreement, a “**business day**” shall be deemed any day of the week, except for Saturdays, Sundays or any banking holiday in Madrid.

The Bidder undertakes to file with the CNMV the request for authorisation of the Offer in accordance with the provisions of the Takeover Regulations in terms of content, procedure and timing (the “**Request for Authorisation**”), which will include the Offer Document. Subject to the Offer Terms and Conditions and Clause 1.5 below, the terms and conditions of the Offer and the final content of the Offer Document will be in such form as the Bidder considers desirable or necessary in order to obtain the authorisation of the Offer by the CNMV.

The Bidder shall file with the CNMV any ancillary documents required pursuant to article 20 of the Takeover Regulations.

1.4 Withdrawal of the Offer

The Bidder may, at its sole discretion, withdraw the Offer only (a) if and when any of the Offer Conditions is not met, or (b) pursuant to article 33.1 of the Takeover Regulations.

In any such event, this Agreement will terminate in accordance with Clause 6.

1.5 Amendments to the Offer Terms and Conditions

Subject to the Offer Terms and Conditions, the Bidder shall be entitled to extend the acceptance period of the Offer or to modify the Offer and the Offer Document whenever deemed necessary to obtain the authorisation of the Offer and/or to achieve its success.

Should the Bidder decide to increase the Offer Price, the Selling Shareholder will be entitled to benefit from such price increase and will receive, for each of the Selling Shareholder’s Shares, the new Offer Price.

2. THE SELLING SHAREHOLDER’S COMMITMENTS

2.1 Acceptance of the Offer

The Selling Shareholder hereby irrevocably and unconditionally undertakes to accept the Offer with all of the Selling Shareholder’s Shares, under the Offer Terms and Conditions -as amended in accordance herewith, as the case may be- within the first 5 business days of the Acceptance Period and further undertakes not to revoke such acceptance, except where:

- (i) the Bidder decides to withdraw the Offer, in accordance with Clause 1.4; or
- (ii) the CNMV does not authorise the Offer.

Save for the provisions in Clause 8, which shall remain in force, if any of the scenarios described in (i) and (ii) above takes place, the Selling Shareholder shall be entitled to freely transact with the Selling Shareholder's Shares in any way without any obligation or liability vis-à-vis the Bidder. Under no circumstances other than those specified in this paragraph may the Selling Shareholder accept any third-party offer in relation to any or all Selling Shareholder's Shares.

2.2 Voting

From the date this Agreement is entered into until the settlement of the Offer —except where this Agreement is terminated pursuant to Clause 6 below—, the Selling Shareholder undertakes, to the extent legally possible, to exercise the voting rights attached to the Selling Shareholder's Shares against resolutions which, if passed, (i) might reasonably result in the Offer Conditions not being fulfilled or which might reasonably impede or frustrate the Offer in any way, or (ii) will result in any Excess Distribution.

2.3 Standstill

For the term of this Agreement, the Selling Shareholder undertakes not to, nor to cause any related person in accordance with the Takeover Regulations to, transact with any Shares of the Company.

In particular, the Selling Shareholder, shall not, nor cause any related person to, subscribe for, purchase, sell, transfer, swap or otherwise acquire or dispose of any Shares, financial instruments having the Shares as underlying asset or rights attached to the Shares, or the voting or economic rights attached to them, nor create any charges, pledges, liens, encumbrances or in any way purchase, subscribe for or grant any right over Shares or the voting or economic rights attached to them.

2.4 Related-party transactions

For the term of this Agreement, neither the Selling Shareholder, nor any party related to it in accordance with applicable law, may enter into, amend or terminate any agreement with the Company or any company of its group of companies.

3. REPRESENTATIONS AND WARRANTIES

3.1 Representations and warranties from the Bidder

The Bidder represents and warrants to the Selling Shareholder that:

- (i) The Bidder is validly incorporated, in existence and duly registered under the laws of its jurisdiction and has full corporate power to carry out its object (including the capacity to dispose of and encumber its assets) as conducted as at the date of this Agreement; and to be party to the contracts and perform the obligations deriving from them.
- (ii) The Bidder has obtained all corporate authorisations and all other governmental, statutory, regulatory or other consents, licenses and authorizations required to enter into and perform its obligations under this Agreement.
- (iii) This Agreement is not contrary to or does not entail a breach of any of the corporate documents of the Bidder, nor is it contrary to any laws or regulations in its jurisdiction or of any order, decree or judgment of any court or any governmental or regulatory authority.

- (iv) The Bidder is neither insolvent or bankrupt under the laws of its jurisdiction of incorporation, nor unable to pay its debts as they fall due or is held liable due to its inability to pay any debt. The Bidder is not party to any proceeding against it in connection with arrangements with creditors, nor is it subject to any winding up, bankruptcy or insolvency proceeding or are there reasons to believe such proceedings may be initiated against the Bidder in the future.
- (v) Each of the above representations and warranties is true and accurate at the date hereof and shall remain true and accurate and not misleading on the settlement date of the Offer as if repeated immediately before the settlement of the Offer

3.2 Representations and warranties from the Selling Shareholder

The Selling Shareholder represents and warrants that:

- (i) It is validly incorporated, in existence and duly registered under the laws of its jurisdiction and has full corporate power to carry out its object (including the capacity to dispose of and encumber its assets) as conducted as at the date of this Agreement; and to be party to the contracts and perform the obligations deriving from them.
- (ii) It has obtained all internal corporate authorisations, and there are no governmental, statutory or regulatory consents or authorizations, in each case, required to enter into and perform its obligations under this Agreement.
- (iii) This Agreement is not contrary to or does not entail a breach of any of the corporate documents of the Selling Shareholder, nor is it contrary to any laws or regulations in its jurisdiction or of any order, decree or judgment of any court or any governmental or regulatory authority, in each case which are applicable to it.
- (iv) It is the legal representative of the sole legal and beneficial owners of each of the Selling Shareholder's Shares. The Selling Shareholder's Shares are free from all liens, encumbrances and third party rights and include all the voting and other rights attached thereto, as evidenced by the ownership certificate(s) attached hereto.
- (v) It is entitled to dispose, sell and transfer the Selling Shareholder's Shares on the terms and conditions herein described.
- (vi) It is neither insolvent nor bankrupt under the laws of its jurisdiction of incorporation, nor unable to pay its debts as they fall due or were held liable due to their inability to pay any debt. It is not party to any proceeding in connection with arrangements with creditors nor is it subject to any winding up, bankruptcy or insolvency proceeding or has reasons to believe such proceedings may be initiated it in the future.
- (vii) Each of the above representations and warranties is true and accurate at the date hereof and shall remain true and accurate and not misleading on the settlement date of the Offer as if repeated immediately before the settlement of the Offer.

4. BREACH

The breach by either Party of this Agreement will entitle the other Party to claim against the breaching Party either (i) the specific performance of the breached undertaking(s), or (ii) in the

event of a material breach of the Agreement, the termination of the Agreement; in both cases, together with a compensation for damages.

The non-breaching Party shall notify the breach to the other Party and the request for specific performance or termination of the Agreement, as described in the preceding paragraph, in accordance with the notification procedure set out in Clause 8.8 below.

For the avoidance of doubt, none of the Parties shall be liable for any indirect, consequential or reputational damages or loss of profits.

5. DURATION

This Agreement will be in force from the date hereof until the settlement of the Offer, unless terminated earlier in accordance with its terms. Notwithstanding anything to the contrary in this Agreement, Clauses 4 and 8 shall remain in full force and effect after the settlement of the Offer.

6. EARLY TERMINATION OF THE AGREEMENT

This Agreement may only be terminated as follows:

- (i) by one Party giving notice to the other Party if the CNMV does not authorise the Offer and the Bidder decides not to request again such authorisation;
- (ii) by the Bidder upon withdrawing the Offer pursuant to Clause 1.4, without prejudice to any of its rights under Clause 4; or
- (iii) by the non-breaching Party giving notice to the other Party if this Agreement has been materially breached, pursuant to Clause 4

Unless terminated earlier, this Agreement will expire if and when the Bidder has launched the Offer and the Selling Shareholder has accepted the Offer and tendered the Selling Shareholder's Shares to the Bidder, in each case pursuant to the terms herein, and no other obligation of any Party hereunder remains outstanding.

The expiry or termination of this Agreement will be without prejudice to the provisions in Clauses 4 and 8, which shall remain in force, and to the accrued rights and obligations of the Parties hereunder on and prior thereto, including as to the consequences set out for each of the events triggering the termination throughout this Agreement.

7. ANNOUNCEMENTS

The Selling Shareholder agrees to the public announcement referred to in Clause 1.3 incorporating references to the Selling Shareholder and to this Agreement in the terms set out in the Takeover Regulations.

Other than the above-referred public announcement, the Request for Authorisation, and the press release and investor presentations to be made by the Bidder, neither Party (nor any of their respective affiliates) shall make any announcement or disclosure or issue any circular in connection with the possibility, existence, subject matter, content, terms and conditions or Parties to this Agreement or the Offer without the prior written approval of the other Party (such approval not to be unreasonably withheld or delayed).

The restriction in this Clause 7 shall not apply to the extent that the announcement or circular is required by any applicable law or regulation, by any stock exchange or any regulatory or other

supervisory body or authority of competent jurisdiction, whether or not the requirement has the force of law. If this exception applies, the Party making the announcement or issuing the circular shall, to the extent feasible and legally permitted, use its reasonable efforts to consult with the other Party in advance as to its form, content and timing.

In any event, the Parties acknowledge and agree that they are obliged not to and shall therefore, under no circumstance, make any announcement or disclosure in connection with this Agreement to any third party (including, for the avoidance of doubt, any stock exchange or any other regulatory or supervisory body or authority) before the Bidder publishes the announcement of the Offer as per Clause 1.3.

8. MISCELLANEOUS

8.1 No assignment

Neither Party may without the prior unanimous written consent of the other Party assign its rights and obligations deriving from this Agreement to any other person, nor may it, without the prior written consent of the other Party, assign, grant any security interest over, or otherwise transfer the benefit of the whole or any part of this Agreement.

8.2 Amendments

No amendment to this Agreement will be valid unless made in writing and signed by both Parties.

8.3 Severability

If any provision of this Agreement is declared void, invalid or unenforceable by a competent court or authority, this Agreement will remain in force except for that part declared void, invalid or unenforceable. The Parties will consult each other and use their best efforts to agree upon a valid and enforceable provision as a reasonable substitute for the void, invalid or unenforceable provision in accordance with the spirit of this Agreement.

8.4 Entire Agreement

This Agreement constitutes the entire agreement between the Parties in relation to the launch and acceptance of the Offer and replaces any other prior agreement, whether oral or in writing, regarding the same matter.

8.5 Counterparts

This Agreement may be signed in one or more counterparts, each of which will be an original and complete Agreement.

8.6 Waiver

Except for the situations described in Clause 6, any failure or delay to exercise a right, power or privilege provided in this Agreement will not in itself amount to a waiver thereof and the individual or partial exercise of these rights, powers or privileges will not constitute a waiver to exercise the right, power or privilege in the future.

8.7 Costs

Each Party shall bear all costs incurred by it in connection with the preparation, negotiation and entry into of this Agreement.

8.8 Notices

The notice between the Parties in connection to this Agreement shall be made in writing and in English to the following addresses or e-mails:

If sent to the Bidder:

Addressee: Ms Emmanuelle Rouchel
Address: 99 Bishopsgate, London, EC2M 3XD
E-mail: ###@brookfield.com

Addressee: Mr Ricardo Arias
Address: 21 calle Serrano, 2nd floor, 28001, Madrid, Spain
E-mail: ####@brookfield.com

With a copy to:

Addressee: Mr Rafael Núñez-Lagos / Mr Alfonso Ventoso
Address: C/ Príncipe de Vergara, 187, 28002, Madrid, Spain
E-mail: ###@uria.com / ####@uria.com

If sent to the Selling Shareholder:

Addressees: Mr. Angel Fresnillo Salcedo
Address: Paseo de la Castellana, 33, Edificio Fortuny, 28010, Madrid, Spain
E-mail: ###@mutuactivos.com

With a copy to:

Addressee: Mr. José Ángel Fuentes Berna
Address: Paseo de la Castellana, 33, Edificio Fortuny, 28010, Madrid, Spain
E-mail: ###@mutuactivos.com

Any correspondence sent to the above addresses will be deemed to have been received by the addressee (unless the addressee had previously informed the sender of a change of address by notice in accordance with this Clause), provided that they evidence receipt by the addressee.

8.9 Governing law

This Agreement shall be governed by the common Laws of the Kingdom of Spain (*legislación común española*).

8.10 Jurisdiction

The Parties, waiving their right to any other jurisdiction, irrevocably submit to the courts of the city of Madrid (Spain) for the resolution of any dispute, claim or controversy arising from or relating to this Agreement, including any question with respect to its existence, validity, termination, nullification or effectiveness.

As an expression of their consent, the Parties initial each page and sign at the end of the 2 counterparts in which this Agreement is formalised in the place and on the date indicated in its heading.

TERP Spanish HoldCo S.L.

By: /s/ Alfredo Zamarriego Fernández

By: /s/ Ricardo Arias Sainz

Mr Alfredo Zamarriego Fernández

Mr Ricardo Arias Sainz

MUTUACTIVOS, S.A.U., S.G.I.I.C.

By: /s/ Angel Fresnillo Salcedo

MUTUACTIVOS, S.A.U., S.G.I.I.C.

By: /s/ Pedro Pablo García García

Mr Angel Fresnillo Salcedo

Mr Pedro Pablo García García

ANNEX 1
LIST OF FUNDS, SICAVS AND MANAGED PORTFOLIOS REPRESENTED BY THE SELLING SHAREHOLDER

Portfolio	ISIN	Spanish tax identification number	Target Company's Shares
Mutuafondo Unnefar F.I.	ES0165184005	V-87426110	2,553
Mutuafondo Crecimiento F.I.	ES0175808007	V-86995288	62,155
Mutuafondo Fortaleza F.I.	ES0165145006	V-86995503	8,257
Mutuafondo España F.I.	ES0165144009	V-58644128	375,768
Mutuafondo Estrategia Global F.I.L.	ES0165112006	V-85852523	125,838
Mutuafondo Dividendo F.I.	ES0175809005	V-87256251	567,084
Mutuafondo Valores F.I.	ES0165241037	V-82112533	209,328
Arizcun, Sicav, S.A.	ES0110226034	A-78935509	4,335

Portfolio	Reg. no. with Pension Fund Regulator (DGSFP)	Spanish tax identification number	Target Company's Shares
Fondomutua F.P.	F0984	V-83477349	18,037
Fondauto F.P.	F0232	V-79513032	46,518
Fondomutua Empleo Moderado F.P.	F1370	V-84671833	7,261
Fondomutua Empleo Dinámico F.P.	F1373	V-84671908	3,592

Irrevocable Undertaking Agreement for the launch and acceptance of the takeover bid for the shares of Saeta Yield, S.A.

BETWEEN

TERP Spanish HoldCo, S.L.

As the Bidder

AND

Sinergia Advisors 2006, A.V., S.A.

In Madrid, on 6 February 2018

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BETWEEN

On the one hand,

- I. “**TERP Spanish HoldCo, S.L.**”, a company incorporated and validly existing under the laws of Spain, with registered office at 21 calle Serrano, Madrid, 28001, registered at the Commercial Registry of Madrid at book 35,995, volume 9, section 8, sheet M-646,732, entry 1 and provided with tax identification number B87827648 (the “**Bidder**”), duly represented by Mr Alfredo Zamarriego Fernández and Mr Ricardo Arias Sainz, in their capacity as Joint and Several Directors of the Bidder, pursuant to the notarial deed executed on 30 January 2018 before the notary public of Madrid Mr Francisco Miras Ortiz, with number 301 of his protocol;

And, on the other hand,

- II. “**Sinergia Advisors 2006, A.V., S.A.**”, a company incorporated and validly existing under the laws of Spain, with registered office at calle Velázquez 47, 28001 Madrid, registered with the Commercial Registry of Madrid and with the Registry of Investment Agencies at the Spanish National Securities Market Commission (number 217), and provided with tax identification number A84582279 (the “**Selling Shareholder**”), duly represented by Mr José Brañas Garza, in his capacity as Chief Executive Officer, pursuant to the notarial deed executed on 2 June 2016 before notary public of Madrid Mr Luis Rueda Esteban, with number 1,128 of his protocol.

The Bidder and the Selling Shareholder shall be hereinafter collectively referred to as the “**Parties**” and individually as a “**Party**”.

WHEREAS

- I. **Saeta Yield, S.A.** is a Spanish corporation (*sociedad anónima*) with registered office at Avenida de Burgos, 16D, Madrid, 28036, holding Tax Identification Number (NIF) A-85699221, and registered with the Commercial Registry of Madrid at Volume (*Tomo*) 26,842, Page (*Folio*) 14 and Sheet (*Hoja*) M-483,710 (the “**Target**” or the “**Company**”), whose issued share capital amounts to EUR 81,576,928.00 and is represented by 81,576,928 ordinary shares, of EUR 1.00 par value each, fully subscribed and paid-up, all of which are of the same class and pertain to the same series and are represented by book entries (the “**Shares**”). All the Shares are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and traded through the Automated Quotation System of such Stock Exchanges (*Sistema de Interconexión Bursátil*).
- II. As of the date hereof, the Selling Shareholder represents Patrimonio Global, F.I., allocated ISIN ES0175807009 and holder tax identification number V-86445277, which holds 296,480 Shares in the Company representing 0.363% of the Company’s total share capital (the “**Selling Shareholder’s Shares**”). Notwithstanding, should the Selling Shareholder acquire, receive by any means or be entitled to any other Shares during the course of the

Offer, as defined in the following paragraph, the Selling Shareholder's Shares will also encompass such other Shares.

- III. The Bidder has agreed to launch a voluntary takeover bid in relation with the total share capital of the Company (the "**Offer**"), through which the Bidder wishes to acquire the Selling Shareholder's Shares, and the Selling Shareholder has agreed to irrevocably accept the Offer and tender the Selling Shareholder's Shares under the Offer pursuant to the terms and conditions set out herein.
- IV. In view of the foregoing, the Parties have agreed to enter into this irrevocable undertaking agreement for the launch and acceptance of the Offer (the "**Agreement**") in accordance with the following

CLAUSES

1. LAUNCHING OF THE OFFER

1.1 Commitment to launch the Offer

The Bidder has taken the decision to launch the Offer, subject to certain conditions, and undertakes to do so by filing the necessary documentation with the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the "**CNMV**") for the purposes of obtaining its approval of the relevant offer document (*folleto explicativo*) (the "**Offer Document**") and the Offer, in accordance with the terms and conditions of this Agreement.

1.2 The terms of the Offer

The Offer will be on the following terms and conditions (the "**Offer Terms and Conditions**"):

- (i) the Offer shall be launched at a price of EUR 12.20 per Share, to be paid fully in cash (the "**Offer Price**");
- (ii) the shareholders of the Company shall be granted a term of 15 calendar days to accept the Offer (the "**Acceptance Period**"); and
- (iii) the Offer shall only be conditional upon:
 - (a) the Bidder obtaining merger control clearance from the European Commission (in so far as legally required); and
 - (b) the Offer being irrevocably accepted by shareholders of the Target representing no less than 48.222% of the Company's voting share capital.

The conditions described under Clauses 1.2(iii)(a) and 1.2(iii)(b) will be collectively referred throughout this Agreement as the "**Offer Conditions**".

If the European Commission and/or any other applicable antitrust authority requests, requires or imposes any condition, obligation, undertaking and/or remedy (each, a "**Commitment**") to the Bidder in order to approve the acquisition by the Bidder of a controlling stake in the Company, the Bidder shall offer, accept and agree to any such Commitment (which shall not include, without the prior written consent of the Selling Shareholder, any amendment to the Offer Terms and Conditions) as may be necessary to obtain such approval, provided that the Bidder shall be under no obligation to offer, accept or agree to any Commitment that requires any action to be taken by any person other than TerraForm Power Inc. and/or its subsidiaries (including, for the

avoidance of doubt, the Target and its subsidiaries). The Bidder undertakes that, between the date hereof and the satisfaction of the Offer Condition in Clause 1.2(iii)(a) above, neither it nor TerraForm Power Inc. nor any subsidiary of TerraForm Power Inc. shall take any action which is reasonably likely to preclude or hinder the satisfaction of the Offer Condition in Clause 1.2(iii)(a) above, including (without limitation) any corporate and/or M&A transaction.

The Offer Price has been determined on the basis of the Target not making any distribution of dividends, reserves, premium or any other equivalent form of equity or related shareholding distribution or equity remuneration of any kind to its shareholders prior to the settlement of the Offer other than quarterly dividends in line with the Company's dividend policy as currently publicised.

For this purpose, dividends up to the following maximum amounts shall be considered as being in line with the Company's dividend policy:

- (w) if the settlement of the Offer takes place before 25 May 2018, one or more dividends can be paid, as from the date hereof, up to a maximum aggregated amount of EUR 0.1967 per share;
- (x) if the settlement of the Offer takes place on or after 25 May 2018 and before 24 August 2018, one or more dividends can be paid, as from the date hereof, up to a maximum aggregated amount of EUR 0.3967 per share;
- (y) if the settlement of the Offer takes place on or after 24 August 2018 and before 23 November 2018, one or more dividends can be paid, as from the date hereof, up to a maximum aggregated amount a maximum of EUR 0.6017 per share; and
- (z) if the settlement of the Offer takes place on or after 23 November 2018 and before 22 February 2019, one or more dividends can be paid, as from the date hereof, up to a maximum aggregated amount of EUR 0.8067 per share,

provided, in all cases, that the ex-dividend date of the corresponding dividend(s) takes place on or before the settlement of the Offer.

If the settlement of the Offer were to take place on or after 22 February 2019, the above-mentioned maximum aggregated amount increases on a quarterly basis by EUR 0.205 per share and the reference date for the settlement of the Offer is the Friday falling on the penultimate week of May, August, November or February, as applicable.

Consequently, should the Target carry out before the settlement of the Offer any equity distribution or remuneration to the shareholders other than quarterly dividends in line with the Company's dividend policy as currently publicised, or any distribution of quarterly dividends in excess of the abovementioned amounts per share (each, an "**Excess Distribution**"), the Bidder may, in accordance with article 33 of Spanish Royal Decree 1066/2007, of July 27 (*Real Decreto 1066/2007, de 27 de julio, sobre el régimen de las ofertas públicas de adquisición de valores*) (the "**Takeover Regulations**"), either: (a) withdraw the Offer if, in the Bidder's opinion, the Excess Distribution prevents it from maintaining the Offer and the Bidder obtains prior approval from the CNMV; or (b) maintain the Offer and adjust the Offer Price by an amount equivalent to the gross amount per share received, or to the gross amount per share received in excess of the abovementioned amounts, as applicable, due to said Excess Distribution, inasmuch as the

potential reduction of the consideration does not exceed what is deemed necessary to maintain the financial equivalence with the consideration previously offered, and the Bidder obtains the prior authorization from the CNMV.

1.3 Announcement and filing for authorisation

The Bidder shall make the relevant public announcement of the Offer referred to in article 16 of the Takeover Regulations no later than 5 business days after the execution of the Agreement.

For the purposes of this Agreement, a “**business day**” shall be deemed any day of the week, except for Saturdays, Sundays or any banking holiday in Madrid.

The Bidder undertakes to file with the CNMV the request for authorisation of the Offer in accordance with the provisions of the Takeover Regulations in terms of content, procedure and timing (the “**Request for Authorisation**”), which will include the Offer Document. Subject to the Offer Terms and Conditions and Clause 1.5 below, the terms and conditions of the Offer and the final content of the Offer Document will be in such form as the Bidder considers desirable or necessary in order to obtain the authorisation of the Offer by the CNMV.

The Bidder shall file with the CNMV any ancillary documents required pursuant to article 20 of the Takeover Regulations.

1.4 Withdrawal of the Offer

The Bidder may, at its sole discretion, withdraw the Offer only (a) if and when any of the Offer Conditions is not met, or (b) pursuant to article 33.1 of the Takeover Regulations.

In any such event, this Agreement will terminate in accordance with Clause 6.

1.5 Amendments to the Offer Terms and Conditions

Subject to the Offer Terms and Conditions, the Bidder shall be entitled to extend the acceptance period of the Offer or to modify the Offer and the Offer Document whenever deemed necessary to obtain the authorisation of the Offer and/or to achieve its success.

Should the Bidder decide to increase the Offer Price, the Selling Shareholder will be entitled to benefit from such price increase and will receive, for each of the Selling Shareholder’s Shares, the new Offer Price.

2. THE SELLING SHAREHOLDER’S COMMITMENTS

2.1 Acceptance of the Offer

The Selling Shareholder hereby irrevocably and unconditionally undertakes to accept the Offer with all of the Selling Shareholder’s Shares, under the Offer Terms and Conditions-as amended in accordance herewith, as the case may be- within the first 5 business days of the Acceptance Period and further undertakes not to revoke such acceptance, except where:

- (i) the Bidder decides to withdraw the Offer, in accordance with Clause 1.4; or
- (ii) the CNMV does not authorise the Offer.

Save for the provisions in Clause 8, which shall remain in force, if any of the scenarios described in (i) and (ii) above takes place, the Selling Shareholder shall be entitled to freely transact with the Selling Shareholder’s Shares in any way without any obligation or liability vis-à-vis the

Bidder. Under no circumstances other than those specified in this paragraph may the Selling Shareholder accept any third-party offer in relation to any or all Selling Shareholder's Shares.

2.2 Voting

From the date this Agreement is entered into until the settlement of the Offer —except where this Agreement is terminated pursuant to Clause 6 below—, the Selling Shareholder undertakes, to the extent legally possible, to exercise the voting rights attached to the Selling Shareholder's Shares against resolutions which, if passed, (i) might reasonably result in the Offer Conditions not being fulfilled or which might reasonably impede or frustrate the Offer in any way, or (ii) will result in any Excess Distribution.

2.3 Standstill

For the term of this Agreement, the Selling Shareholder undertakes not to, nor to cause any related person in accordance with the Takeover Regulations to, transact with any Shares of the Company.

In particular, the Selling Shareholder, shall not, nor cause any related person to, subscribe for, purchase, sell, transfer, swap or otherwise acquire or dispose of any Shares, financial instruments having the Shares as underlying asset or rights attached to the Shares, or the voting or economic rights attached to them, nor create any charges, pledges, liens, encumbrances or in any way purchase, subscribe for or grant any right over Shares or the voting or economic rights attached to them.

2.4 Related-party transactions

For the term of this Agreement, neither the Selling Shareholder, nor any party related to it in accordance with applicable law, may enter into, amend or terminate any agreement with the Company or any company of its group of companies.

3. REPRESENTATIONS AND WARRANTIES

3.1 Representations and warranties from the Bidder

The Bidder represents and warrants to the Selling Shareholder that:

- (i) The Bidder is validly incorporated, in existence and duly registered under the laws of its jurisdiction and has full corporate power to carry out its object (including the capacity to dispose of and encumber its assets) as conducted as at the date of this Agreement; and to be party to the contracts and perform the obligations deriving from them.
- (ii) The Bidder has obtained all corporate authorisations and all other governmental, statutory, regulatory or other consents, licenses and authorizations required to enter into and perform its obligations under this Agreement.
- (iii) This Agreement is not contrary to or does not entail a breach of any of the corporate documents of the Bidder, nor is it contrary to any laws or regulations in its jurisdiction or of any order, decree or judgment of any court or any governmental or regulatory authority.
- (iv) The Bidder is neither insolvent or bankrupt under the laws of its jurisdiction of incorporation, nor unable to pay its debts as they fall due or is held liable due to its

inability to pay any debt. The Bidder is not party to any proceeding against it in connection with arrangements with creditors, nor is it subject to any winding up, bankruptcy or insolvency proceeding or are there reasons to believe such proceedings may be initiated against the Bidder in the future.

- (v) Each of the above representations and warranties is true and accurate at the date hereof and shall remain true and accurate and not misleading on the settlement date of the Offer as if repeated immediately before the settlement of the Offer.

3.2 Representations and warranties from the Selling Shareholder

The Selling Shareholder represents and warrants that:

- (i) It is validly incorporated, in existence and duly registered under the laws of its jurisdiction and has full corporate power to carry out its object (including the capacity to dispose of and encumber its assets) as conducted as at the date of this Agreement; and to be party to the contracts and perform the obligations deriving from them.
- (ii) It has obtained all internal corporate authorisations, and there are no governmental, statutory or regulatory consents or authorizations, in each case, required to enter into and perform its obligations under this Agreement.
- (iii) This Agreement is not contrary to or does not entail a breach of any of the corporate documents of the Selling Shareholder, nor is it contrary to any laws or regulations in its jurisdiction or of any order, decree or judgment of any court or any governmental or regulatory authority, in each case which are applicable to it.
- (iv) It is the legal representative of the sole legal and beneficial owners of each of the Selling Shareholder's Shares. The Selling Shareholder's Shares are free from all liens, encumbrances and third party rights and include all the voting and other rights attached thereto, as evidenced by the ownership certificate(s) attached hereto.
- (v) It is entitled to dispose, sell and transfer the Selling Shareholder's Shares on the terms and conditions herein described.
- (vi) It is neither insolvent nor bankrupt under the laws of its jurisdiction of incorporation, nor unable to pay its debts as they fall due or were held liable due to their inability to pay any debt. It is not party to any proceeding in connection with arrangements with creditors nor is it subject to any winding up, bankruptcy or insolvency proceeding or has reasons to believe such proceedings may be initiated it in the future.
- (vii) Each of the above representations and warranties is true and accurate at the date hereof and shall remain true and accurate and not misleading on the settlement date of the Offer as if repeated immediately before the settlement of the Offer.

4. BREACH

The breach by either Party of this Agreement will entitle the other Party to claim against the breaching Party either (i) the specific performance of the breached undertaking(s), or (ii) in the event of a material breach of the Agreement, the termination of the Agreement; in both cases, together with a compensation for damages.

The non-breaching Party shall notify the breach to the other Party and the request for specific performance or termination of the Agreement, as described in the preceding paragraph, in accordance with the notification procedure set out in Clause 8.8 below.

For the avoidance of doubt, none of the Parties shall be liable for any indirect, consequential or reputational damages or loss of profits.

5. DURATION

This Agreement will be in force from the date hereof until the settlement of the Offer, unless terminated earlier in accordance with its terms. Notwithstanding anything to the contrary in this Agreement, Clauses 4 and 8 shall remain in full force and effect after the settlement of the Offer.

6. EARLY TERMINATION OF THE AGREEMENT

This Agreement may only be terminated as follows:

- (i) by one Party giving notice to the other Party if the CNMV does not authorise the Offer and the Bidder decides not to request again such authorisation;
- (ii) by the Bidder upon withdrawing the Offer pursuant to Clause 1.4, without prejudice to any of its rights under Clause 4; or
- (iii) by the non-breaching Party giving notice to the other Party if this Agreement has been materially breached, pursuant to Clause 4

Unless terminated earlier, this Agreement will expire if and when the Bidder has launched the Offer and the Selling Shareholder has accepted the Offer and tendered the Selling Shareholder's Shares to the Bidder, in each case pursuant to the terms herein, and no other obligation of any Party hereunder remains outstanding.

The expiry or termination of this Agreement will be without prejudice to the provisions in Clauses 4 and 8, which shall remain in force, and to the accrued rights and obligations of the Parties hereunder on and prior thereto, including as to the consequences set out for each of the events triggering the termination throughout this Agreement.

7. ANNOUNCEMENTS

The Selling Shareholder agrees to the public announcement referred to in Clause 1.3 incorporating references to the Selling Shareholder and to this Agreement in the terms set out in the Takeover Regulations.

Other than the above-referred public announcement, the Request for Authorisation, and the press release and investor presentations to be made by the Bidder, neither Party (nor any of their respective affiliates) shall make any announcement or disclosure or issue any circular in connection with the possibility, existence, subject matter, content, terms and conditions or Parties to this Agreement or the Offer without the prior written approval of the other Party (such approval not to be unreasonably withheld or delayed).

The restriction in this Clause 7 shall not apply to the extent that the announcement or circular is required by any applicable law or regulation, by any stock exchange or any regulatory or other supervisory body or authority of competent jurisdiction, whether or not the requirement has the force of law. If this exception applies, the Party making the announcement or issuing the circular

shall, to the extent feasible and legally permitted, use its reasonable efforts to consult with the other Party in advance as to its form, content and timing.

In any event, the Parties acknowledge and agree that they are obliged not to and shall therefore, under no circumstance, make any announcement or disclosure in connection with this Agreement to any third party (including, for the avoidance of doubt, any stock exchange or any other regulatory or supervisory body or authority) before the Bidder publishes the announcement of the Offer as per Clause 1.3.

8. MISCELLANEOUS

8.1 No assignment

Neither Party may without the prior unanimous written consent of the other Party assign its rights and obligations deriving from this Agreement to any other person, nor may it, without the prior written consent of the other Party, assign, grant any security interest over, or otherwise transfer the benefit of the whole or any part of this Agreement.

8.2 Amendments

No amendment to this Agreement will be valid unless made in writing and signed by both Parties.

8.3 Severability

If any provision of this Agreement is declared void, invalid or unenforceable by a competent court or authority, this Agreement will remain in force except for that part declared void, invalid or unenforceable. The Parties will consult each other and use their best efforts to agree upon a valid and enforceable provision as a reasonable substitute for the void, invalid or unenforceable provision in accordance with the spirit of this Agreement.

8.4 Entire Agreement

This Agreement constitutes the entire agreement between the Parties in relation to the launch and acceptance of the Offer and replaces any other prior agreement, whether oral or in writing, regarding the same matter.

8.5 Counterparts

This Agreement may be signed in one or more counterparts, each of which will be an original and complete Agreement.

8.6 Waiver

Except for the situations described in Clause 6, any failure or delay to exercise a right, power or privilege provided in this Agreement will not in itself amount to a waiver thereof and the individual or partial exercise of these rights, powers or privileges will not constitute a waiver to exercise the right, power or privilege in the future.

8.7 Costs

Each Party shall bear all costs incurred by it in connection with the preparation, negotiation and entry into of this Agreement.

8.8 Notices

The notice between the Parties in connection to this Agreement shall be made in writing and in English to the following addresses or e-mails:

If sent to the Bidder:

Addressee: Ms Emmanuelle Rouchel
Address: 99 Bishopsgate, London, EC2M 3XD
E-mail: ###@brookfield.com

Addressee: Mr Ricardo Arias
Address: 21 calle Serrano, 2nd floor, 28001, Madrid, Spain
E-mail: ###@brookfield.com

With a copy to:

Addressee: Mr Rafael Núñez-Lagos / Mr Alfonso Ventoso
Address: C/ Príncipe de Vergara, 187, 28002, Madrid, Spain
E-mail: ####@uria.com / ###@uria.com

If sent to the Selling Shareholder:

Addressee: Mr José Brañas Garza
Address: C/ Velázquez 47 – 5º Izquierda CP. 28007 Madrid
E-mail: ###@sinergia-advisors.com

Any correspondence sent to the above addresses will be deemed to have been received by the addressee (unless the addressee had previously informed the sender of a change of address by notice in accordance with this Clause), provided that they evidence receipt by the addressee.

8.9 Governing law

This Agreement shall be governed by the common Laws of the Kingdom of Spain (*legislación común española*).

8.10 Jurisdiction

The Parties, waiving their right to any other jurisdiction, irrevocably submit to the courts of the city of Madrid (Spain) for the resolution of any dispute, claim or controversy arising from or relating to this Agreement, including any question with respect to its existence, validity, termination, nullification or effectiveness.

As an expression of their consent, the Parties initial each page and sign at the end of the 2 counterparts in which this Agreement is formalised in the place and on the date indicated in its heading.

TERP Spanish HoldCo S.L.

By: /s/ Alfredo Zamarriego Fernández

By: /s/ Ricardo Arias Sainz

Mr Alfredo Zamarriego Fernández

Mr Ricardo Arias Sainz

Sinergia Advisors 2006, AV, S.A.

By: /s/ José Brañas Garza

Mr José Brañas Garza

SUPPORT AGREEMENT

THIS SUPPORT AGREEMENT is made as of the 6th day of February, 2018,

B E T W E E N:

BROOKFIELD ASSET MANAGEMENT INC., a corporation incorporated under the laws of the Province of Ontario

(“*Brookfield*”)

- and -

TERRAFORM POWER, INC., a corporation incorporated under the laws of the State of Delaware

(“*TerraForm*”)

RECITALS:

TerraForm is considering the acquisition of all of the issued and outstanding shares of Saeta Yield, S.A. (“*Saeta*”) pursuant to a cash tender offer at a price of €12.20 per share (the “*Tender Offer*”).

Brookfield is a controlling affiliate of Orion US Holdings 1 L.P. (“*Orion*”), which is the owner of an approximately 51% equity interest in TerraForm.

It is anticipated that TerraForm’s funding of the Tender Offer may include an equity offering of shares of TerraForm common stock (the “*Common Stock*”) on a pro rata basis to existing TerraForm stockholders of up to approximately \$400 million (the “*Equity Offering*”).

NOW THEREFORE in consideration of the mutual covenants contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. Provision of the Back-Stop

(a) Brookfield hereby agrees that, if requested by TerraForm, Brookfield will provide a back-stop to Terraform for up to 100% of the Equity Offering (such agreement, the “*Back-Stop*”) if the offering price

to TerraForm stockholders in the Equity Offering equals TerraForm's five-day volume weighted average price (VWAP) ending the trading day prior to TerraForm's announcement of the Saeta transaction.

(b) Brookfield's obligations under Section 1(a) are subject to successful commencement of the Tender Offer under applicable Spanish law and to prior effectiveness of the necessary TerraForm registration statement, if required. Brookfield's obligations under Section 1(a) will not apply to any Equity Offering commenced prior to May 1, 2018 or after September 30, 2018.

Brookfield acknowledges and agrees that no fee shall be payable to Brookfield in connection with the Back-Stop or the entry into this Agreement. TerraForm acknowledges and agrees that the Conflicts Committee of the TerraForm Board of Directors (the "Conflicts Committee") has agreed to and approved the matters set forth in this Agreement.

2. Terms of the Equity Offering

Brookfield and TerraForm acknowledge and agree that the pricing, size and timing of the Equity Offering (including the decision to use the Back-Stop) will be subject to prior review and approval of the Conflicts Committee, together with any other necessary approvals, and will reflect then-current market conditions and relevant market practice for such offerings. It is further acknowledged and agreed that TerraForm will retain an independent financial advisor in respect of the Equity Offering and that such financial advisor will provide advice to TerraForm and the Conflicts Committee as to the then-current market conditions and market practice.

This Agreement does not:

- (a) require TerraForm to make or complete the Tender Offer;
- (b) require TerraForm to make or complete any Equity Offering; or
- (c) commit TerraForm to an Equity Offering at any particular price, of any particular size or at any particular time.

3. Further Assurances

Each of the parties hereto shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use its best

efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

4. **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

5. **Counterparts**

This Agreement may be executed in one or more counterparts, and by different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Execution and delivery of this Agreement may be made and evidenced by facsimile transmission or other means of electronic communication.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

BROOKFIELD ASSET MANAGEMENT INC.

by: /s/ Sachin Shah

Name: Sachin Shah

Title: Senior Managing Partner

TERRAFORM POWER, INC.

by: /s/ Andrea Rocheleau

Name: Andrea Rocheleau

Title: General Counsel and Secretary

TerraForm Power Announces Offer to Acquire 100% of Leading European Renewable Power Business, Saeta Yield

Investment Highlights:

- *TerraForm Power has launched a tender offer to acquire 100% of Saeta's outstanding shares*
- *The tender offer is irrevocably supported by Saeta shareholders who together own more than a 50% interest and have committed to sell into the offer*
- *Saeta owns and operates 1,028 megawatts of rate-regulated and contracted solar and wind assets, located primarily in Spain*
- *Acquisition of Saeta significantly increases TerraForm Power's overall portfolio and establishes a scale presence in its target Western European market*
- *Transaction is highly accretive to TerraForm Power and improves its balance sheet and credit profile*
- *TerraForm Power intends to finance the transaction with a \$400 million equity offering, fully backstopped by Brookfield ¹, with the balance funded from available liquidity*

BETHESDA, Md., February 7, 2018 (GLOBENEWSWIRE) - TerraForm Power, Inc. (Nasdaq: TERP) ("TerraForm Power"), an owner and operator of 2,600 megawatts of renewable power assets, today announces that it has launched a voluntary tender offer to acquire 100% of the outstanding shares of

Saeta Yield, S.A. ("Saeta"), a leading, publicly-listed European owner and operator of wind and solar assets, located primarily in Spain. TerraForm Power has secured irrevocable commitments from shareholders, who together own more than a 50% interest, to tender their shares in Saeta under the offer.

"With the Saeta acquisition, we are excited to significantly grow our portfolio of high-quality wind and solar assets and expand our geographic footprint with a scale position in Western Europe," said John Stinebaugh, Chief Executive Officer of TerraForm Power. "With Brookfield as our sponsor, we believe this transaction demonstrates our ability to originate acquisitions of high-quality assets on a value basis that are highly accretive to our shareholders."

Transaction highlights

- **Highly accretive transaction.** The acquisition is highly accretive to TerraForm Power, with CAFD accretion of 24% on a pro forma basis and returns on equity in excess of TerraForm Power's target.
- **High quality asset base in attractive target market.** Saeta's portfolio is comprised of 100% owned, recently constructed assets primarily in Western Europe, including 778 megawatts of onshore wind and 250 megawatts of concentrated solar, with an average age of six years and a remaining useful life in excess of 25 years.
- **Assets with stable and predictable cash flows.** 100% of Saeta's revenues are generated under stable frameworks with investment grade counterparties. Over 80% of Saeta's revenues are regulated under the Spanish renewable power regime with limited resource and market price risk. The remaining 20%

of revenues are under long term power purchase or concession agreements. Saeta's revenues have an average remaining regulatory/contractual term of 15 years.

- **Multiple value levers.** TerraForm Power will have the opportunity to implement multiple value enhancing initiatives that can improve the overall cost profile of the business along with optimizing its capital structure.
- **Accelerates deleveraging of TerraForm Power's balance sheet.** The acquisition furthers TerraForm Power's long-term plan to establish an investment grade balance sheet and accelerates deleveraging of its corporate debt to cash flow ratio towards its 4.0x to 5.0x target.

Transaction Terms

TerraForm Power's offer is €12.20 in cash per share of Saeta. The aggregate value of the irrevocable commitments, representing more than a 50% interest in Saeta, is approximately \$600 million. If TerraForm Power successfully acquires all of the remaining Saeta shares in the tender offer, the total purchase price will be approximately \$1.2 billion.

Due to the accretion of the transaction, TerraForm Power has increased its dividend to \$0.76 per share (on an annual basis), a 6% increase over its previous target of \$0.72 per share, and reconfirms its dividend growth target of 5-8% per annum.

Funding

Prior to funding the transaction, TerraForm Power has over \$1 billion of liquidity under committed facilities, including \$500 million under its corporate credit facility, which has been upsized to \$600 million, and \$500 million under the sponsor line with Brookfield.

Assuming a \$1.2 billion purchase price, TerraForm Power intends to execute a funding plan comprised of the following sources:

- A \$400 million equity offering, which Brookfield has agreed to backstop in order to provide a minimum issuance price equal to TerraForm Power's 5-day VWAP immediately prior to announcement of the transaction¹;
- The remaining \$800 million will be financed with available liquidity, which TerraForm Power intends to refinance with a combination of project financings of its unencumbered assets and cash to be released from Saeta's assets.

Timing

The tender offer is expected to be completed in the second quarter of 2018, subject to certain closing conditions including obtaining regulatory approvals. TerraForm Power will be able to acquire 100% of the shares of Saeta provided that at least 90% of the shares are tendered in the offer.

The transaction has been approved by the Board of Directors of TerraForm Power.

Additional information with respect to the transaction has been posted on our website at www.terraformpower.com under Events and Presentation.

Announcement of Quarterly Dividend

TerraForm Power today announced that, on February 6, 2018, its Board declared a quarterly dividend with respect to TerraForm Power's Class A common stock of \$0.19 per share. The dividend is payable on March 30, 2018, to shareholders of record as of February 28, 2018. This dividend represents TerraForm Power's first dividend payment under Brookfield's sponsorship.

About TerraForm Power

TerraForm Power owns and operates a best-in-class renewable power portfolio of solar and wind assets located primarily in the U.S., totaling more than 2,600 megawatts of installed capacity. TerraForm Power has a mandate to acquire operating solar and wind assets in North America and Western Europe. TerraForm Power is listed on the Nasdaq stock exchange (Nasdaq: TERP). It is sponsored by Brookfield Asset Management, a leading global alternative asset manager with ~ US\$265 billion of assets under management.

For more information about TerraForm Power, please visit: www.terraformpower.com.

Contacts for Investors / Media:

TerraForm Power
investors@terraform.com

Safe Harbor Disclosure

This communication contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. These statements involve estimates, expectations, projections, goals, assumptions, known and unknown risks, and uncertainties and typically include words or variations of words such as "expect," "anticipate," "believe," "intend," "plan," "seek," "estimate," "predict," "project," "goal," "guidance," "outlook," "objective," "forecast," "target," "potential," "continue," "would," "will," "should," "could," or "may" or other comparable terms and phrases. All statements that address operating performance, events, or developments that TerraForm Power expects or anticipates will occur in the future are forward-looking statements. They may include statements regarding the redemption of existing notes, the terms of the new offering and the intended use of the proceeds of the new offering, or descriptions of assumptions underlying any of the above. Forward-looking statements provide TerraForm Power's current expectations or predictions of future conditions, events, or results and speak only as of the date they are made. Although TerraForm Power believes its expectations and assumptions are reasonable, it can give no assurance that these expectations and assumptions will prove to have been correct and actual results may vary materially.

By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to, risks related to the expected timing and likelihood of completion of the tender offer for the shares of Saeta, including the timing or receipt of any governmental approvals; risks related to our financing of the transaction, including our ability to issue equity on terms that are accretive to our shareholders and our ability to implement our permanent funding plan, risks related to the integration of Saeta and realization of the benefits of the transaction, risks related to the number of the shares of Saeta that are tendered, including the risk that we are unable to acquire all of the shares of Saeta and are subject to minority shareholder protection rights, the risk that any announcement of the transaction could have an adverse impact on the market price of our common stock, risks related to entering new

international jurisdictions, including related to our increased exposure to foreign currency fluctuation and risks and costs associated with the hedging of the Euro; risks related to Brookfield sponsorship, including our ability to realize the expected benefits of the transaction with Brookfield, risks related to wind conditions at our wind assets or to weather conditions at our solar assets, risks related to potential events of default at our project financings, risks related to delays in our filing of periodic reports with the SEC, risks related to the effectiveness of our internal controls over financial reporting, pending and future litigation, our ability to integrate the projects we acquire from third parties or otherwise and realize the anticipated benefits from such acquisitions, the willingness and ability of counterparties to fulfill their obligations under offtake agreements, price fluctuations, termination provisions and buyout provisions in offtake agreements, our ability to enter into contracts to sell power on acceptable prices and terms, including as our offtake agreements expire, our ability to successfully identify, evaluate and consummate acquisitions, government regulation, including compliance with regulatory and permit requirements and changes in market rules, rates, tariffs, tax rules, environmental laws and policies affecting renewable energy, operating and financial restrictions placed on us and our subsidiaries related to agreements governing indebtedness, the condition of the debt and equity capital markets and our ability to borrow additional funds and access capital markets, as well as our substantial indebtedness and the possibility that we may incur additional indebtedness going forward, cash trapped at the project level, including the risk that such project-level cash may not be released up to us in a timely manner, risks related to the proposed relocation of our headquarters, our ability to compete against traditional and renewable energy companies, and hazards customary to the power production industry and power generation operations, such as unusual weather conditions and outages.

TerraForm Power disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions, factors, or expectations, new information, data, or methods, future events, or other changes, except as required by law. The foregoing list of factors that might cause results to differ materially from those contemplated in the forward-looking statements should be considered in connection with information regarding risks and uncertainties which are described in TerraForm Power's Form 10-K for the fiscal year ended December 31, 2016, as well as additional factors it may describe from time to time in other filings with the Securities and Exchange Commission. You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

¹ If requested by TERP, Brookfield has agreed to provide a backstop for up to \$400 million of the equity offering if the offering price equals the five-day volume weighted average price (VWAP) as of close of market on February 6, 2018, of \$10.66 per share



Saeta Acquisition

TERRAFORM POWER
FEBRUARY 2018

Cautionary Statement Regarding Forward-Looking Statements

This communication contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. These statements involve estimates, expectations, projections, goals, assumptions, known and unknown risks, and uncertainties and typically include words or variations of words such as "expect," "anticipate," "believe," "intend," "plan," "seek," "estimate," "predict," "project," "goal," "guidance," "outlook," "objective," "forecast," "target," "potential," "continue," "would," "will," "should," "could," or "may" or other comparable terms and phrases. All statements that address operating performance, events, developments or financial performance that TerraForm Power expects or anticipates will occur in the future are forward-looking statements. They may include estimates or forecasts of expected net income (loss), revenues, earnings, adjusted EBITDA, adjusted revenue, cash available for distribution (CAFD), dividend growth, cost saving initiatives, capital expenditures, liquidity, capital structure, future growth, and other financial performance items (including future dividends per share), descriptions of management's plans or objectives for future operations, products, or services, or descriptions of assumptions underlying any of the above. Forward-looking statements provide TerraForm Power's current expectations or predictions of future conditions, events, or results and speak only as of the date they are made. Although TerraForm Power believes its expectations and assumptions are reasonable, it can give no assurance that these expectations and assumptions will prove to have been correct and actual results may vary materially.

By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to, risks related to the expected timing and likelihood of completion of the tender offer for the shares of Saeta Yield, S.A. ("Saeta"), including the timing or receipt of any governmental approvals, risks related to our financing of the transaction, including our ability to issue equity on terms that are accretive to our shareholders and our ability to implement our permanent funding plan, risks related to the integration of Saeta and realization of the benefits of the transaction, risks related to the number of the shares of Saeta that are tendered, including the risk that we are unable to acquire all of the shares of Saeta and are subject to minority shareholder protection rights, the risk that any announcement of the transaction could have on an adverse impact on the market price of our common stock, risks related to entering new international jurisdictions, including related to our increased exposure to foreign currency fluctuation and risks and costs associated with the hedging of the Euro, risks related to Brookfield sponsorship, including our ability to realize the expected benefits of the transaction with Brookfield, risks related to wind conditions at our wind assets or to eather conditions at our solar assets, risks related to potential events of default at our project financings, risks related to delays in our filing of periodic reports with the SEC, risks related to the effectiveness of our internal controls over financial reporting, pending and future litigation, our ability to integrate the projects we acquire from third parties or otherwise and realize the anticipated benefits from such acquisitions, the willingness and ability of counterparties to fulfill their obligations under offtake agreements, price fluctuations, termination provisions and buyout provisions in offtake agreements, our ability to enter into contracts to sell power on acceptable prices and terms, including as our offtake agreements expire, our ability to successfully identify, evaluate and consummate acquisitions, government regulation, including compliance with regulatory and permit requirements and changes in market rules, rates, tariffs, tax rules, environmental laws and policies affecting renewable energy, operating and financial restrictions placed on us and our subsidiaries related to agreements governing indebtedness, the condition of the debt and equity capital markets and our ability to borrow additional funds and access capital markets, as well as our substantial indebtedness and the possibility that we may incur additional indebtedness going forward, cash trapped at the project level, including the risk that such project-level cash may not be released up to us in a timely manner, risks related to the proposed relocation of our headquarters, our ability to compete against traditional and renewable energy companies, and hazards customary to the power production industry and power generation operations, such as unusual weather conditions and outages.

TerraForm Power disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions, factors, or expectations, new information, data, or methods, future events, or other changes, except as required by law. The foregoing list of factors that might cause results to differ materially from those contemplated in the forward-looking statements should be considered in connection with information regarding risks and uncertainties which are described in TerraForm Power's Form 10-K for the fiscal year ended December 31, 2016 including the risk factors identified therein, as well as additional factors it may describe from time to time in other filings with the Securities and Exchange Commission. You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties. The information presented in this presentation does not represent a complete picture of the financial position, results of operation or cash flows of TerraForm Power, is not a replacement for full financial statements prepared in accordance with U.S. GAAP. In addition, this presentation contains projections of TerraForm Power's CAFD and proforma CAFD figures giving effect to the Saeta transaction, which are not measures under generally accepted accounting principles in the United States. TerraForm Power believes these measures are useful to investors but the use of these measures is subject to inherent limitations and these measures should not be considered in isolation from or as a substitute for the applicable U.S. GAAP measure.

- **TerraForm Power has announced that it will commence a voluntary tender offer to acquire 100% of the outstanding shares of Saeta Yield, S.A. ("Saeta")**
 - TERP's offer will be €12.20 in cash per share of Saeta
 - Tender offer is irrevocably supported by Saeta shareholders who together own more than a 50% interest and have committed to sell into the offer
 - Purchase price of the ~50% interest will be approximately \$600 million
 - If TERP successfully acquires 100% of Saeta in tender offer, total purchase price will be ~ \$1.2 billion
 - TERP intends to finance the transaction with a \$400 million equity offering, fully backstopped by Brookfield¹, with the balance funded from available liquidity
- **Saeta is a leading European owner and operator of wind and solar assets, located primarily in Spain with 778 MW of wind and 250 MW of solar**
- **100% of Saeta's revenues are generated under very stable regulatory or contractual frameworks with investment grade counterparties**
- **Transaction highlights**
 - Increases size of TERP's portfolio by ~40%² and establishes a scale presence in Western Europe
 - Expected to be highly accretive to TERP's CAFD
 - Accelerates deleveraging of TERP's balance sheet
- **TERP has increased its dividend to \$0.76 per share (on an annual basis), a 6% increase over its previous target of \$0.72 per share, and reconfirms its dividend growth target of 5-8% per annum**
- **The tender offer is expected to close in the second quarter of 2018, subject to certain conditions, including obtaining regulatory approvals**

1. If requested by TERP, Brookfield has agreed to provide a backstop for up to \$400 million of the equity offering if the offering price equals the five-day volume weighted average price (VWAP) as of close of market on February 6, 2018, of \$10.66 per share

2. Weighted on Net MW, as of January 31, 2018

This **transformative** transaction demonstrates TERP's ability to **grow accretively, expand its geographic footprint, and accelerate the deleveraging of its balance sheet** with transactions **originated** through **Brookfield's sponsorship**

Highly accretive

- Pro forma FY 2017 adjusted CAFD per share accretion of 24%
- Levered IRR in excess of TERP's target return

High quality asset base in attractive target market

- 100% owned, recently constructed assets in Western Europe
- 778 MW onshore wind and 250 MW concentrated solar
- Average age of six years and remaining useful life in excess of 25 years

Stable and predictable cash flows

- 100% of revenues generated under stable frameworks with investment grade counterparties
- 80% of revenues are regulated with limited resource and market price risk; remaining 20% are under long term power purchase or concession agreements
- Average remaining regulatory/contractual term of 15 years

Multiple value levers

- Opportunity to enhance value by reducing G&A and operating and maintenance costs
- Ability to increase cashflow by extending maturities of Saeta's project debt, which fully amortizes with ~5 years of remaining regulatory/contract life

Accelerate achievement of deleveraging objective

- Accelerates deleveraging of its corporate debt to cash flow ratio towards its 4.0x and 5.0x target
- Furthers TERP's long term plan to establish an investment grade balance sheet

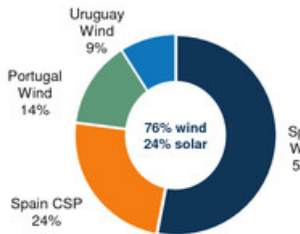
Saeta Acquisition | Saeta Portfolio Overview¹

Summary Statistics

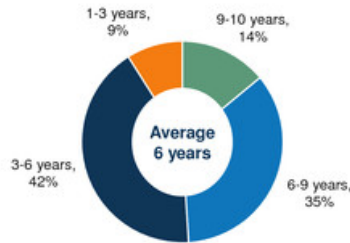
Net MW	■ 1,028 MW
Wind	■ 778 MW
Concentrated Solar	■ 250 MW
Number of Sites	■ 24
% IG Counterparties	■ 100%



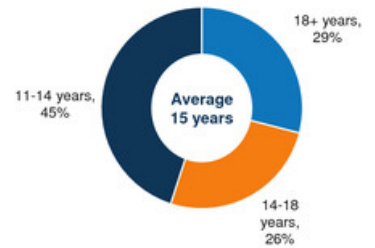
Capacity (MW)



Asset Age



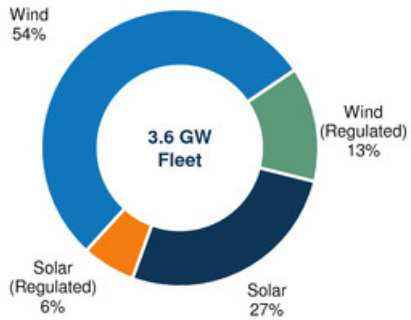
Remaining Contract Life



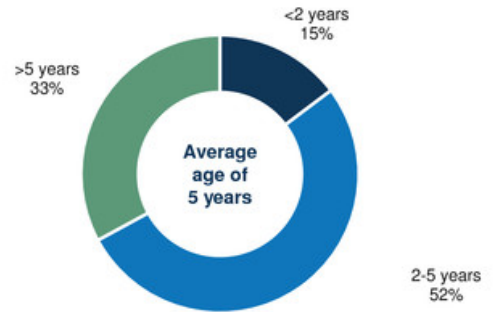
1. Derived from Saeta's publicly available disclosures

~14 years¹ of **contracted cash flow** with **significant resource diversity**

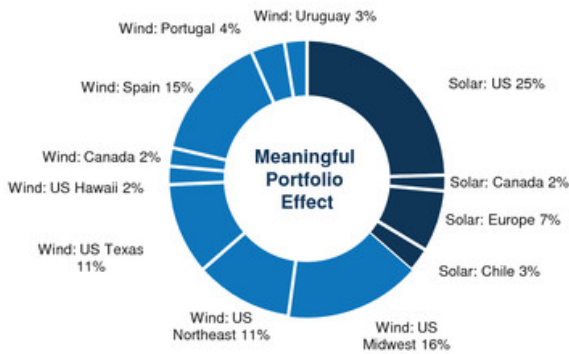
Large-scale, diversified portfolio²



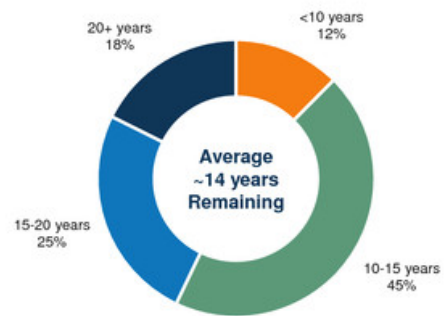
Recently constructed²



Significant resource diversity²



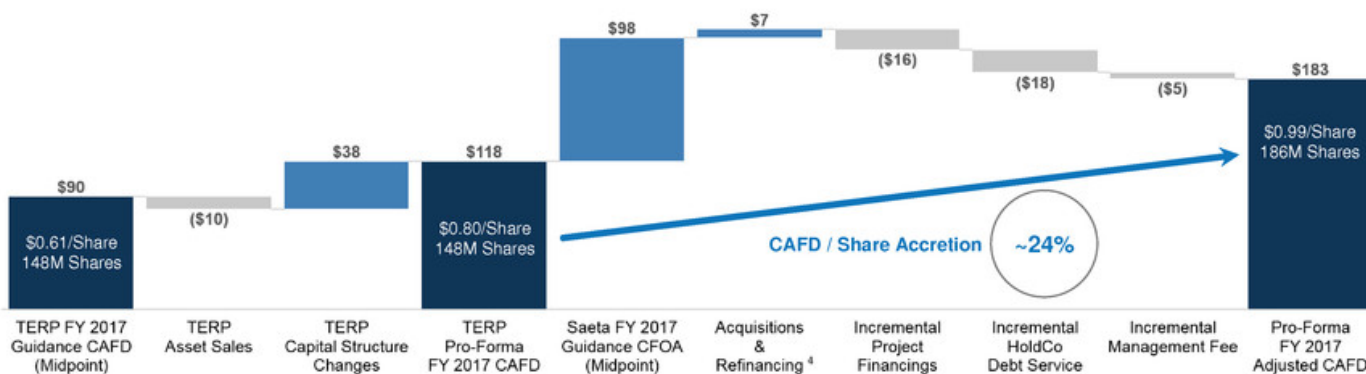
Long-Term Offtake Contracts¹



1. Average remaining offtake contract length is net MW-weighted, as of 12/31/2017
 2. Weighted on Net MW. As of January 25, 2018

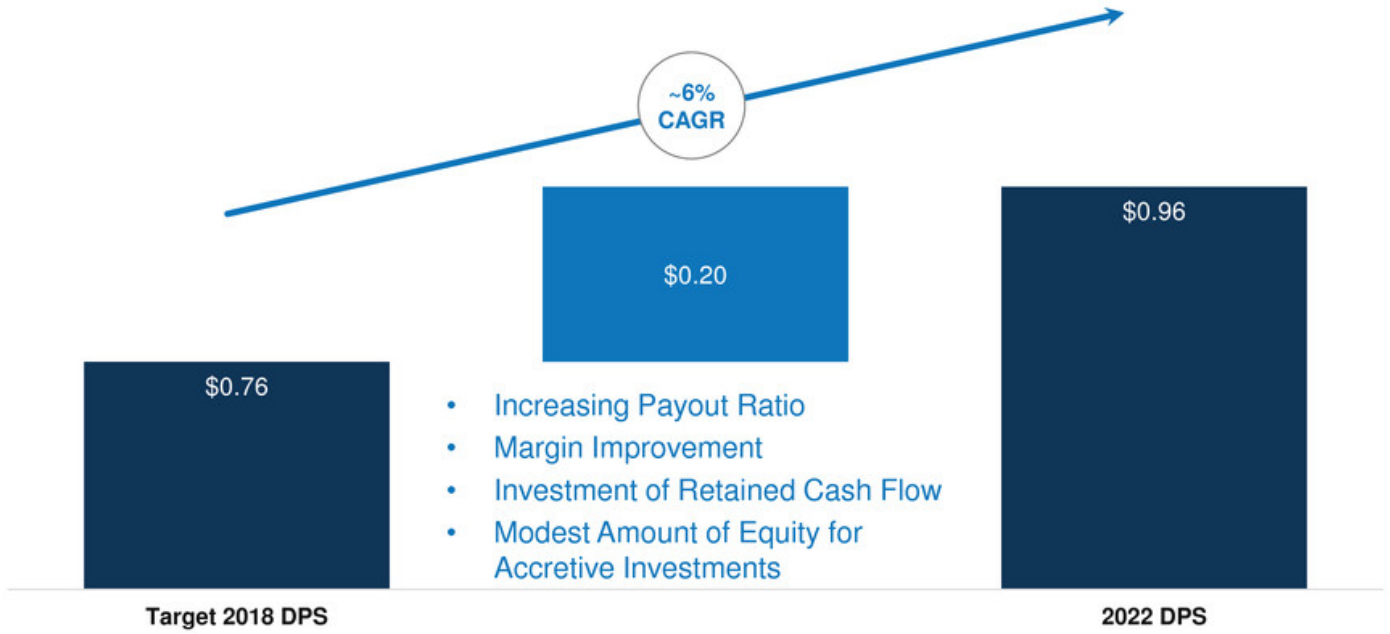
Saeta Acquisition | Pro Forma Accretion

- **Pro forma FY 2017 adjusted CAFD per share implies ~24% accretion over TERP's standalone FY 2017 CAFD per share guidance**
 - TERP's FY 2017 CAFD guidance (midpoint): \$118M (includes impact of asset sales and capital structure changes)¹
 - Saeta's FY 2017 cash flow from operating assets (CFOA)² guidance (midpoint): \$105M (includes impact of asset acquisitions and capital structure changes)^{3,4}
 - Transaction-specific CAFD impacts include \$350M of incremental project financings⁵, \$450M in HoldCo borrowings⁶, an increased BAM management fee⁷, and the issuance of ~38M shares to fund the acquisition⁸



1. Capital structure changes include reduction of the drawn revolver balance, repayment/refinancing non-recourse term loan, and high yield note refinancing
 2. CFOA represents consolidated net cash from operating assets, excluding non-recurring items such as acquisitions, upfinancings, and any dividends paid
 3. Guidance CFOA is €77-81M; analysis assumes an exchange rate of 1.24 USD/EUR
 4. Saeta's guidance excludes the full-year impact of the Uruguay and Portugal acquisitions, and the €199M refinancing of Manchosal 2, which resulted in a decrease in the asset's cost of debt. Based on Saeta management guidance in the 9M 2017 results presentation, adjusting for the full-year impact of these items results in a \$6.7M (€5.4M) increase to CFOA
 5. CAFD impact includes only incremental full-year interest expense assuming a 4.75% interest rate
 6. Assumes a ~4% full-year average interest rate
 7. Incremental management fee based on 1.25% of market cap growth assuming ~38M of incremental shares, a \$0.76 DPS and a 6% dividend yield
 8. \$400M of equity based on an issuance at \$10.66/share (the five-day volume-weighted average price (VWAP) as of close of market on February 6, 2018)

Increase 2018 DPS by 6% to **\$0.76 per share**
Reconfirm target annual dividend growth at **5-8%**
Anticipate that payout ratio will fall **below 80% to 85%** in near term

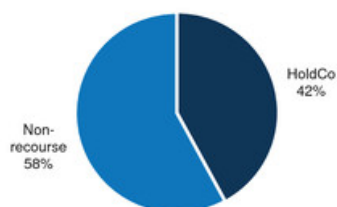


Opportunistic acquisitions originated by Brookfield would be upside to this plan

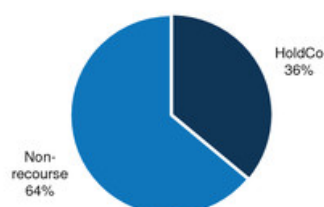
Saeta Acquisition | Funding Plan

- Prior to funding the transaction, TerraForm Power has over \$1 billion of liquidity under committed facilities, including \$500 million under its corporate credit facility, which has been upsized to \$600 million, and \$500 million under the sponsor line with Brookfield
- Assuming a \$1.2 billion acquisition price, TERP intends to execute a funding plan comprised of the following sources:
 - A \$400 million equity offering, which Brookfield has agreed to backstop in order to provide a minimum issuance price equal to TerraForm Power's 5-day VWAP immediately prior to announcement of the transaction¹;
 - The remaining \$800 million will be financed with available liquidity, which Terraform Power intends to refinance with a combination of project financings of its unencumbered assets and cash to be released from Saeta's assets

TERP Standalone Leverage Breakdown
(9/30/2017)



Post-Acquisition Leverage Breakdown
Pro Forma²



1. If requested by TERP, Brookfield has agreed to provide a backstop for up to \$400 million of the equity offering if the offering price equals the five-day volume weighted average price (VWAP) as of close of market on February 6, 2018, of \$10.66 per share

2. Non-recourse includes \$350 million of non-recourse project-level debt utilized in funding the Saeta acquisition



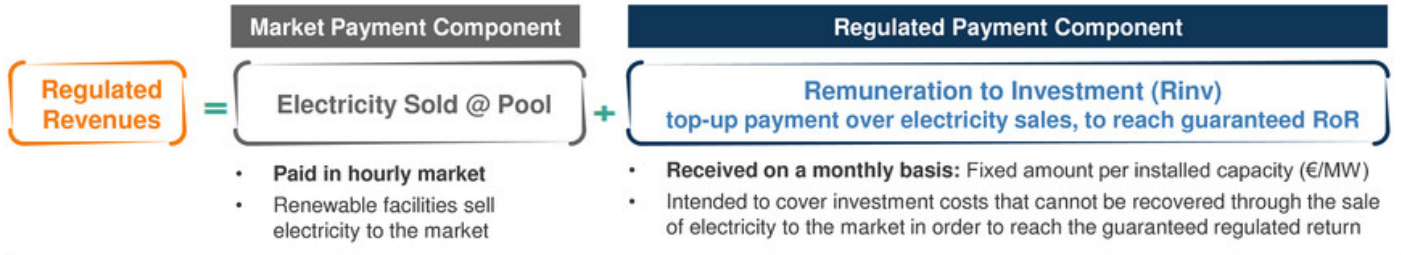
Appendix

- **Spanish regulated return is a key value driver, but existing risks have been effectively mitigated**
 - Spanish revenues account for ~80% of total Saeta revenues and are 100% regulated
 - Regulated return revisions every 6-years with next revision in 2020
 - Underwriting assumes a downward revision by 2020
- **Risk of downward revision in 2020 of regulated return is mitigated by:**

Mitigant	Description
Tariff Deficit Under Control	<ul style="list-style-type: none"> • Historical deficit debt being repaid (€2.5 billion/year) with current power system annual surplus of ~€500 million¹
Revision Dynamics	<ul style="list-style-type: none"> • Regulation allows government discretion over revision parameters (i.e., spread over 10-yr bond) every 6-years to set a “reasonable rate of return”
European Renewables Targets	<ul style="list-style-type: none"> • Reduction in regulated returns would compromise 8 GW² of new greenfield projects awarded at 2017 auctions
Lawsuits from 2014 Reform	<ul style="list-style-type: none"> • Government has already created reserves to address future settlements stemming from lawsuits from 2014 subsidy reform

1. Source: CNMC's Report on the Current Status of the Debt of the Electrical System
 2. Source: European Commission (http://europa.eu/rapid/press-release_IP-17-4542_en.htm)

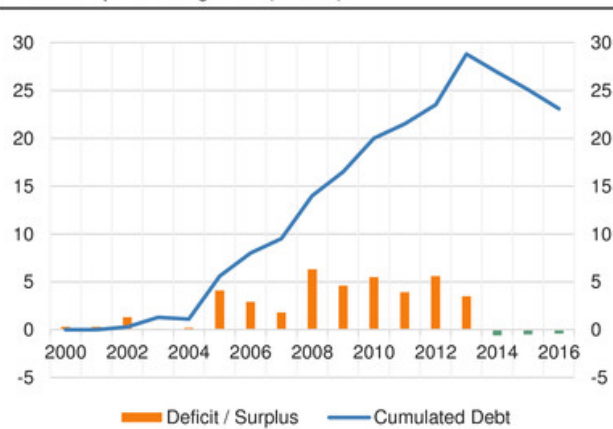
- **Regulatory regime remunerates renewables through a guaranteed return on deemed investment (RAB model) to be revised every 6 years based on Spanish bond plus a spread**
 - Regulated return takes into account the economic cycle, electricity demand, and Spanish treasury bond outlook, providing a “reasonable return” for these activities
 - Revised every 6 years, with the next review due in 2020



- **Remuneration comprises a capacity payment (€/MW) on top of merchant revenues and is determined by applying the regulated return to the Net Asset Value (NAV) of a theoretical reference plant**
 - NAV is based on standard cost and generation parameters of an average plant differentiated by region and COD
 - Capacity top-up value is the difference between merchant revenues forecasted by the regulator and the total revenues required to reach regulated returns
 - Determined ex-ante and valid for a 6-year period with minor look-back adjustments in year 3 to account for difference between power price and peaking discount outturn versus government forecasts

- **Spain's electricity tariff debt, which peaked in 2013, has since enjoyed a surplus as system costs have now been brought in line with revenues**
 - Spain's tariff debt accumulated through 2013 as full system costs were not passed through to consumers
 - From 2013 to 2015, the Government implemented four key measures to rebalance system costs and revenues
 - **Moratoria on subsidies** for new renewables since early 2012
 - **Increased access tariffs** to consumers
 - **Cutting tariffs and subsidies:** (i) reductions of subsidies to renewable and cogeneration plants by replacing feed-in-tariffs with a regulated return model; (ii) a downward revision to returns for distribution and transmission assets; (iii) and cuts to capacity payments to conventional generators
 - **New taxes:** (i) generation tax on all generators, (ii) tax on gas/coal commodities, (iii) technology-specific taxes for nuclear and hydro

Historical Tariff Deficit / Surplus and cumulated debt (€bn)¹
Source: Spanish Regulator (CNMC)



1. Source: CNMC's Report on the Current Status of the Debt of the Electrical System

