



Cleansing Materials

PROJECT ZEPHYR
SEPTEMBER 2023

ILAP has entered into long-term power purchase agreements (“PPAs”) with regulated Chilean distribution companies (“DisCos”) and large consumers. Retaining these PPAs is an important source of value for the Company

PPA Summary — DisCos (n = 90)				
Project	Expiration Periods	Avg. Energy (GWh/yr)	Avg. Awarded Price (US\$/MWh)	Indexed Price (US\$/MWh)
San Juan	2031 – 2032	381.5	102.486	123.05
Norvind	2019 – 2033	45.5	113.221	138.43
<i>Memo: Ave. Regulated PPA Price</i>			103.340	

PPA Summary — Select Counterparties				
Asset	Client	Avg. Energy (GWh/yr)	Contract price (US\$/MWh)	Indexed price (US\$/MWh)
San Juan	Metro	75.30	102.18	116.79
	Enel	180.00	52.50	54.44
	Other Free Clients	24.00	58.83	56.37
Norvind	Average	86.44	42.92	49.68

Key DisCo Counterparties Overview				
Counterparty	Parent Company	Number of Clients (000's)	Energy Sold (GW/h)	Market Share
CGE Distribución	Naturgy	3,006	10,876	33%
Enel Generación Chile, S.A.	Enel Chile	2,008	16,481	49%
Chilquinta Energía	State Grid Corporation of China	759	2,384	8%
SAESA	AIMCO / OTPP	922	3,767	10%
Total			33,508	

Illustrative Short-Term Liquidity Forecast

(US\$ in thousands, unless otherwise stated)



- Set forth below is the Company's short-term liquidity projection prepared in June 2023. Since then, the Company has raised \$7 million monetizing certain PEC1 receivables in August 2023 and taken other steps to enhance its liquidity

ILAP Financials — Illustrative Monthly Cash Projections (FY'23E)

	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Beginning Cash (Unrestricted + Restricted)	\$6,084	\$6,973	\$1,155	\$2,895	\$2,798	\$5,540	\$17,158
Waterfall Payments	(7,090)	(6,961)	(6,636)	(6,385)	(5,778)	(5,253)	(4,763)
Cash Before Key Vendor Payments	(\$1,006)	\$13	(\$5,482)	(\$3,490)	(\$2,979)	\$287	\$12,395
Working Capital Adj. for Key Vendors & Professional Fees	(4,500)	(2,731)	(888)	(5,593)	(1,781)	62	(176)
Cash Before Corrective Measures	(\$5,505)	(\$2,719)	(\$6,370)	(\$9,083)	(\$4,761)	\$349	\$12,219
Corrective Measures	\$5,652	(\$2,672)	\$815	(\$5,150)	\$--	\$--	\$--
PEC Receivables	--	--	--	9,500	1,821	9,404	1,821
Ending Cash (Unrestricted)	\$146	(\$5,391)	(\$5,555)	(\$4,733)	(\$2,940)	\$9,753	\$14,040
Revenues Received from Prior Month (Restricted)	6,827	6,546	8,450	7,531	8,480	7,404	6,616
Ending Cash (Unrestricted + Restricted)	\$6,973	\$1,155	\$2,895	\$2,798	\$5,540	\$17,158	\$20,656

- The Company’s Business Plan reflects several assumptions, including:

	Description
Project-Level Revenues	<ul style="list-style-type: none"> San Juan and Norvind revenue based on Valgesta projections (P90 generation and P90 hydrology)¹
Commercial Costs	<ul style="list-style-type: none"> San Juan and Norvind costs based on Valgesta projections (P90 generation and P90 hydrology)¹
Operating Expenses & SG&A	<ul style="list-style-type: none"> <u>OpEx</u>: Costs established per the Vestas operating services agreement <u>SG&A</u>: includes audit costs, regulatory costs, and travel expenses <ul style="list-style-type: none"> 2023-2024: Based on management’s annual bottoms-up budgeting process After 2025: Reflects prior year’s cost plus 2% inflation Forecast assumes monthly figures straight-line annual figures
Capex	<ul style="list-style-type: none"> Assumes no capex (costs are captured under the Vestas service agreement)
Taxes	<ul style="list-style-type: none"> Assumed to be zero until 2030 and 27% thereafter
PEC Receivables	<ul style="list-style-type: none"> <u>PEC I</u>: Purchased by Latin America Power S.A. for \$7 million in August 2023 <u>PEC II</u>: Monetized in FY’24
Working Capital & Key Vendors	<ul style="list-style-type: none"> <u>Accounts Receivable</u>: Reflects a 2-month delay from collection to cash inflow <u>Accounts Payable</u>: Reflects a 1-month delay from expense to cash outflow <u>Insurance</u>: Premium paid annually in June; monthly accrual

Source: Company.

1. ILAP has engaged Valgesta to conduct a market study and provide a go forward pricing forecast that underpins the Business Plan. The Business Plan assumes that power prices will perform consistently with recent extraordinary Chilean energy market conditions through FY’26 and, thereafter, the market will “normalize”. Valgesta’s market study prices are based on monthly averages and therefore, do not capture intraday volatility and additional potential decoupling effects.

Business Plan — Illustrative Long-Term Cash Flows

(US\$ in thousands, unless otherwise stated)



Illustrative Long-Term Financial Forecast

	2H'23	FY'24	FY'25	FY'26	FY'27	FY'28	FY'29	FY'30	FY'31	FY'32	FY'33
Total Revenue	\$42	\$74	\$80	\$77	\$77	\$78	\$89	\$94	\$96	\$94	\$62
EBITDA	\$16	\$37	\$39	\$45	\$52	\$53	\$67	\$73	\$74	\$72	\$48
Unlevered Free Cash Flow	\$7	\$36	\$39	\$46	\$53	\$53	\$67	\$66	\$59	\$58	\$42

The table below summarizes the terms and conditions of the Company’s restructuring agreement (implementation TBD)

		Restructuring Term Sheet																			
Treatment of Claims	Existing Notes	<ul style="list-style-type: none"> Existing Notes exchange (pro rata) into two instruments: <ul style="list-style-type: none"> 62 cents / \$249mm of take-back senior secured notes (“Take-back SSNs”) (\$260mm issued in total) 38 cents / \$152mm of unsecured convertible notes (“Converts”) (\$159mm issued in total) <ul style="list-style-type: none"> Convert mandatorily into 90% of the equity of the Company upon a Conversion Event (defined below) Sponsors retain 100% of equity; post-Conversion Event Sponsors retain 10% of equity Pro rata treatment with LC Facility lenders Unpaid Debt Service: Capitalized pro rata at par to Take-back SSNs In the event of a sale closing prior to December 31, 2025, subject to the Conversion Date Extension (as defined below), the Convert claim will be extinguished. The first \$7 million (plus accrued interest) of proceeds in excess of claims excluding the Convert (“Excess Proceeds”) shall be allocated to the Sponsors. Incremental Excess Proceeds shall be allocated between the Sponsors and Convert holders as follows: <table border="1" data-bbox="333 668 1217 939"> <thead> <tr> <th colspan="4">Allocation of Excess Proceeds Above \$7 million¹ To Converts/Sponsors</th> </tr> <tr> <th>Transaction Date</th> <th>\$7 – \$90 million</th> <th>\$90 million to Full Repayment of Converts²</th> <th>Thereafter</th> </tr> </thead> <tbody> <tr> <td>On or before 12/31/24</td> <td>60% / 40%</td> <td rowspan="3">50% / 50%</td> <td rowspan="3">0% / 100%</td> </tr> <tr> <td>1/1/25 – 6/30/25</td> <td>67.5% / 32.5%</td> </tr> <tr> <td>7/1/25 – 12/31/25³</td> <td>75% / 25%</td> </tr> </tbody> </table> 				Allocation of Excess Proceeds Above \$7 million ¹ To Converts/Sponsors				Transaction Date	\$7 – \$90 million	\$90 million to Full Repayment of Converts ²	Thereafter	On or before 12/31/24	60% / 40%	50% / 50%	0% / 100%	1/1/25 – 6/30/25	67.5% / 32.5%	7/1/25 – 12/31/25 ³	75% / 25%
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7/1/25 – 12/31/25 ³	75% / 25%																				
LC Facility	<ul style="list-style-type: none"> Existing exposure treated pari passu to existing SSN and receives pro rata share of Take back SSN and Convert; undrawn capacity extinguished, subject to Citi’s consent 																				
Interim Financing	<ul style="list-style-type: none"> Shareholder-provided interim financing (<i>i.e.</i>, PEC1 sale to Latin America Power, S.A. in August 2023) will be equitized upon the restructuring’s close, whereby Latin America Power S.A. contributes the purchased PEC1 receivables to ILAP in exchange for common equity 																				
		<ul style="list-style-type: none"> Conversion Events: Mandatorily convertible into 90% of the equity upon the earlier of (i) December 31, 2025 (the “Conversion Event Date”), (ii) non-payment of principal and / or interest on the Convert, Take-back SSN, or Super-priority Note <ul style="list-style-type: none"> Conversion Date Extension: If an agreement for a sale transaction has been executed by 12/31/2025 but the transaction has not yet closed, then the Conversion Event Date shall be extended until 6/30/2026 <ul style="list-style-type: none"> Post conversion, equity owned by Sponsors to have tag along rights, preemptive rights, and other anti-dilution protections, 1 board seat, and other protections similar for securities transactions of this type 																			

Restructuring Proposal — Term Sheet (cont'd)



		Restructuring Term Sheet											
		Take-Back SSN	Converts	Superpriority Notes ("SPNs")									
Terms of New Securities	Amount	<ul style="list-style-type: none"> • Noteholders: \$249mm • LC Lenders: \$11mm 	<ul style="list-style-type: none"> • Noteholders: \$152mm • LC Lenders: \$7mm 	<ul style="list-style-type: none"> • \$[10]mm of new money committed by certain Noteholders (sizing subject to further review) 									
	Priority	<ul style="list-style-type: none"> • Same as Existing Notes 	<ul style="list-style-type: none"> • Unsecured 	<ul style="list-style-type: none"> • Super-priority relative to Take-Back SSN and Converts 									
	Guarantors	<ul style="list-style-type: none"> • Same as Existing Notes 	<ul style="list-style-type: none"> • Same as Existing Notes 	<ul style="list-style-type: none"> • Same as Existing Notes 									
	Maturity	<ul style="list-style-type: none"> • Same as Existing Notes 	<ul style="list-style-type: none"> • Same as Existing Notes 	<ul style="list-style-type: none"> • Same as Existing Notes 									
	Interest		<table border="1"> <thead> <tr> <th>Period</th> <th>Annual PIK / Cash Coupon</th> </tr> </thead> <tbody> <tr> <td>Up to 12/31/24</td> <td>11.50% / 9.50%</td> </tr> <tr> <td>1/1/25 – 6/30/25</td> <td>12.25% / 10.25%</td> </tr> <tr> <td>7/1/25 – Maturity</td> <td>13.00% / 11.00%</td> </tr> </tbody> </table>	Period	Annual PIK / Cash Coupon	Up to 12/31/24	11.50% / 9.50%	1/1/25 – 6/30/25	12.25% / 10.25%	7/1/25 – Maturity	13.00% / 11.00%	<ul style="list-style-type: none"> • 5% PIK p.a. 	<ul style="list-style-type: none"> • 12% cash / 14% PIK toggle
		Period	Annual PIK / Cash Coupon										
		Up to 12/31/24	11.50% / 9.50%										
		1/1/25 – 6/30/25	12.25% / 10.25%										
	7/1/25 – Maturity	13.00% / 11.00%											
		<ul style="list-style-type: none"> – PIK for first 24 months; cash pay thereafter 											
Fees	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Upfront fee: 3% payable in kind (PIK), payable only if ILAP closes on the SPNs • Alternative Financing Fee: 4% payable in cash only if ILAP closes exit financing with an alternative provider and does not close on the SPNs 										
Amortization	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • None 										
Excess Cash Sweep	<ul style="list-style-type: none"> • Cash sweep in excess of \$15mm <ul style="list-style-type: none"> – First sweep to occur December 31, 2024; semi-annual thereafter – Sweep will be junior to the SPNs 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • Cash sweep in excess of \$15mm <ul style="list-style-type: none"> – First sweep to occur December 31, 2024; semi-annual thereafter – Sweep will be senior to Take-Back SSNs 										
Other Terms	<ul style="list-style-type: none"> • Call Protection: Callable at par at any time prior to a default or event of default • CoC Put Option: Puttable at par upon a CoC • Debt Service Reserve Account: None 	<ul style="list-style-type: none"> • Call Protection: Callable at par at any time prior to a default or Event of Default 	<ul style="list-style-type: none"> • Call Protection: 103% prior to 12/31/2025 <ul style="list-style-type: none"> – Cash sweep not subject to call protection • Right to match any alternative third-party exit financing 										

Restructuring Term Sheet

Sale Process Protections

- Sponsors to agree that the Company cannot be sold within two years of the sale of other assets owned by Sponsors in the Chilean power sector (“Other Assets”) unless the buyer(s) of the Company and the buyer(s) of the Other Assets are not related parties
 - In the case of a CMA sale, there would be no consent rights for a sale to the same party if CMA represents <5% of aggregate value of CMA and ILAP
 - If CMA sale is >5% of aggregate purchase price of CMA and ILAP, then can be waived with a vote of at least 50.1%
- Morgan Stanley and BTG investment bank would run the sale process
 - In the event a different investment bank being appointed, such bank to be selected from a list that will be pre-agreed with the Ad Hoc Group (“AHG”)
- Independent Director reasonably acceptable to AHG to be elected to the Board; Independent Director would oversee the sale, have full transparency and a vote but no veto right
- Sale transaction fairness opinion
 - TEV < \$300m requires fairness opinion from independent investment bank selected from a list pre-approved by AHG
 - TEV > \$300m, no fairness opinion or Independent Director consent required
 - Independent Director approval needed to accept any bid that is not at least 95% of the highest bid by value (regardless of TEV level)
- The Company shall make its senior management, sell side advisor and any director available to speak with any representative of a Holder or beneficial owner of the SPNs, the Take back SSNs or the Converts (a “Holder Representative”) from time to time on matters related to the sale of the Company and its subsidiaries, which Holder Representative shall agree to be bound by a confidentiality agreement with the Company in a form reasonably acceptable to the Issuer and such Holder Representative; provided that such confidentiality agreement shall obligate the Issuer or the Guarantors to issue a “cleansing letter” or otherwise publicly disclose information for the purpose of enabling a Holder or beneficial owner of the SPNs, the Take back SSNs or the Converts to transfer any SPNs, Take back SSNs or Converts only in respect of such information as may be mutually agreed among such Holder Representative and Company

Other Terms

- Corporate form: Transformation into stock corporation
 - Regardless of implementation, new by-laws shall incorporate self-executing mandatory and automatic equity conversion rights and step-in rights in favor of bondholders upon agreed triggers that will not require further action by the Company, its Board, or sponsors, once triggered
 - Altering the corporate structure may be necessary to ensure functionality of self executing structure
 - Converts to be issued at offshore entity and structured as debt instrument, subject to review by counsel
- Stamp tax: TBD, subject to ongoing review by counsel
- Mandatory and automatic conversion / step-in:
 - No ILAP or Sponsor approval or consent needed to effectuate automatic and mandatory step in and equity conversion rights in ILAP and guarantors
 - Mandatory conversion into equity, preferred shares or any similar instrument as well as step in implementation shall be automatic upon non-payment of the principal and/or interest on the Converts or Take back SSN
 - Signed undated resignation letters by members of Board of Directors held by trustee
- Board of Directors: At least one Independent Director, selected by the Company and reasonably acceptable to the AHG
 - Board capped at 5 members
- Security documents: First priority security documents for ILAP and guarantors will need to be amended and reinstated
 - Adjust Section 4.01 to allow the Company to provide a withdrawal certificate at any time in the case of an energy payment being due. The balance could then be paid first from the Revenue Accounts and then, if there are insufficient funds, it could come out of the O&M Reserve Account
 - All cash will be held in pledged accounts, excluding that in O&M account