



Press release

Aix en Provence, January 28, 2013

Major external growth operation: THEOLIA takes control of Breeze Two Energy, a German company which holds operating wind farms for 337 MW

- The Sales of electricity for own account activity is doubled
- This consolidation operation enables strong operational synergies with THEOLIA's current activities
- The overall capacity managed by THEOLIA increases to 1,266 MW, of which 634 MW are held for own account

THEOLIA is doubling its installed capacity for own account

THEOLIA announces that it entered into a binding agreement in order to take control of Breeze Two Energy, a German company which holds and operates wind farms for its own account for a total of 337 MW, of which 311 MW are located in Germany and 26 MW in France. Almost all of those farms were commissioned between 2006 and 2008. They all benefit from long-term electricity purchase agreements (20-year contracts in Germany and 15-year contracts in France). This operation is in line with the strategy implemented by THEOLIA for more than two years now, aiming at reinforcing its Sales of electricity for own account activity, which provides recurrent and predictable revenue over the long term, as well as significant operational margins.

THEOLIA's two-year efforts to rationalize and optimize its operational activities already enabled it to create an industrial platform with operational fundamentals that proved to be solid. Moreover, the business model implemented by the Group allows it to grow while maintaining costs. Taking control of new wind farms in operation in Germany and France enables THEOLIA to significantly enhance its operational position in its two historical countries. The economic strength of Germany, which decided to phase out nuclear energy and is clearly in favor of renewable energy, permits to develop a long-term strategy.

In 2011, Breeze Two Energy registered a revenue of 47 million euros, entirely generated through sales of electricity.

Consolidating Breeze Two Energy enables THEOLIA to operate its business model over a doubled scope:

- the Group's installed capacity operated for own account increases from 297 MW to 634 MW;
- based on an annual integration of Breeze Two Energy, THEOLIA's annual consolidated revenue will exceed 100 million euros;
- THEOLIA intends to create operational synergies by providing Breeze Two Energy with its industrial and operational expertise in terms of wind farm operation.

Financial and legal terms of the transaction

Breeze Two Energy GmbH & Co. KG is a German limited partnership, which financed its wind farms through a bond issue, performed in 2006 and divided in three categories: A, B and C, the Class A bond debt being the senior debt. Breeze Two Energy GmbH & Co. KG is managed by a General Partner, Breeze Two GmbH, a company incorporated under German law.

In the context of this operation, BGE Investment S.à.r.l., a subsidiary wholly owned by THEOLIA and incorporated in Luxembourg, will purchase 70% of the Class C bonds, as well as the right to indirectly appoint the Managing Director of Breeze Two GmbH. Fady Khallouf, THEOLIA's CEO, will also be appointed Managing Director of Breeze Two GmbH as from the transaction's closing date. THEOLIA will therefore control Breeze Two Energy.

As of the closing date, which will occur in the next few days, Breeze Two Energy will be fully consolidated in THEOLIA's financial statements.

This transaction amounts to 35.5 million euros, mostly financed by a vendor loan amounting to 34 million euros, the maturity date of which is 2026. This loan is taken out by BGE Investment S.à.r.l. and is without recourse towards the parent-company, THEOLIA. A part of that debt will nevertheless be guaranteed by THEOLIA according to the levels of cash-flows generated by Breeze Two Energy which will be available to THEOLIA. Breeze Two Energy's estimated enterprise value, which is reflected in this transaction, amounts to approximately 309 million euros.

Commenting this announcement, Fady Khallouf, THEOLIA's CEO, said: *"The strategy implemented by THEOLIA for more than two years makes perfect sense: the performing industrial platform that we managed to create and our operational expertise enable us to integrate more installed capacity than we currently hold, without changing our operational model. We are going to quickly develop operational synergies between THEOLIA and Breeze Two Energy and improve its management by implementing the same methods that we used for THEOLIA's substantial recovery.*

Further to launching our 300 MW wind project in Morocco and creating a co-investment vehicle to support our organic development in Europe, THEOLIA takes another structuring step forward in its expansion with this major operation. The Group therefore demonstrates its capacity to integrate other operators."

About THEOLIA

THEOLIA is an independent producer of wind energy, active over the entire wind value chain. The Group develops, builds and operates wind farms in four countries: France, Germany, Italy and Morocco. In total, the Group operates 1,266 MW for its own account and for third parties.

CONTACT

Elodie Fiorini
Communications & Investor Relations

Tel: +33 (0)4 42 906 596
elodie.fiorini@theolia.com

THEOLIA

French *Société anonyme* (public limited company with Board of Directors) with a share capital of €90,840,167.60

Registered office: 75 rue Denis Papin – BP 80199 - 13795 Aix-en-Provence Cedex 3 - France

Tel: +33 (0)4 42 904 904 – Fax: +33 (0)4 42 904 905 - www.theolia.com

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