

28 Sept 2009

**Greenko Group plc
("Greenko" or the "Company")**

**Proposed subscription of \$46 million by Global Environment
Emerging Markets Fund III L.P. ("GEEMF")**

The Board of Greenko has today announced the conditional subscription of \$46 million by Global Environment Emerging Markets Fund III L.P. ("GEF"), a major clean energy investor based in the United States.

Key highlights:

- The funds will be used to accelerate the momentum in Greenko's target of becoming the largest generator of renewable energy in India.
- GEF is a long-established investor in the Clean Technology sector and has over \$1 bn under management. The investment is a reflection of their confidence in Greenko and the Indian renewable energy opportunity.
- The investment will allow the development of Greenko's strategy to augment its current portfolio of small projects with medium sized hydro in the 25 to 100 MW scale.
- The preference shares being issued are, in certain circumstances, convertible into approximately 29.99% of the enlarged share capital of Greenko at an effective price of 98p – a 34% premium over the closing price last Friday.
- With this financing and with projects such as Sikkim (announced today) Greenko believes it is on its way to achieving 1,000 MW of controlled capacity by 31 March 2015.

Anil Chalamalasetty, Chief Executive of Greenko, commented :

"We are delighted to receive funding from Global Environmental Fund which shows confidence in Greenko's business model and its long term ambition to be a leading clean energy player in the fast growing Indian economy and energy markets. We believe GEF's experience in investing in clean energy projects, particularly in hydro assets, in other emerging economies will be a good value addition to the platform."

H. Jeffrey Leonard, President & Chief Executive Officer and Founding Partner of GEF, commented:

"GEF is pleased to enter into a long term partnership with Greenko, a leading and scaled renewable energy platform in India with a robust pipeline of expansion opportunities. Consistent with GEF's investment strategy, Greenko represents a proven management team that should help meet India's need for sustainable sources of power in the future."

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**Proposed subscription of \$46 million by Global Environment
Emerging Markets Fund III L.P.**

The Board of Greenko is pleased to announce that it has conditionally agreed with GEF that its fund, GEEMF, will through a wholly owned subsidiary invest \$46 million in Greenko Mauritius ("GM"), the immediate subsidiary of Greenko in the form of redeemable preference shares ("Preference Shares"). GEEMF is a limited partnership private equity fund which specialises in clean energy and environmental services in the emerging markets. GEF has over 20 years of experience in these markets. The subscription proceeds will be used to develop Greenko's business beyond its initial target of 400MW by 2012 and will allow the next stage of Greenko's strategy to be executed so as to achieve the next stage of growth to 1,000MW of secured generating capacity by the end of its financial year 2014/5.

The Board of Greenko is delighted to have attracted a strategic investor of GEF's stature to help develop its business and achieve its aim to become India's largest clean energy developer and operator. A circular with the notice of AGM will shortly be sent to shareholders outlining the terms of the subscription by GEEMF and seeking certain shareholder consents.

Background

Since its flotation in 2007, Greenko has focussed on developing its pipeline of small biomass and hydro schemes and in completing the commissioning of its first set of hydro projects AMR and Rithwick (which have a combined generating capacity of 49.5 MW). AMR is now generating power and supplying to the grid and Rithwick has commenced generation and intends to supply the direct and merchant markets. Sonna, a 10.5 MW scheme will commence operations in the final quarter of 2009. At the same time the Group is constructing some 150MW of new projects which it expects to commence operations in the next 2 to 3 years. The Board believes it now needs to

develop beyond its smaller power plants to take advantage of the market opportunities currently available and is targeting hydro plants in the 25MW to 100 MW range to enable Greenko to move from a target of secured capacity of 400 MW to 1,000 MW by the end of its 2014/5 financial year. The Group's strategy is set out in more detail in the Preliminary announcement of results for the year ended 31 March 2009 which has been announced today. The acquisition of the 96 MW hydro project in Sikkim, which was also announced today, is the first evidence of this new strategy.

GEF

GEF is a Chevy Chase, Maryland-based private equity firm founded in 1990 investing in emerging markets, clean technology, energy efficiency, and timberland in emerging markets. The firm manages over US\$1 billion in private equity investments for institutional investors, including university endowments, foundations, fund-of funds, family offices, pension funds, and international finance institutions. GEF was recently selected as the winner of the Financial Times Sustainable Investor of the Year award. For more information, please visit www.globalenvironmentfund.com.

Terms of the subscription of Preference Shares

GEEMF will, pursuant to the terms of a subscription and shareholders agreement dated 28 September 2009 (the "SSA"), subscribe \$46.26 million for the issue of 36,728,219 Preference Shares in Greenko Mauritius which is the 100 % owner of Greenko Energies Private Limited ("GEPL") which in turn is, subject to a minor re-organisation, the holding company for all of Greenko's power schemes in India. The subscription is conditional on, *inter alia*, the passing of certain resolutions at the Company's forthcoming AGM. The Preference Shares are redeemable in the event of a sale or listing of GEPL but do not provide for interest payments or any right to a fixed dividend.

GEEMF has the option to swap its Preference Shares for 29,124,371 Greenko ordinary shares ("Ordinary Shares") pursuant to a put option deed poll (the "Put Option") that will be entered into immediately following the conclusion of the AGM. 29,124,371 Ordinary Shares equal 29.99 per cent. of the Company's enlarged issued share capital (assuming no further Ordinary Shares are issued before the Put Option is exercised). The Put Option is exercisable from 1 January 2013 (or earlier if certain trigger events occur) until the earlier of 30 June 2017 or, *inter alia*, a sale or listing of GEPL. Instead of receiving the 29,124,371 Ordinary Shares GEEMF can elect to receive such number of Ordinary Shares that: (i) from 1 January 2014 to 30 June 2014 equals a 16 per cent. return on GEEMF's investment as at the date of exercise; and (ii) from 1 July 2014 to the end of the option period equals the 16 per cent. return on GEEMF's US\$46m investment as at 30 June 2014.

If the Preference Shares were swapped at the current market price (assuming a dollar exchange rate of approximately \$1.6 to £1) the effective conversion price would be 98p. Depending on the prevailing market price of the Ordinary Shares, the exercise by GEEMF of its rights under the Put Option may result in GEEMF receiving a value exceeding 29.99% of the enlarged issued share capital. In these circumstances the Company will issue Ordinary Shares equal to 29.99% of the enlarged issued share capital of the Company and pay the balance in cash.

Under the terms of the SSA, GEEMF (as long as they hold 20 per cent of the issued share capital of GM) are entitled to appoint two directors to the five man GM board. Similarly GEEMF has rights in relation to, inter alia, the following Greenko Mauritius - related matters: changes in the activities of GM and its subsidiaries, capital raising, borrowing limits, change of the auditors, payment of distributions (outside an agreed limit) and the removal of the directors (other than for breach of their service agreements). GEEMF also has certain information rights (for example the right to receive management accounts).

Full details of the SSA and the Put Option which will be set out in the Circular which will be sent to shareholders shortly.

AGM

A circular will be sent to shareholders giving full details of the subscription and the rights attaching to the Preference Shares. Certain resolutions will be proposed at the AGM to implement GEEMF's subscription due to the need to amend the articles of association of Greenko and to allow for the allotment of Ordinary Shares arising on exercise of the Put Option.

Recommendation

The Directors believe that the subscription of Preference Shares is in the best interests of shareholders and recommend that you vote in favour of the resolutions as they intend to do in respect of their shareholdings which total 8,422,000 Ordinary Shares (approximately 12.39 per cent. of the existing ordinary share capital in the Company). Furthermore, Aloe Private Equity, the largest shareholder and seed investor in the Company, has confirmed to the Board that it is their intention to vote in favour of the resolutions in respect of their funds' holdings of 21,314,980 Ordinary Shares (representing 31.35 per cent. of the existing ordinary share capital in the Company).