



ASX RELEASE

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INFIGEN ANNOUNCES SALE OF US WIND BUSINESS

Infigen Energy (ASX: IFN) announces that it has agreed to sell its US wind business to Primary Wind Power, LLC, a newly-formed portfolio company affiliated with ArcLight Capital Partners, LLC, for approximately US\$272.5 million. The transaction is the result of a competitive sale process conducted by UBS Investment Bank on behalf of Infigen.

Completion of the transaction is subject to various closing conditions including Infigen obtaining consent to the disposal from its Global Facility lenders, receipt of relevant US regulatory approvals and certain other third party consents and approvals being obtained. The transaction is expected to close by October 2015.

STRATEGIC RATIONALE

Infigen's US wind business comprises Class B equity interests in 18 US wind farms with a total installed capacity of approximately 1,557 MW, of which Infigen's Class B equity interests comprise 1,089 MW on an economic interest basis. In addition, Infigen has an investment in Class A cash flow interests in relation to 9 of those wind farms and owns a US based asset management business.

A sale of the US wind business will realise the value of future economic benefits associated with Infigen's Class B interests, which otherwise would not accrue to Infigen in a meaningful way until the end of the decade. Infigen will use the proceeds of sale to reduce its Global Facility debt and thereby place Infigen's retained Australian business on a stronger financial footing.

Infigen's Managing Director, Miles George, said, "Infigen has been assessing various options to improve the capital structure of our business and unlock securityholder value for quite some time. The sale of our US wind business is consistent with that strategic objective, represents fair value for securityholders having regard to the cash flow profile of the US assets and is a significant milestone on the path to improving the future prospects for Infigen and its securityholders."

"The outlook for our remaining Australian business is positive following the recent passage of the amended renewable energy target legislation in Australia that provides policy certainty. The amended target requires a near doubling of large-scale renewable energy capacity in the next five years, creating opportunities for profitable growth in the industry," he said.

Further information on the anticipated effect of the transaction on Infigen's financial statements is included in Appendix A.



APPLICATION OF SALE PROCEEDS

The sale proceeds from the Class B interests will be applied approximately as follows:

- US\$24.2 million will be used to close out interest rate derivative liabilities
- US\$10.7 million will be used to pay transaction costs
- US\$186.3 million will be used to repay approximately 25% of the debt outstanding under Infigen's Global Facility.

US\$10 million will be held in escrow pending the resolution of certain specific operational matters, with the net funds released from escrow also to be used to repay debt outstanding under Infigen's Global Facility if and when successfully resolved.

The net proceeds from the sale of the Class A interests of approximately US\$40.5 million (after US\$0.8 million of transaction costs) will be added to the cash that Infigen holds in entities outside the Global Facility borrower group. Infigen currently intends to apply a portion of those proceeds towards contributing to future Global Facility leverage ratio covenant compliance, if and when appropriate. This should assist with enabling an orderly refinancing of the Global Facility when operating and market conditions permit.

Infigen will provide further information regarding the financial implications of the sale upon completion of the transaction.

FINANCIAL EFFECT

Following the signing of the sale agreements, Infigen has reclassified its US operations as a discontinued operation 'held for sale', and has written down the book value of its US wind business by approximately US\$225 million to reflect fair value less the cost of selling the assets. The written down value resulting from the transaction is attributable to a number of factors, including:

- the lack of meaningful near term cash flow for the Class B interests results in debt financing being difficult for a new owner to secure
- bidders adopting less favourable operating assumptions in relation to production and long term merchant electricity and renewable energy certificate prices than those used by Infigen
- bidders adopting their own views in relation to long term operating costs, having regard to the expiration profile of existing service and maintenance contracts.

Less favourable operating assumptions have a cumulative effect on valuation by both reducing the amount of cash flow received and pushing out the date that the majority of future cash flows accrue to Class B members. This is a consequence of the US Institutional Equity Partnership structure and agreements, particularly the fixed return entitlement of the Class A members. The greater certainty of cash flows associated with the US Class A interests means that lower discount rates are applied when valuing those cash flows.

The sale will result in Infigen's US based employees becoming employees of the purchaser. Infigen will also assess its broader organisational requirements following completion of the transaction. The sale is not expected to have any effect on the 'business as usual' operational requirements of the Australian business.



OUTLOOK

In Australia, Large-scale Generation Certificate (LGC) prices have recovered strongly over the last six months and now trade at over \$50/LGC. Each \$1 increase in bundled merchant prices adds approximately \$1 million to Infigen's Australian operating EBITDA. Infigen has been offering long term LGC offtake contracts from its Australian operating merchant assets to liable parties under the RET legislation at prices well below the effective LGC penalty price.

Mr George said, "It is Infigen's goal to improve the value and certainty of the cash flows within its portfolio to provide an avenue for Infigen to refinance its Global Facility."

UBS Investment Bank is exclusive financial adviser and Skadden, Arps, Slate, Meagher & Flom LLP is legal counsel for Infigen on the US wind business sale transaction.

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APPENDIX A – EFFECT OF TRANSACTION ON INFIGEN’S FINANCIAL STATEMENTS

	Consolidated Basis	Economic Interest Basis
Effect of sale on consolidated total assets	Total consolidated assets fall by 57% from \$2,618 million to \$1,123 million.	Total consolidated assets fall by 34% from \$1,777 million to \$1,165 million.
Effect of sale on consolidated total equity interests	Total equity interests (inclusive of minority interests) fall by 24% from \$462 million to \$351 million.	Total equity interests (exclusive of minority interests) fall by 26% from \$462 million to \$343 million.
Effect of sale on consolidated annual profit before tax and extraordinary items (excluding unallocated costs)	Annual profit before tax and non-recurring items decreases by 33% when the FY14 profit associated with the US wind business of \$29 million is excluded.	Annual profit before tax and non-recurring items decreases by 39% when the FY14 profit associated with the US wind business of \$34.4 million is excluded.
Effect of sale on consolidated annual revenue	Annual revenue falls by 47% from \$273 million to \$145 million.	Annual revenue falls by 52% from \$303 million to \$145 million.

For consolidated total assets and consolidated total equity interests the comparisons contained in the table above are based on Infigen’s balance sheet as at 31 December 2014. For consolidated annual revenue and consolidated annual profit before tax and extraordinary items, the comparisons contained in the table above are based on the financial year ended 30 June 2014. The financial measures in the table above have been compiled after removing the financial impact of the US solar development business that Infigen announced it had agreed to sell on 26 June 2015.

About Infigen Energy

Infigen Energy is a specialist renewable energy business. We have interests in 24 wind farms across Australia and the United States. With a total installed capacity in excess of 1,600MW (on an equity interest basis), we currently generate enough renewable energy per year to power over half a million households.

As a fully integrated renewable energy business in Australia, we develop, build, own and operate energy generation assets and directly manage the sale of the electricity that we produce to a range of customers in the wholesale market.

Infigen Energy trades on the Australian Securities Exchange under the code IFN.

For further information please visit our website: www.infigenenergy.com