

TEAM TREUHAND GMBH

Report of the Common Representative TEAM Treuhand GmbH

for the Noteholders of the
EUR 50m Bond 2014/2019
of 3W Power S.A., Luxembourg
due 29 August 2019
(ISIN: DE000A1ZJZB9 / WKN: A1ZJZB)
(the “**EUR 50m Bond**”)

- Status: 11 November 2015 –

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1. Disclaimer

This report by TEAM Treuhand GmbH (the “**Common Representative**”) is only provided as information for the noteholders (the “**Noteholders**”) of the EUR 50m Bond of 3W Power S.A., Luxembourg (the “**Issuer**”).

Information concerning the operating business, net assets, financial position and results of operations of 3W Power S.A. and its affiliates (together the “**AEG PS Group**”) used in this report in the form of key performance indicators provided has not been examined by the Common Representative for accuracy or completeness. The Common Representative accepts no liability for the accuracy or completeness of this information. Where the report by the Common Representative contains statements on the business outlook or development of individual performance indicators based on implementation of the restructuring measures, the Common Representative accepts no liability for the actual development of such indicators.

The Common Representative’s liability is limited to intent and gross negligence. Liability for gross negligence is limited to an amount ten times his annual consideration.

This report is based on information that is available to all investors or whose disclosure has been approved by the Issuer’s administrative board.

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2. Report by the Common Representative

2.1 Latest operational developments

AEG PS Group's business operations continued to be challenging in the first half of the 2015 business year, as anticipated by the management. The macroeconomic factors including the conflicts in Africa and the Middle East and the fall in oil prices affected orders, especially where projects in the significant business segment Oil & Gas were concerned. Regardless of these external factors, the company's transformation ran well and according to plan. AEG PG Group has implemented measures that have succeeded in reducing fixed operating costs. Additional improvements intended to shape the company's transformation to the benefit of Noteholders and shareholders on a long-term basis have already been launched.

The group's results in the first six months of the 2015 business year

After a comparatively weak start to 2015, business picked up in the second quarter of 2015. It was possible to increase quarter-on-quarter revenue by 19.2% to EUR 45.7 million in the Q2. Revenue in the first six months amounted to EUR 84.1 million. Apart from this, normalised EBITDA with a value of EUR -0.9 million in Q2 came even closer to break-even. Adjusted EBITDA for the first six months came to EUR -4.6 million. One particularly important point is that normalised EBITDA for industry-related business almost reached break-even in Q2. This means that AEG PS Group is coming closer to its aim of improving performance in its future core business. This concentrates on uninterrupted power supply system solutions for industrial and commercial use across important key vertical markets in critical infrastructure.

On 30 June 2015, cash and cash equivalents were stable at EUR 23.4 million. This gives AEG PS the possibility to use part of the money to finance further restructuring efforts which will continue to promote its turnaround. The same applies to the increase in authorised share capital to a total of EUR 1.5 million resolved at the extraordinary shareholders' meeting on 19 May 2015. This has given the group crucial room for manoeuvre to take up selected initiatives that will increase our presence on important markets offering opportunities for further development. If profitable opportunities emerge, AEG PS Group intends to accelerate its ability to generate cash and to reinforce its recovery. These also include investments focusing on customer-oriented activities in sales and service in growth regions in Africa, Asia and North America. On 12 August 2015, the company entered into an agreement with major shareholders to issue a con-

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vertible bond worth EUR 14.0 million to support the growth and development of such new opportunities.

2.2 Amendment of the terms and conditions

The Issuer intends, in order to support its growth and the development of its existing business fields, in particular for investments in the areas sales and service, and in the Issuer's growth markets in Africa, Asia and North America, to issue a convertible bond in the amount of up to EUR 14 million (the "**Convertible Bond**"). The Convertible Bond is to be subordinated, is to have a term of five years and bear annual interest of 5.5%, and is convertible into shares of the Issuer for an initial conversion price of EUR 0.60. The Convertible Bond is therefore intended in particular to be subordinate to all other liabilities, including the liabilities under the notes (the "**Notes**") of the EUR 50m Bond and will only be due after the scheduled redemption of the Notes.

2.2.1 Vote without a meeting

Section 7 of the terms and conditions of the Notes for the EUR 50m Bond (the "**Terms and Conditions**") currently restricts the Issuer's right to enter into other financial indebtedness prior to the complete redemption of the Notes and permits certain exceptions in this respect in clauses (i) to (vi). Up to now, however, these have not included the right to issue a subordinated convertible bond.

The Common Representative had – together with the vote supervisor of the vote without a meeting, notary Dr Christiane Mühe, mandated by the Issuer and with registered office in Frankfurt am Main – already requested the Noteholders to take part in an initial vote without a meeting (published in the Federal Gazette (*Bundesanzeiger*) on 20 August 2015) (the "**Vote without a Meeting**") which was carried out in accordance with Section 11 (c) (ii) of the Terms and Conditions and pursuant to the provisions of Section 18 of the German Debt Securities Act (*Schuldverschreibungsgesetz – SchVG*)).

The subject of the Vote without a Meeting was an amendment of the provision concerning the Issuer's obligations relating to financial indebtedness by amending and supplementing Section 7 of the Terms and Conditions. During the Vote without a Meeting in the voting period from Monday, 7 September 2015 at 0.00 hours (CET) until Wednesday, 9 September 2015 at 24.00 hours (CET) the Noteholders did not adopt any resolutions because the quorum of 50% of the outstanding Notes (Section 18 (4) sentence 2 and Section 15 (3) sentence 1 of

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the German Debt Securities Act) required for adoption of resolutions was not achieved.

Since the Vote without a Meeting was unable to adopt any resolutions, the Common Representative and vote supervisor of the Vote without a Meeting convened a Noteholders' Meeting, which was deemed a second meeting of the Noteholders and was a meeting that had to be attended in person. During this second Noteholders' Meeting a resolution on the amendment and supplement of the provision with respect to the obligations of the Issuer relating to financial indebtedness in Section 7 of the Terms and Conditions was again to take place.

Thus a second Noteholders' Meeting for 5 October 2015 was called on the Issuer's website and in the Federal Gazette on 17 September 2015.

2.2.2 Second Noteholders' Meeting

The second Noteholders' Meeting took place at 11:00 hours on 5 October 2015 at the InterCityHotel Frankfurt Airport in Frankfurt am Main and was chaired by the Common Representative's managing director Dr Thomas Hoffmann. The Noteholders' Meeting lasted about an hour.

a) Attendance

The attendance ratio was 29.92% of the outstanding Notes. Thus the meeting had a quorum in accordance with Section 15 (3) sentence 3 of the German Debt Securities Act. During the Noteholders' Meeting valid votes were cast for 29,916 Notes. This was equivalent to 29.92% of the total principal value of the EUR 50m Bond and 99.98% of the value of the Notes represented in the Noteholders' Meeting.

b) Voting results

The result of the vote was 5 abstentions, 10 "no" votes and 29,906 "yes" votes. This means that approximately 99.96% of the voting holders or holders' representatives voted in favour of the resolution concerning the amendment of the provision on the obligations of the Issuer relating to financial indebtedness.

c) Resolutions of the second Noteholders' Meeting

The Noteholders' Meeting resolved as follows in relation to the amendment of the provision concerning the obligations of the Issuer relating to financial indebtedness:

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Section 7 of the Terms and Conditions is amended and supplemented by the following clause (vii):

<p>(vii) Finanzverbindlichkeiten aus Wandelschuldverschreibungen in Höhe von bis zu EUR 14.000.000 (die „Nachrangigen Verbindlichkeiten“) unter der Voraussetzung, dass diese nachrangigen Verbindlichkeiten im Fall der Auflösung, der Liquidation oder der Insolvenz der Emittentin oder eines Vergleichs oder eines anderen der Abwendung der Insolvenz dienenden Verfahrens der oder gegen die Emittentin den Ansprüchen dritter Gläubiger der Emittentin aus nicht nachrangigen Verbindlichkeiten im Range vollständig nachgehen, sodass Zahlungen (abgesehen von Zinszahlungen) auf die Nachrangigen Verbindlichkeiten solange nicht erfolgen, wie die Ansprüche dieser dritten Gläubiger der Emittentin aus nicht nachrangigen Verbindlichkeiten nicht vollständig befriedigt sind (die „Nachrangregelung“).</p>	<p>(vii) Financial Indebtedness under convertible bonds in an amount of up to EUR 14,000,000 (the “Junior Indebtedness”) under the condition that in the event of the dissolution, liquidation, insolvency or composition proceedings or other proceedings for the avoidance of insolvency of, or against, the Issuer, the obligations under the Junior Indebtedness shall be fully subordinated to the claims of other unsubordinated creditors of the Issuer so that in any such event no amounts (except for interest payments) shall be payable in respect of the Junior Indebtedness until the claims of such other unsubordinated creditors of the Issuer have been satisfied in full (the “Subordination Provision”).</p>
<p>Die Nachrangregelung muss in den Anleihebedingungen der Wandelschuldverschreibungen in Form eines echten Vertrags zugunsten Dritter im Sinne von § 328 Absatz 1 BGB geregelt sein, der nicht ohne die Zustimmung einer qualifizierten Mehrheit der Anleihegläubiger im Sinne von § 5 Absatz 4 Schuldverschreibungsgesetz (SchVG) geändert oder aufgehoben werden kann.</p>	<p>The Subordination Provision must be contained in the terms and conditions of the convertible bonds in form of a contract for the benefit of third parties pursuant to § 328 (1) of the German Civil Code (Bürgerliches Gesetzbuch, BGB), which cannot be amended or cancelled without the approval by the qualified majority of the bondholders of the Senior Bond within the meaning of § 5(4) of the German Debt Security Act (Schuld-</p>

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	<i>verschreibungsgesetz, SchVG).</i>
<i>Zudem muss sich die Emittentin im Wege eines echten Vertrages zugunsten Dritter im Sinne von § 328 Absatz 1 BGB verpflichten ohne die Zustimmung einer qualifizierten Mehrheit der Anleihegläubiger (i) ein Verbot des Ankaufs der Nachrangigen Verbindlichkeiten vorzusehen und nicht aufzuheben, (ii) die Verzinsung der Nachrangigen Verbindlichkeiten nicht auf mehr als 5,5% p.a. zu erhöhen und (iii) die Laufzeit der Nachrangigen Verbindlichkeiten nicht auf weniger als fünf Jahre zu verkürzen.</i>	<i>In addition, the Issuer must undertake by way of a contract for the benefit of third parties pursuant to § 328 (1) of the German Civil Code (Bürgerliches Gesetzbuch, BGB) without the approval by the qualified majority of the Noteholders, (i) to restrict the purchase of Junior Indebtedness and not to cancel such restriction, (ii) not to increase the interest rate for the Junior Indebtedness to more than 5.5% p.a. and (iii) not to reduce the term of the Junior Indebtedness to less than five years.</i>

The Common Representative is authorised to initiate all measures which are required to implement the above amendment of and supplement to Section 7 (vii) of the Terms and Conditions. The Issuer agrees with the proposed amendment and supplement.

d) Announcement

This resolution was published on the Issuer's website and in the electronic version of the Federal Gazette (*elektronische Bundesanzeiger*) on 8 October 2015.

3. Statement of the Common Representative

The Common Representative regards the Issuer's plan to issue a Convertible Bond as not being detrimental from the point of view of the Noteholders and already recommended that the Noteholders agree to the necessary changes to the Terms and Conditions in advance of the second Noteholders' Meeting in a letter addressed to them. This letter is available on the Issuer's website under the heading "Investor Relations/Bond".

As the issue of a Convertible Bond is suited to improving the Issuer's financial strength, it is also indirectly in the interest of the Noteholders. From the point of

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view of the Noteholders it above all has to be taken into account that the Convertible Bond will be subordinated and that it will only be due for redemption after the term of the Notes has ended. Even in a worst case scenario where the Issuer is unable to pay in the future, it is ensured that the Noteholders' rights will not be financially diluted.

Frankfurt am Main, 11 November 2015

TEAM Treuhand GmbH

Dr Thomas Hoffmann
- Managing director -
(*Geschäftsführer*)

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