

Inversiones Latin America Power Ltda | ILAPCL

January, 2024

4Q2023 Operational Report

San Juan & Totoral Wind Farms

Figures are unaudited and may be subject to change during the auditors' review.

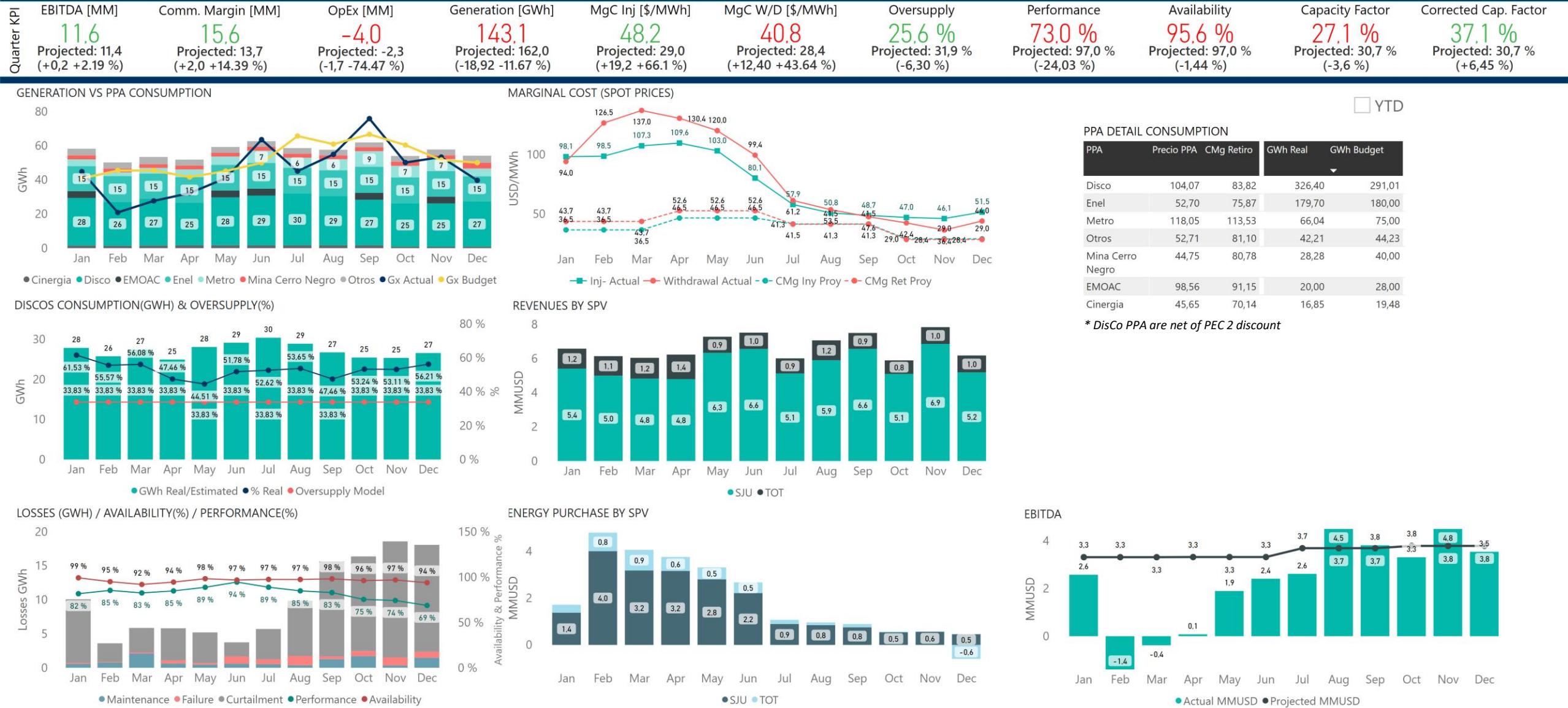
Overview

YTD KPI	EBITDA [MM]	Comm. Margin [MM]	OpEx [MM]	Generation [GWh]	MgC Inj [\$/MWh]	MgC W/D [\$/MWh]	Oversupply	Performance	Availability	Capacity Factor	Corrected Cap. Factor
	27.8 Projected: 42,3 (-14,6 -34.41 %)	39.7 Projected: 51,5 (-11,8 -22.96 %)	-11.9 Projected: -9,2 (-2,7 -29.99 %)	549.0 Projected: 623,6 (-74,7 -12 %)	74.9 Projected: 38,4 (+36,5 +95.11 %)	81.9 Projected: 41,5 (+40,37 +97.3 %)	25.4 % Projected: 33,5 % (-8,09 %)	82.2 % Projected: 97,0 % (-14,75 %)	96.2 % Projected: 97,0 % (-0,76 %)	26.2 % Projected: 29,8 % (-3,6 %)	31.9 % Projected: 29,8 % (+2,09 %)

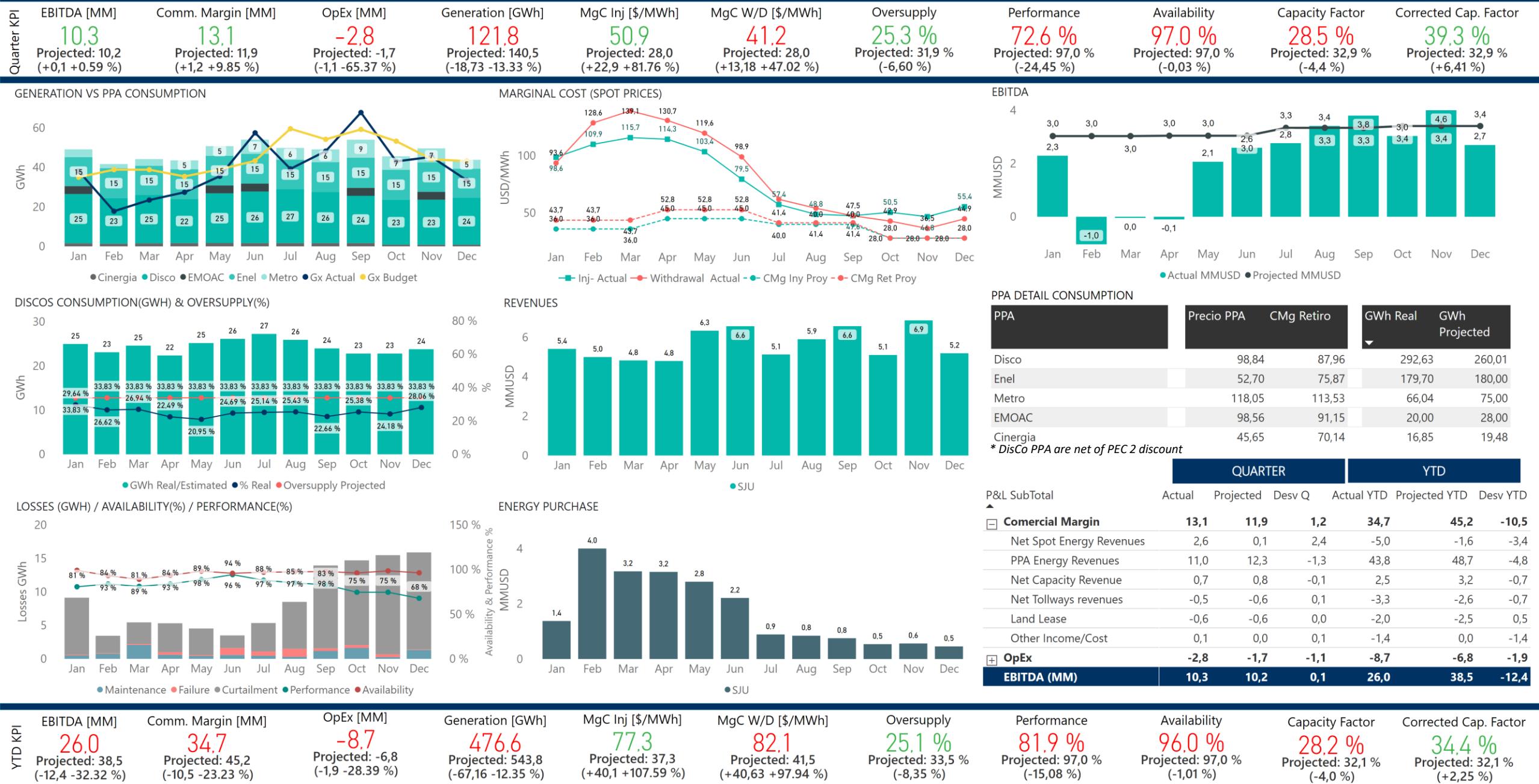
	QUARTER			YTD		
	Actual	Projected	Desv Q	Actual YTD	Projected YTD	Desv YTD
P&L SubTotal						
<input checked="" type="checkbox"/> Comercial Margin	15,6	13,7	2,0	39,7	51,5	-11,8
<input checked="" type="checkbox"/> Net Spot Energy Revenues	3,2	-0,1	3,3	-8,1	-3,2	-5,0
<input checked="" type="checkbox"/> PPA Energy Revenues	13,0	14,3	-1,3	52,2	56,7	-4,6
<input checked="" type="checkbox"/> Net Tollways revenues	-0,9	-0,9	-0,1	-5,0	-3,4	-1,6
<input checked="" type="checkbox"/> Other Income/Cost	0,2	0,0	0,2	-0,6	0,0	-0,6
<input checked="" type="checkbox"/> Net Capacity Revenue	0,8	0,9	-0,1	3,2	3,7	-0,5
<input checked="" type="checkbox"/> Land Lease	-0,6	-0,6	0,0	-2,0	-2,5	0,5
<input checked="" type="checkbox"/> OpEx	-4,0	-2,3	-1,7	-11,9	-9,2	-2,7
<input checked="" type="checkbox"/> Maintenance	-2,6	-1,4	-1,3	-7,1	-5,4	-1,7
<input checked="" type="checkbox"/> General and Administrative	-0,6	-0,4	-0,3	-1,9	-1,4	-0,4
<input checked="" type="checkbox"/> Regulatory	-0,1	0,0	-0,1	-0,5	-0,1	-0,4
<input checked="" type="checkbox"/> Insurance	-0,3	-0,3	-0,1	-1,2	-1,0	-0,2
<input checked="" type="checkbox"/> Health seafety and security	-0,1	-0,1	0,0	-0,3	-0,3	-0,1
<input checked="" type="checkbox"/> Software and equipement acquisition	0,0	0,0	0,0	-0,1	0,0	-0,1
<input checked="" type="checkbox"/> Environmental	0,0	0,0	0,0	-0,2	-0,2	-0,1
<input checked="" type="checkbox"/> Consultancies	0,0	0,0	0,0	-0,2	-0,1	0,0
<input checked="" type="checkbox"/> General expenses	0,0	-0,1	0,0	-0,2	-0,2	0,0
<input checked="" type="checkbox"/> Municipal permits	0,0	0,0	0,0	0,0	0,0	0,0
<input checked="" type="checkbox"/> Land permits	0,0	0,0	0,0	0,0	0,0	0,0
<input checked="" type="checkbox"/> Communications	0,0	0,0	0,0	-0,1	-0,1	0,0
<input checked="" type="checkbox"/> Social contributions	0,0	0,0	0,0	-0,1	-0,1	0,0
EBITDA (MM)	11,6	11,4	0,2	27,8	42,3	-14,6

- ILAP's 2023 EBITDA reached \$27.8M, being \$14.5M (-34%) lower than projections, dragged down by poor results during Q1 and Q2, as Q3 and Q4 were aligned with projections. Q4 EBITDA reached \$11.6M being \$0.2M (+2.2%) higher than projections despite a low generation in both wind farms (SJU-P95 and NVD-P60). This results were attributed to a **more stable market environment** with favorable decoupling (injection prices being higher than withdrawal prices) and lower marginal costs in the system, resulting in significant reductions in energy purchases.
- YTD generation reached **P90** for both San Juan and Norvind. Despite the wind resource being close to P50, production was **significantly impacted by curtailment**, particularly during spring and summer months when solar production increases. In addition, new capacity was added in the zone without new transmission infrastructure being developed. Although curtailment was substantial, its **impact on results was not material**, as it predominantly occurred in the solar block when prices reached \$0 per MW.
- Price decoupling** trend observed in 3Q23 continued into October and November, with prices in the southern zone consistently lower than the rest of the electricity grid. However, in December, this trend shifted, but with lower price decoupling compared to previous years, attributed to the increased availability of hydro and wind resources in the southern zone. This **nodal decoupling**, combined with San Juan's **daily generation profile** (with most energy produced during nighttime hours), resulted in an average price positive decoupling of \$7/MWh for 4Q23.
- OpEx closed the year with an important increase compared to projections, primarily due to the inflation adjustment in **Vestas' maintenance contract**. This contract features an annual indexation based on the Chilean IPC and the European Materials Price Index, both of which rose well above expectations in the initial projections, significantly impacting the Maintenance item (+31%).
- In relation to the **monetization of PEC II**, GenCos have already received the fourth payment from the accrued PEC II receivables. ILAP anticipates the initiation of its monetizations **starting in Mar-24**.
- On January 12th, ILAP successfully **emerged from its Chapter 11 restructuring** following the confirmation of its Plan of Reorganization, providing ILAP with a sustainable capital structure by significantly reducing cash interest and providing new financing.

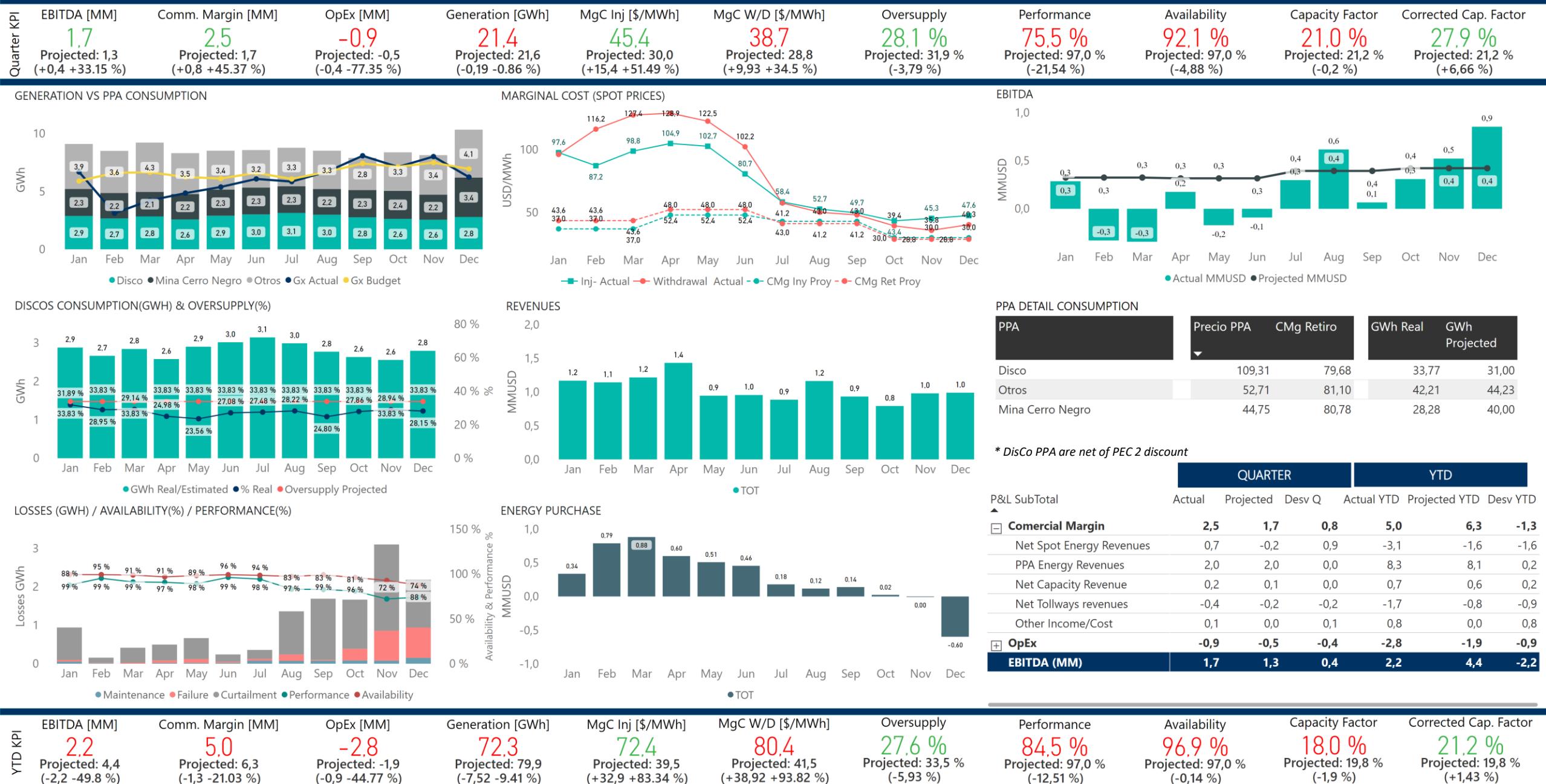
Financial Results 4Q2023 – ILAP



Financial Results 4Q2023 – San Juan Wind Farm



Financial Results 4Q2023 – Totoral Wind Farm



- During 4Q2023, the national electricity system's downward price trend continued, reducing levels compared to the previous quarter. The reduction in price and volatility is mainly due to the rainfall that occurred during the second half of 2023 (similar to the hydrological average), as well as a reduction in fuel costs. Fuel costs reported to the coordinator remained at the levels observed in September, in line with international coal and natural gas market prices.
- Daily average price levels reached the lowest point in the preceding months, showing a reduction of nearly 70% compared to the first half of the year, mainly due to high levels of hydro and wind resources. In the central nodes, an average price of 35 USD/MWh was recorded during 4Q2023. Renewable energy generation was 27% higher than 3Q2023 production levels. Consequently, there was an increase in hours with prices at 0 USD/MWh during the solar block. Prices are expected to slightly increase in the short term; however, they will remain below 80 USD/MWh as dams have reached appropriate levels to supply the required energy for the upcoming hydrological year.
- Price decoupling between the southern zone and the rest of the electricity grid continued the trend which began in June, with lower prices than the central zone due to high levels of hydro and wind resource. However, in December, there was a shift in this trend, with prices in the southern zone surpassing those in the rest of the grid. Nevertheless, the decoupling was lower than in previous years, attributed to the elevated production levels of power plants in that zone.

Figure 1

Daily Gx by technology 2022-2023

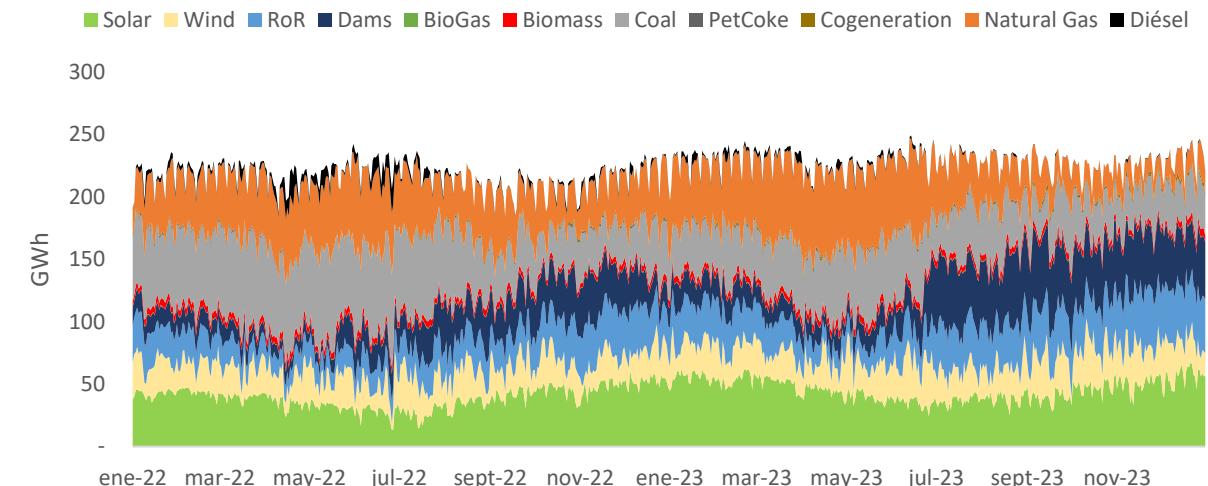
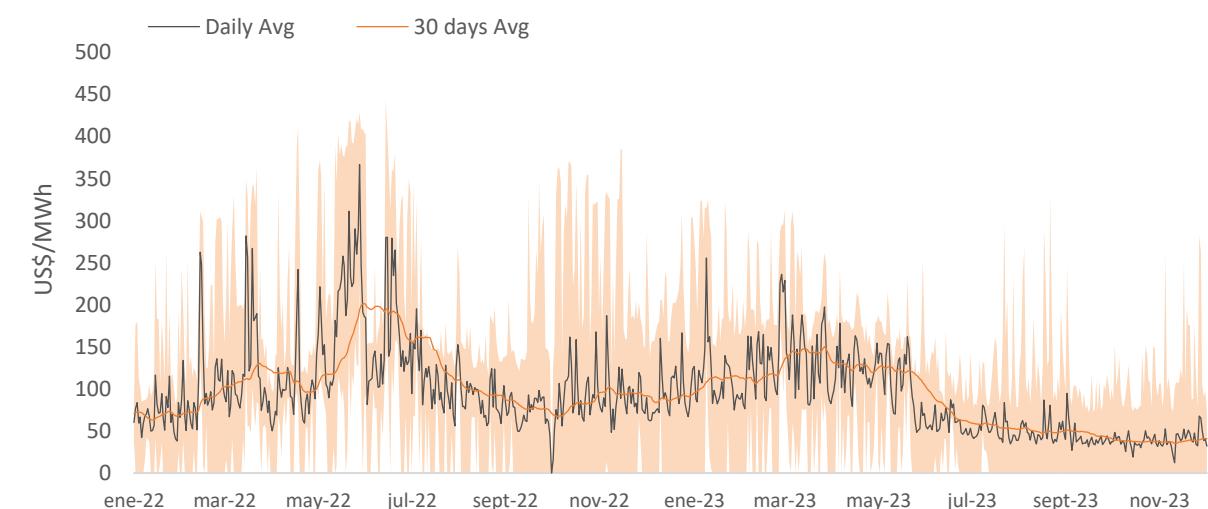


Figure 2
Cerro Navia MgC 2022-2023



- As illustrated in Figure 3, generation levels over the past two years have consistently fallen below P50 and contractual obligations, except for January 2022, June, and September 2023. These lower production levels are primarily attributed to the lack of wind resource and curtailment in the transmission lines. Due to the reduced energy production, ILAP had to engage in energy purchases in the spot market to meet its Power Purchase Agreements (PPAs). With the average withdrawal marginal costs standing at approximately 80 USD/MWh, this led to losses in a few PPAs. The decoupled prices between injection and withdrawal nodes also contributed to ILAP's PPA losses during the first half of the year.
- Although low generation has had an impact on results, the greatest EBITDA drivers are the behavior of marginal costs and the volatility of the system.
- Since July 2023, the regulator stated that a minimum hydric reserve is not needed for the system. Additionally, the last rainfalls caused the main dams to increase their water stored levels by 250%, therefore, a minimum hydric reserve is not expected to be set for 2024.

Figure 3

Gx Wind Projects 2022-2023

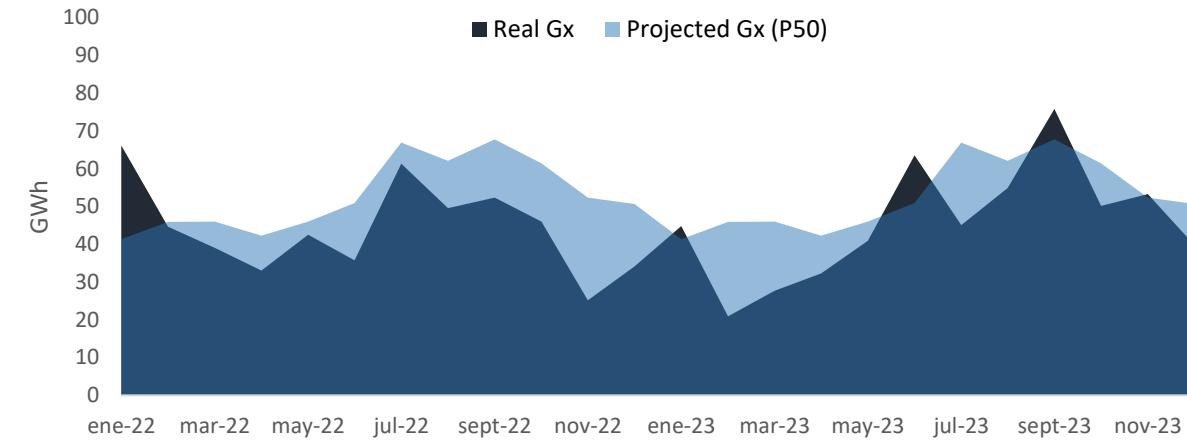
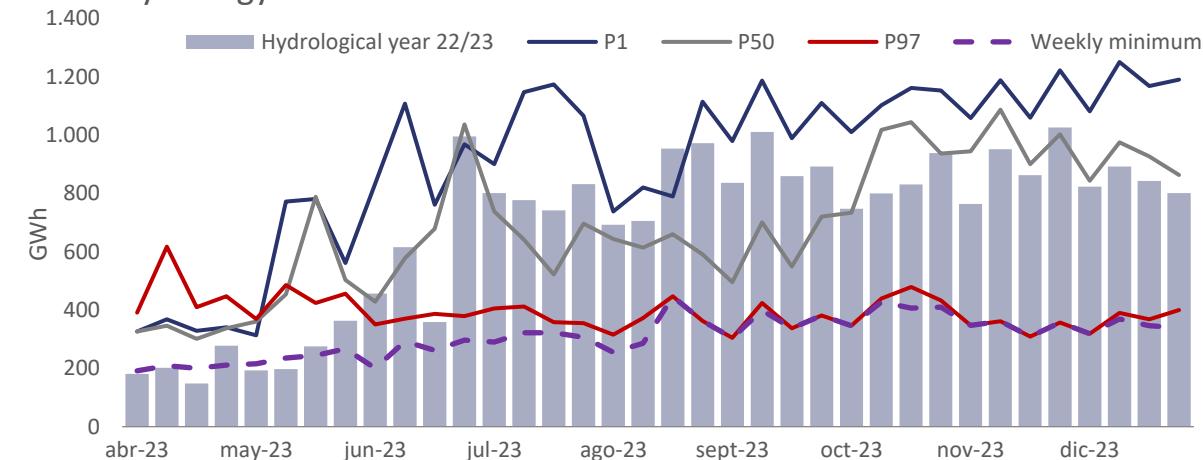


Figure 4

Hydrology 2022-2023



- International Rating Agencies*:

S&P Global
Ratings



Moody's

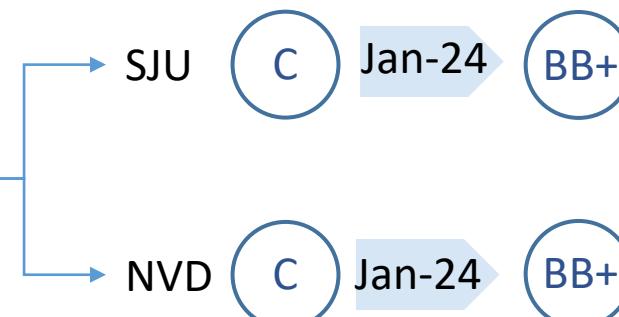


Fitch Ratings



- National Rating Agencies:

ICR Chile
AN AFFILIATE OF MOODY'S
INVESTORS SERVICE



- On January 12th, ILAP successfully emerged from its Chapter 11 restructuring following the confirmation of its Plan of Reorganization by the U.S. Bankruptcy Court for the Southern District of New York on January 3, 2024.
- ILAP's emergence from the "prepackaged" in-court restructuring proceedings through the consummation of its Plan of Reorganization provides ILAP with a sustainable capital structure by significantly reducing cash interest and providing new financing. The Plan had the overwhelming support of holders of ILAP's senior secured notes due 2033 with 100% of those voting having voted to approve it, together with Citibank, N.A. in its capacity as the sole lender under the letter of credit facility. Under the Plan of Reorganization, ILAP and its creditors exchanged more than US\$430 million of existing senior debt secured by the assets and cash flows from the San Juan and Totoral projects for approximately US\$264 million of take-back senior secured notes and approximately US\$165 million in new convertible notes of ILAP's direct parent entity which may, under certain conditions, be converted into equity of such parent entity. Certain noteholders provided ILAP with approximately US\$14 million in "exit" financing in the form of super priority senior secured notes.
- As a result of the restructuring, new rating classifications will be needed for issued bonds, which will be available during 1Q2024. As of 4Q2023 closing S&P Global Ratings, Moody's and Fitch Ratings for the bond issued in 2021 were withdrawn.
- Following the emergence from Chapter 11 restructuring, ICR upgraded San Juan and Norvind to a BB+, in compliance with the six-month period during which the company had to improve its rating before DisCos PPAs could be terminated.
- Local and international rating agencies present different measurement methodologies.

* Old notes rating.

Restructuring Process – Treatment of Claims

The table below summarizes the terms and conditions of the Company's restructuring agreement

		Plan of Reorganization								
Treatment of Claims	Existing Notes	<ul style="list-style-type: none"> Secured Notes exchange (pro rata) into two instruments: <ul style="list-style-type: none"> Take-Back SSNs: \$247,663,373 Converts: \$165,120,955 <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 Converts 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 Converts holders as follows: 								
		Allocation of Excess Proceeds Above \$7 million ¹ To Converts/Sponsors								
		Transaction Date	Threshold A: Up to \$7mm ¹	Threshold B1: \$7 – \$70mm	Threshold B2: \$70 – \$90mm	Threshold C: \$90mm to Full Repayment of Converts ²	Threshold D: Thereafter			
		On or before 12/31/24	0% / 100%	59.5% / 40.5%	55% / 45%	50% / 50%	0% / 100%			
		1/1/25 – 6/30/25		67% / 33%	62.5% / 37.5%					
		7/1/25 – 12/31/25 ³		74.5% / 25.5%	70% / 30%					
	LC Facility	<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 Converts, 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 								
		<ul style="list-style-type: none"> Existing exposure treated pari passu to existing Secured Notes and receives \$12,336,627 of Take-Back SSNs, <u>plus</u> \$4,305,066 of additional Take-Back SSNs on account of the settlement 								
	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 								

Restructuring Process – Terms of New Securities

	Plan of Reorganization									
	Take-Back SSNs	Converts	Superpriority Notes							
Terms of New Securities	<ul style="list-style-type: none"> • Noteholders: \$248mm • LC Lenders: \$12mm (pro rata allocation) • LC Lenders: \$4m ¹ (Citi settlement amount) 	<ul style="list-style-type: none"> • Noteholders: \$165mm • LC Lenders: N/A 	<ul style="list-style-type: none"> • \$14mm of new money committed by certain Noteholders 							
	<ul style="list-style-type: none"> • Same as Existing Notes 	<ul style="list-style-type: none"> • Secured by equity pledge of equity of CayCo 	<ul style="list-style-type: none"> • Super-priority relative to Take-Back SSNs and Converts 							
	<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 							
	<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 							
	<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> <p>– PIK for first 24 months; cash pay thereafter</p>	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.
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"> • 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 								
<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • None 								
<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 								
<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 								

1. Citi elected to receive ~\$4.3 million of additional Take-Back SSNs in lieu of its allocation of Converts due to certain internal constraints.



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