# Business and Strategy Update

27 April 2010

# Contents

- Retention of US Business
- Outcome of German and French Asset Sale Processes
- Focus on Growth in Australia
- Distribution Guidance and Policy

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# Retention of the US Business

**Retention of the US business is clearly in the long term interest of securityholders**

- Largest independent portfolio of quality wind energy assets
- Direct operational control strategy to increase availability, earnings and value from existing assets
- Growth in highly capable Bluarc asset management business will enhance value

**Factors expected to improve in the future**

- Receding El Niño weather pattern
- Recovery in currently low energy prices
- Further positive legislative developments for renewable energy

**Capital release at final bid prices would not materially accelerate Australian strategy**

**Rapid pay down of debt and tax equity will result in a very conservatively geared US business**

- Other than organic growth of the Bluarc business, IFN has no plans for further growth in the US

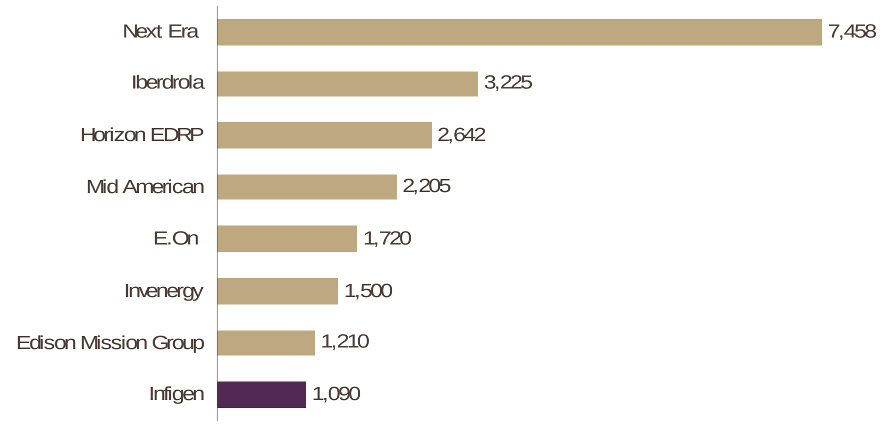
**Medium-term re-leverage potential**

- Significant remaining PPA tenor
- Significant remaining asset life

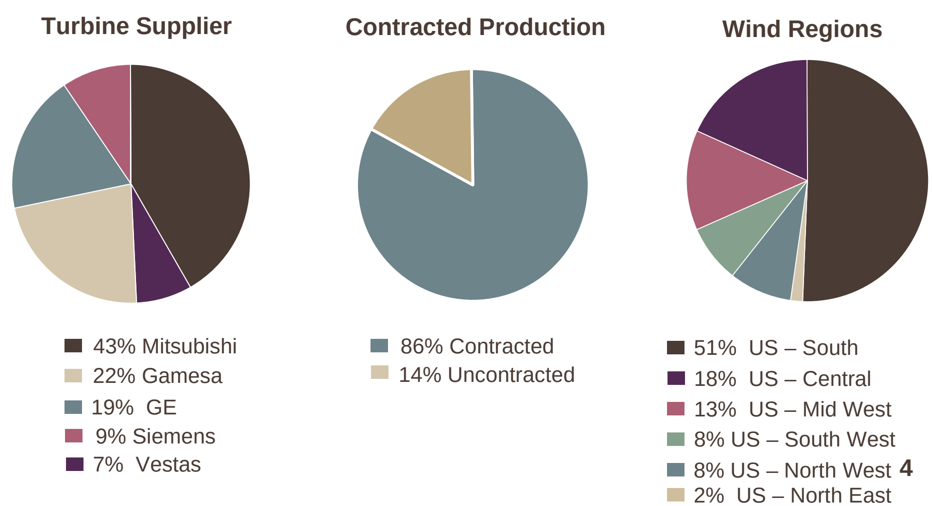
# Retention of the US Business

- Largest Independent US portfolio
- 86% contracted with attractive off-take agreements of approximately 15 years average duration
- Diversified across energy markets, wind regimes, off-takers, and turbine suppliers
- High capacity factors with average of 37%
- Highly experienced Bluarc asset management team

**US – Top eight wind farm owners by installed capacity (MW)[1]**



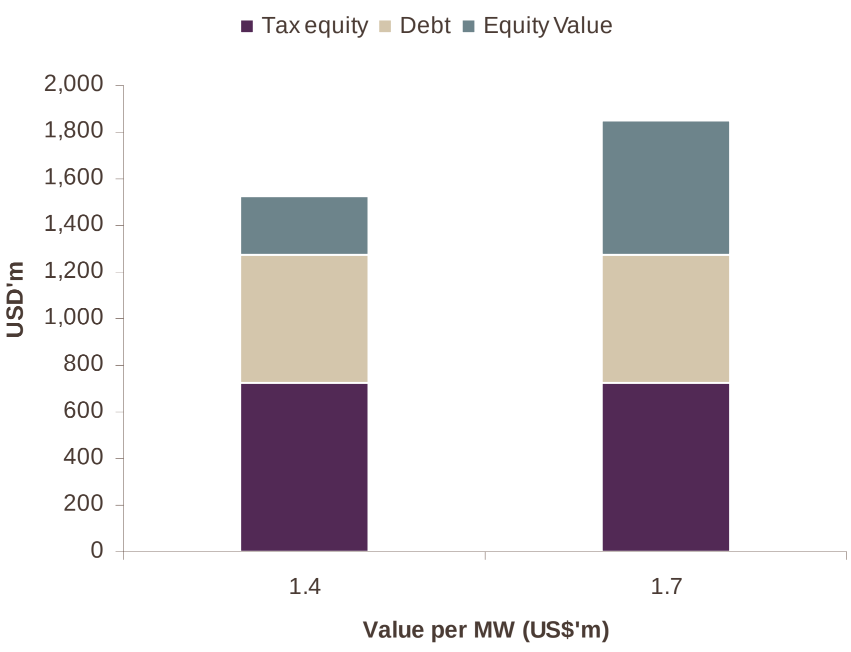

**Infigen's US Portfolio – Well diversified[2], highly contracted cash flows**




1. American Wind Energy Association: 2009 Annual Report
2. Diversification by GWh pa

# Retention of the US Business

**Enterprise Value (US$'m)**




- **Strong underlying cash flow**
  - EBITDA + PTCs = US$170m per annum average in 2008/9
  - Future production underpinned by direct operational control strategy
  - Future pricing underpinned by average 15 year off-take agreements
- **US$1.2 billion of funding**
  - Tax equity cost of approx. 7.0%
  - Global Facility debt cost of approx. 6.5%
  - 50% reduction in these funding balances expected by 2015
- **Capital not required to grow Bluarc business**
- **Significant upside/residual equity value**

# Outcome of German and French Sale Processes

## Retention of German Assets

- Long term interests of securityholders to retain these assets exceed benefits of sale now
- Achievable prices subdued given state of European economies and capital markets
- Management resource requirement for continued retention is minimal

## Sale of French Assets

- Price of €71.3m with net cash release of €10m ($14.7m)
- Estimated accounting loss of approximately €2.9 million before transaction-related costs[1]

1. Estimated costs are €4.7 million associated with cancelling interest rate swaps and advisory costs

# Focus on Growth in Australia

**1 High Growth Market**

- LRET amendments to drive strong demand for utility scale renewable energy
- Major re-rating of REC prices underway
- Wind energy to dominate new build, in line with current US & EU experience
- Most liable parties are short RECs and dependent on third party supply

**2 Leading Industry Position**

- Leading specialist renewable energy developer, owner and operator
- Four major wind farms completed since 2005
- Proven development, construction, and operational expertise
- High quality development pipeline for execution

**3 Delivering Profitable Growth**

- Circa $170m of uncommitted cash to support build program for FY10/11
- Construction phase debt availability facilitated by LRET amendments
- Direct access to contract customers enabled via energy markets capability
- Improved operational performance facilitated by direct control strategy

# Focus on Growth in Australia

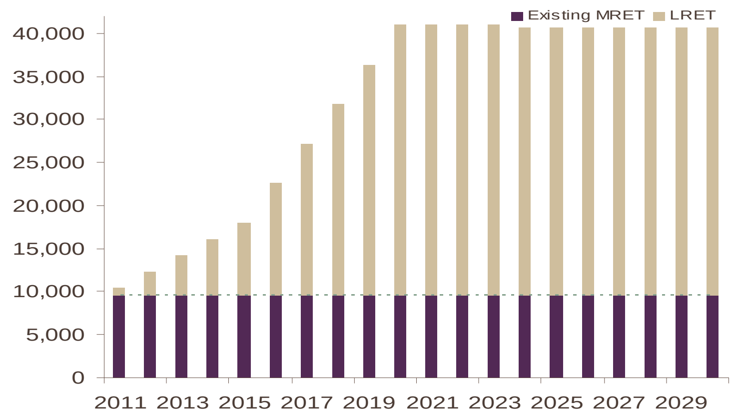
## 1 High Growth Market

- Over 8,000MW[2] of additional installed wind capacity expected to meet Federal Government's LRET target
  - LRET quarantines a large utility-scale target
  - Expect legislation to pass in May/June 2010
  - Wind energy expected to account for around 70% of mandated generation capacity

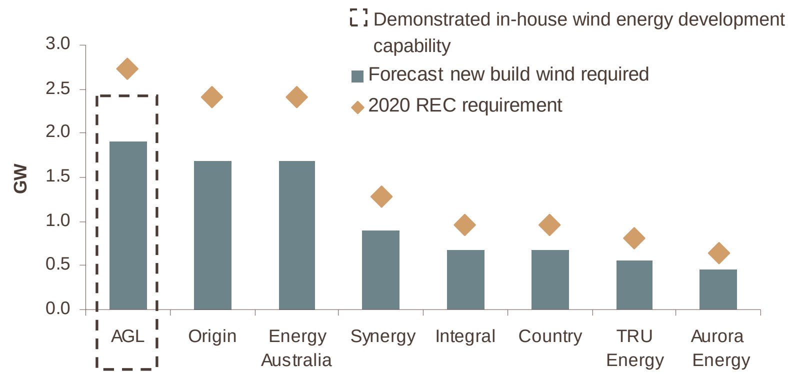
- Major re-rating of REC prices is underway
  - Spot prices over $45
  - Forward prices mid $50

- Limited in-house capacity of REC liable parties to deliver their mandated requirements
  - Around 80% of mandated requirements expected to be supplied by third parties
  - Expect contract market to revive following LRET passage and removal of REC oversupply

**Demand for Renewable Energy in Australia[1]**




**REC Obligation by Electricity Retailer (GW)[2]**



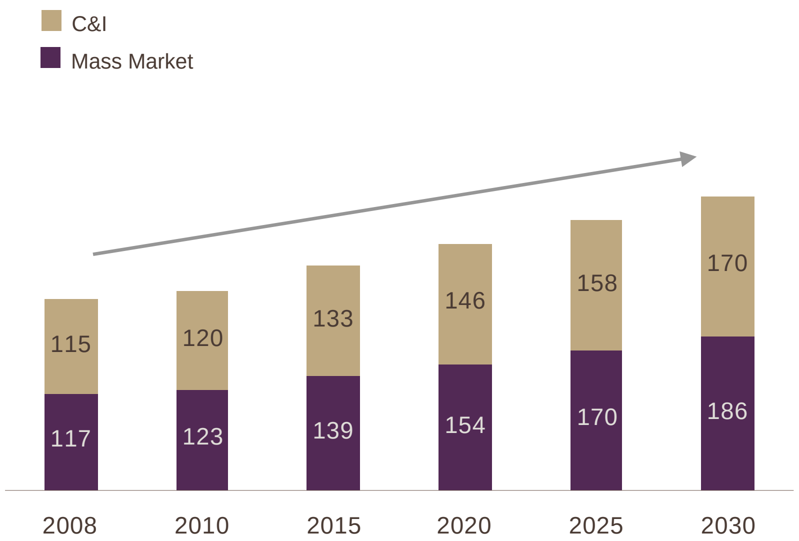

1. Enhanced RET Fact Sheet, Australian Govt February 2010
2. Emerging Energy Research: Australian Wind rebounds October 2009

# Focus on Growth in Australia

## 1 High Growth Market

- Continuing growth in electricity demand driven by robust Australian economic growth
- Significant demand for carbon free electricity supply contracts to industrial, commercial and government customers, driven by anticipation of a price on carbon
- Strong growth in forecast wholesale electricity prices driven largely by rising fuel input costs for coal and gas fired electricity generation and imputed carbon price

**Commercial & Industrial Electricity Customers (TWh) [1]**



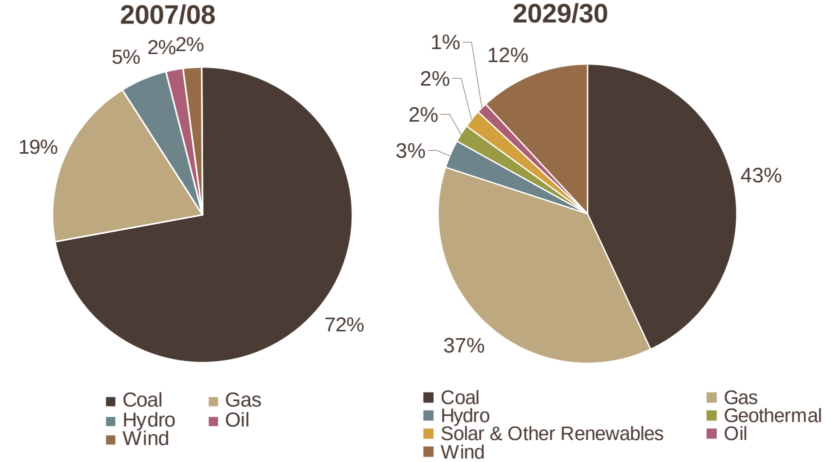

1 Source: ESSA Fact Sheet and ABARE Australian Energy National and State Projections to 2029-30

# Focus on Growth in Australia

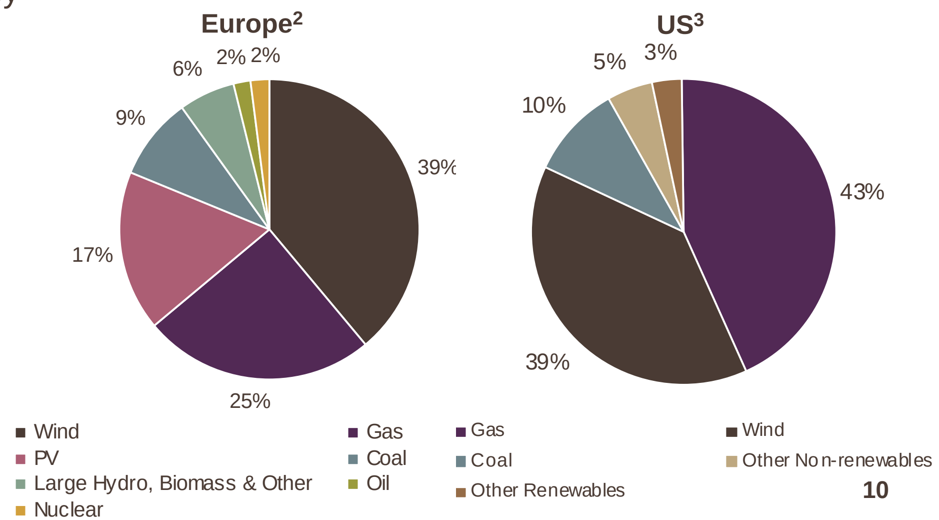
## 1 High Growth Market

- Wind energy to dominate new build in line with US and EU experience
- Wind energy accounted for around 40% of all forms of new build generation capacity added in the US and EU in 2009
- Australian new build electricity generation capacity will be dominated by wind energy and gas fired generation over the next ten years
- Penetration of wind energy is expected to grow by a factor of over five times to 12% by 2020[1]

### Australian Generation by Fuel Type - Present & Forecast




### 2009 New Build Energy Installations




1. Australian Energy Projections to 2029/2030: ABARE Research Report March 2010
2. European Wind Energy Association: 2009 Industry Statistics
3 American Wind Energy Association: 2009 Annual report (% approximate)

# Focus on Growth in Australia

## 2 Leading Industry Position

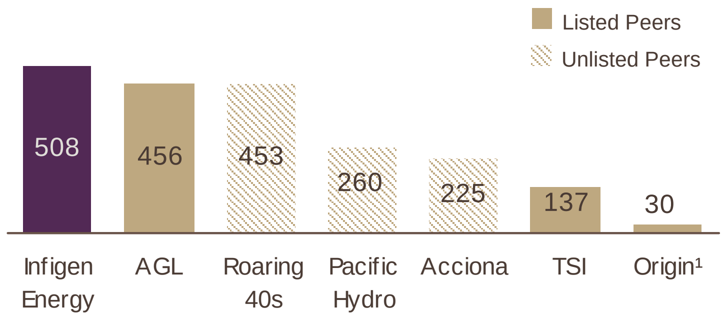
- Australia's leading specialist renewable energy developer, owner and operator

- Proven expertise across the value chain
  - Proven development team
  - Strong track record of successful delivery – four major Australian projects completed on-time and within budget since 2005
  - Proven operational performance with direct control strategy upside
  - Proven energy markets expertise

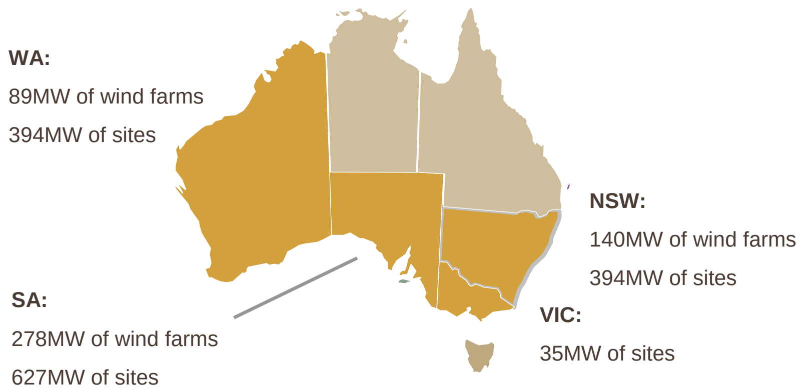
- High quality development opportunities
  - Large well diversified development pipeline
  - Expected high teens equity returns

1. Excludes contracted capacity

### Australian Wind Farm Owners (operating MW)




### Key Development Projects



# Focus on Growth in Australia

## 3 Delivering Profitable Growth

### Funding support available for FY11 build program

- Circa $170m of presently uncommitted cash supports anticipated build program for FY10 and FY11
  - Around 160MW of development projects identified to commence construction in FY10 and FY11
  - 42MW of turbines already purchased
- Construction phase debt availability facilitated by LRET amendments
- Direct access to customers enabled via energy markets capability
- Strong demand for carbon free electricity expected following passage of emissions legislation in any form

| Key Projects Feb 2010 | Capacity (MW) | Location | Status | | |
|---|---|---|---|---|---|
| | | | Land | Planning Approval | Connection |
| Woodlawn | 42 | NSW | | | |
| Flyers Creek | 120 | NSW | | | |
| Glen Innes | 54 | NSW | | | |
| Bodangora | 45 | NSW | | | |
| Walkaway 2 | 94 | WA | | | |
| Walkaway 3 | 300 | WA | | | |
| Woakwine | 450 | SA | | | |
| Lincoln Gap | 177 | SA | | | |
| Cherry Tree | 35 | VIC | | | |
| Other | c.400 | Various | | | |
| **Total** | **1,717** | | | | |

# Focus on Growth in Australia

## Leading Position in High Growth Market to Deliver Profitable Growth

### High Growth Market

- ✓ Australian renewable energy market mandated to grow
- ✓ Major re-rating of REC and electricity prices underway
- ✓ Wind energy expected to dominate new build generation with fivefold increase in capacity expected to 2020
- ✓ Most liable parties are short RECs and dependent on third party contracts to meet mandated requirements

### Leading Australian Position

- ✓ Australia's leading specialist renewable energy developer, owner and operator
- ✓ Four major wind farms completed on-time and within budget since 2005
- ✓ Proven development, construction, operation and energy markets expertise
- ✓ High quality development pipeline ready for staged execution

### Delivering Profitable Growth

- ✓ Near-term funding capacity for new project requirements in FY10 & FY11
- ✓ Availability of construction phase debt facilitated by LRET amendments
- ✓ Direct access to contract customers enabled via energy markets capability
- ✓ Improved operational performance facilitated by direct control strategy

# Distribution Guidance and Policy

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**FY10 Distribution Guidance**

- Expected full year FY10 distribution of 2.0 cents per security
- Expected to be fully tax deferred
- Paid on or about 16 September 2010
- Record Date for entitlement will be Wednesday, 30 June 2010

**Distribution Policy**

- Appropriate for a specialist renewable energy business focused on organic growth opportunities
- Future full year distributions expected to be least 2.0 cents per security
- Targeting a payout ratio of 35-50% of medium-term underlying net profit

**Distribution Reinvestment Plan to be reinstated for FY10 distribution**

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