

**28 September 2009**

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

**Acquisition of 96MW Hydro project in Sikkim**

The Board of Greenko are pleased to announce that they have reached an agreement with a group of investors to acquire the licence for a 96MW run of the river hydro project at Dikchu in the province of Sikkim, North East India. The Directors of Greenko ("the Directors") estimate that the project will cost approximately €105 million to build and will take 4 years to complete. Greenko is paying a small premium to acquire the license which reflects the 5 years of work that has been spent by the vendors in obtaining the necessary economic, technical and environmental approvals or clearances. The Directors expect that Greenko will obtain debt to fund 70% of the project cost within 3 to 6 months. Initial payments will be made in the next two months to acquire the assets of the project including the land that has been acquired to date and infrastructure works that are currently being carried out.

Sikkim has significant hydro potential (estimated at 5GW) due to its proximity to the Himalayas. A recently commissioned scheme Teesta V with 510 MW capacity and two other projects which are under construction with capacities of 500 MW and 1200 MW, are in close proximity to the Dikchu site. This activity provides good local project development resources such as skilled/semi-skilled manpower, contractors and suppliers. Grid and other infrastructure is being developed at the current time to manage approximately 2,700 MW under development in the Teesta river area.

With regard to the scheme, it benefits from an unusually high PLF due to the catchment area for rainfall and the glacial meltwater-fed streams. This is expected to exceed 50 per cent. Good relations are enjoyed with government departments and the project design is considered relatively uncomplicated by the civil engineers involved. This has been validated by an independent report.

The project is based on water moving through a 300 metre long pressure shaft / tunnel due to a 350 metre rated head. This will drive 3 generators each with 32MW capacity. A barrier will be erected to divert water, prior to passing through the pressure shaft, which is 116 metres long and 36 metres in height above the riverbed. The scheme is expected to be financed as to 70 per cent. by a 10 year amortising loan which the vendors are in the process of negotiating. Although the Directors do not intend at the current time to enter into a long-term PPA with a State Electricity Board, the Directors expect to achieve an IRR of approximately 20 per cent. based on current long term tariffs available from the State Electricity Board.

This project is a first step in Greenko's new strategy to boost its portfolio of small hydro and biomass plants by the addition of medium scale (25-100 MW) hydro projects. This will allow the Company to adopt a more flexible sales strategy balanced between the security of long-term PPA's with local SEB's and the better prices available in the merchant market. Greenko's aim is to secure 1 GW of operating capacity by the end of the financial year ending 31 March 2015.

**Anil Chalamalasetty, CEO of Greenko, commenting on the announcement, said:**

'The 96MW hydro project acquisition in Sikkim forms a key step in our strategic vision of developing and owning over 1000 MW's of clean energy assets The project

is in advanced stage of development with necessary permits in place and land acquired in a region of proven hydrological data. The project adds scale to the portfolio combined with key characteristics of Greenko assets i.e attractive returns, sustainable asset class, shorter implementation period and with the ability to trade power in un-regulated premium power markets

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