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Renewable Energy Investment Strategies and Risk Assessment

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Presentation Structure

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CapAsia
A CIMB Standard Joint Venture

Section 1

Introduction

About CapAsia

- Private Equity Infrastructure Fund Manager focused on South East Asia and the non-BRIC countries of Emerging Asia
- Established in 2006 as a JV between CIMB Group and Standard Bank
- US$460 million AuM targeting US$1 billion by mid-2012
  - Three PE funds under management
    - SEASAF: US$147 million focusing on South East Asia
    - IIF: US$500 million target size focusing on Islamic countries of South East, Central and South Asia
    - AIF: US$96 million focusing on investment grade countries of East and South East Asia
  - Launch of US$300 million SEASAF II planned for 3rd qtr 2010
  - A leader in its markets as measured by Assets Under Management and presence
    - The leading mid-market infrastructure PE fund investment manager in South East Asia
    - A leading Islamic infrastructure investment manager in emerging Asia
    - Gradual expansion into South and Central Asia
  - Middle market focus
    - Investment range US$10 - 25 million (SEASAF) and US$25 - 75 million (IIF)
  - Expertise in all core sectors of infrastructure including renewable energy
- 18 international investment professionals scheduled to grow to 20
- Offices in Singapore, Kuala Lumpur, Bangkok and Jakarta

Primary Sector Focus

- Transportation & Logistics
- Energy & Power
- Renewable energy (*wind; hydro; PV solar; biomass; geothermal*)
  - Team members with deep and long-standing experience (> 12 years) in investment in wind, solar, hydro and biomass energy in Europe
  - Main focus
    - wind power and hydro;
    - some biomass;
    - Closely following solar power
  - Ongoing investment review/due diligence of a total of 530 Mw in wind energy in nine parks in Thailand, Philippines, Pakistan and Kazakhstan
- Telecommunications
- Healthcare and Education

Key Determinants for RE Investment Viability

- Country Specific Aspects
  - Macro-Economic and political environment
  - Legal and regulatory framework
  - Sub-sector in country specific context
- Investment Specific Aspects
  - Renewable energy technology
  - Sponsor strength
  - Project characteristics
- Financing

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Section 2

Country Specific Aspects

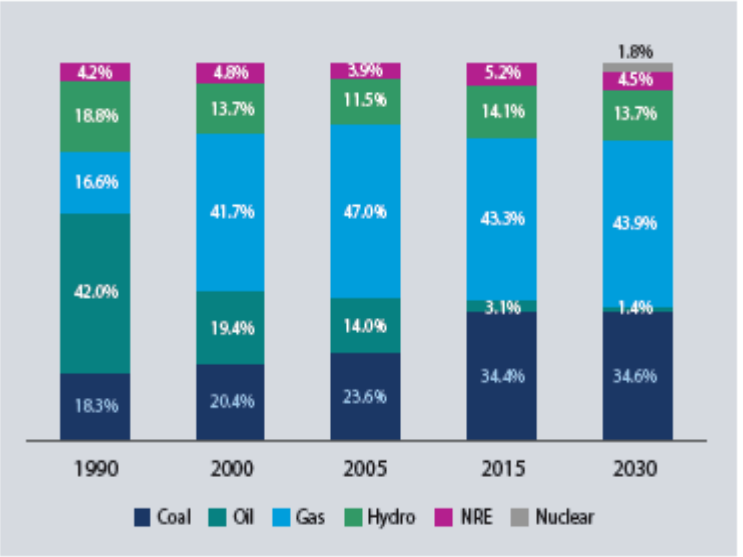
Macro-Economic and Political Environment

- Monetary and fiscal policies
- Strength and sanctity of regulation and legislation
- Political succession
  - Policy grandfathering
- Political Commitment to Renewable Energy
  - Unilateral/discretionary adverse changes in regulatory framework (incl FIT—e.g. Spain)
- Affordability

Political Commitment to Renewable Energy

- Green policies
  - Targets for CO^2 emissions reductions
  - Pricing externalities
  - International treaties & marketing
- Affordability
  - Tax or charge?
    - If tax: budgetary costs of green energy policies
    - If user charge: costs to the end-consumer
- Public Awareness of External Costs of Thermal Energy & NGO pressure
- Energy dependency

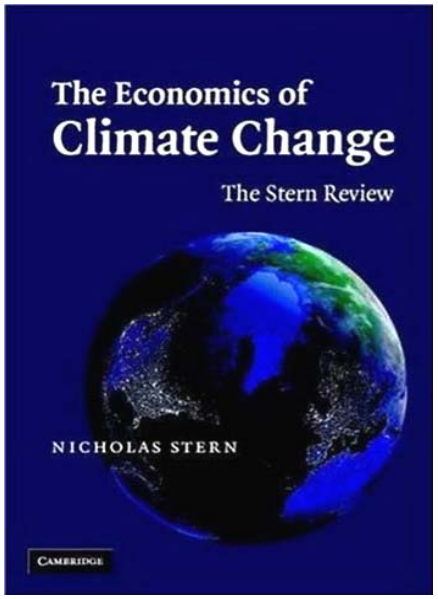
South East Asia Power Generation Mix 1990 - 2030

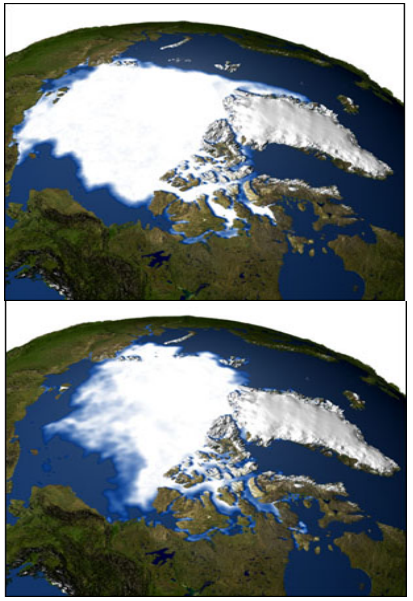


NRE = new and renewable energy.
Source: APERC analysis (2009).

Public Awareness of External Costs of Thermal Energy

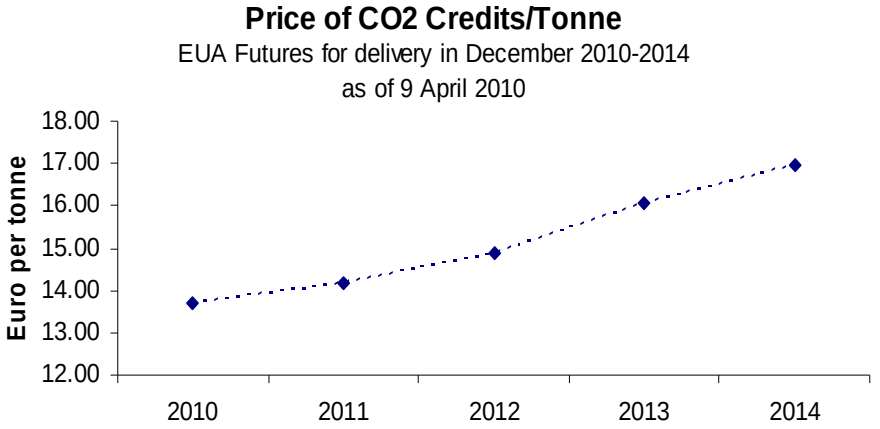
Fostering growing awareness of external costs



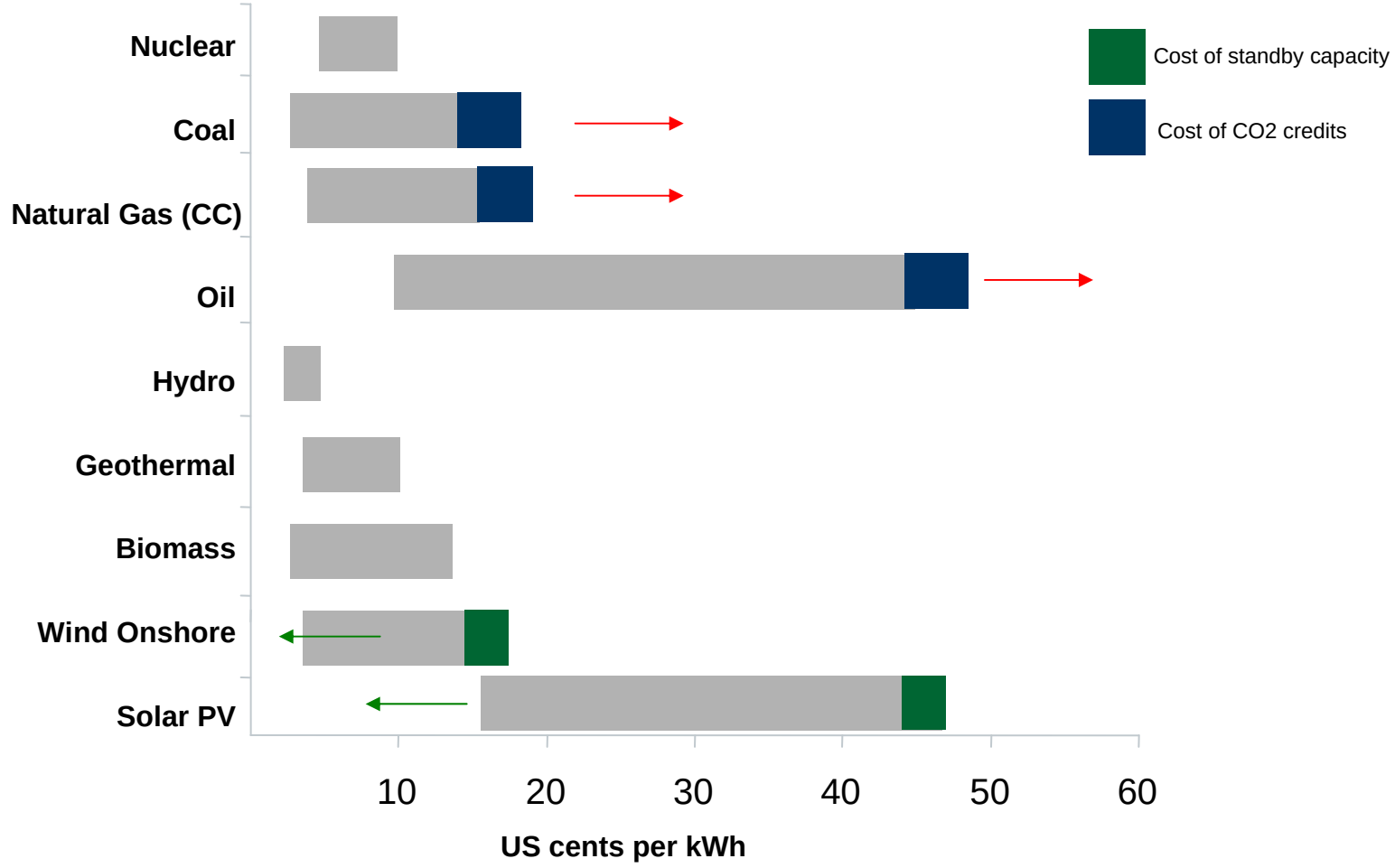


RE Legal and Regulatory Framework

- Conducive for RE investment
  - Mandatory off-take
  - Purchase price guarantees
  - Green bonuses/ adders
  - Preferential access to sites and land titles
  - Grid connection
  - Internalization of CO^2 emission costs
- Supporting long-term financial viability
  - Level and composition of feed-in tariff
  - Green bonus price level and lock-in mechanism
  - Time horizon of applicable price and bonus regimes
  - Tax treatment
  - Counterparty credit
- Predictability
  - Regulator
  - Arbitration
  - Recourse
  - Evidence from practice



Commercial Viability



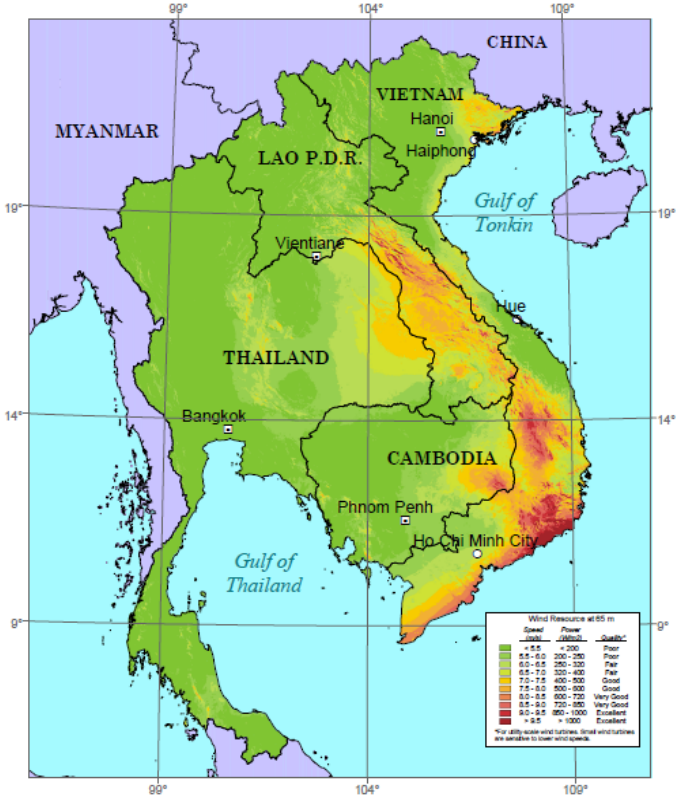
Source: DnB NOR Market Equity Research, September 2009

Renewable Energy Resources

- Quality and quantity
  - Wind
  - Solar
  - Hydro
  - Biomass
  - Geothermal
- Site selection
  - Data availability
  - Grid accessibility
  - Land availability
  - Proximity to demand
- Ease of use
  - Resource use
  - Land titles
  - Zoning regulation
  - Control and permitting

Wind Resources Map

Thailand, Laos, Cambodia, Vietnam



Section 3

Investment Specific Aspects

RE Technology Risks

Risks	Wind	Hydro	Biomass	Solar
Regulatory	Medium	Low	Medium	Medium/High
Technology	Moderate	Low	High	Low
Development	Moderate	Medium	Medium/High	Low
Construction &Completion	Medium	Moderate	Medium/High	Low/Moderate
Resource Availability/Price	Medium	Moderate	High	Moderate
Financing/Capital structure	Medium	Moderate	Medium	Moderate
LT Cost competitiveness	Medium	Low	Medium/High	High
Operations	Moderate	Low	High	Low

Strengths of Sponsor and Management

- Track record and reputation
- Extent of commitment
  - Financial exposure
  - Time horizon
- Capability to navigate regulatory system and effectively handle local parties
- Project and construction management experience
- Operating expertise

Project Characteristics

- Site specifics
  - Renewable energy resource characteristics
  - Size, lay-out and accessibility
  - Land use and title
  - Permits required
- Readiness
  - Permits, consents & agreements
  - Land title and land use rights
  - Equipment supply
  - Feed stock supply
- Financial viability
  - Investment costs
  - Site specific characteristics (e.g. Yield/availability)
  - Risk mitigation
  - Robustness capital structure
- Technical viability
  - Depth and quality of analytical data
  - Technology and equipment
  - Contractor/supplier reputation and credentials
  - Technical and feasibility studies
  - Operating expertise

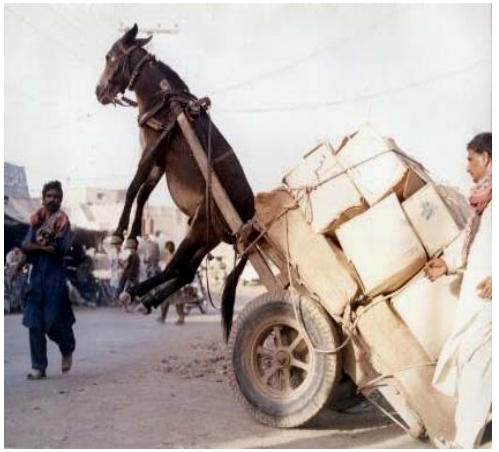
Section 4

Financing, Capital Structure, Exit

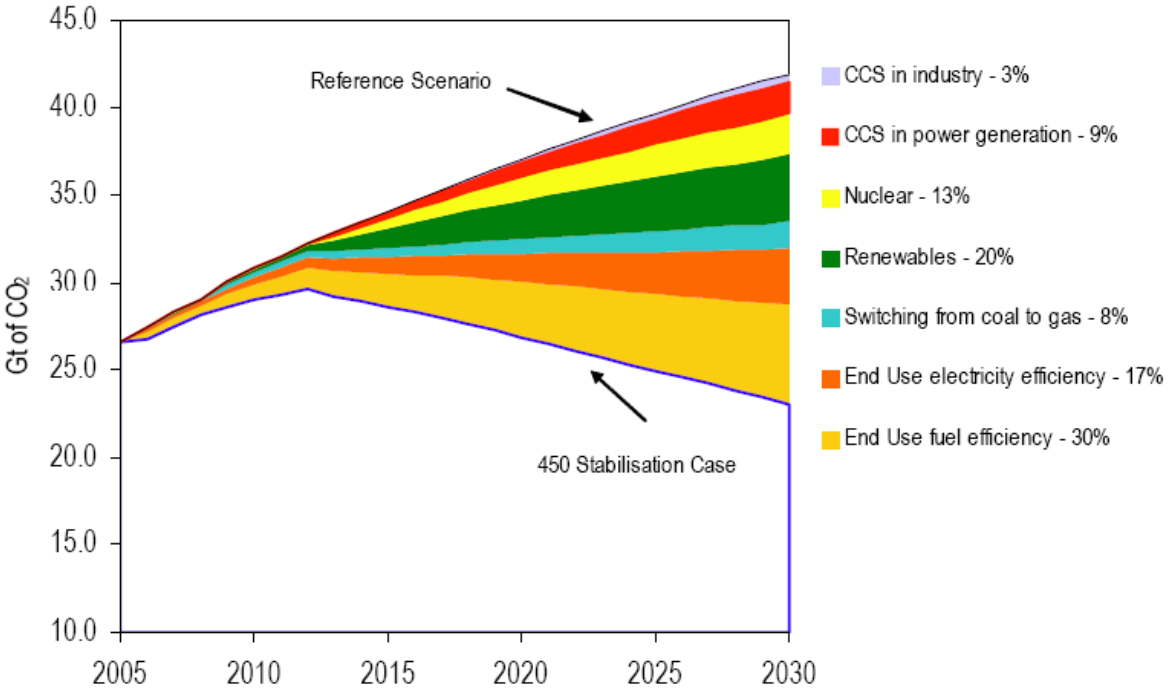
Financing

- Overall Costs (USD mln/MW installed capacity)
- Equity Premium (USD/MW)
- Capital Structure
  - Robustness relative to specific RE technology
  - Stability
  - Leverage
- Senior Debt
  - Tenor
  - Currency
  - Terms and Conditions
  - Working Capital

Avoid Excessive Leverage



Finally: A Word of Caution



- Renewable energy contributes only 20% to meeting CO2 reduction targets
- Energy efficiency could help reduce CO2 emissions by up to 50%
- Nuclear regaining respectability (13%)

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