

6 September 2010

Greenko Group PLC
("Greenko" or "The Group")
Diversification into wind energy - 200MW initial target
Technology partnership with GE
Power Purchasing Agreement in place

Greenko (GKO), the Indian clean energy developer, owner and operator, is pleased to announce the start of its implementation of wind energy development in India. Wind power is an important part of the Group's future plans to create a balanced portfolio of clean energy producing assets, and to achieve 1 GW of operating capacity by the end of the 2014 financial year. Therefore it has set a short-term target of 200 MW of wind generating assets. The portfolio will grow from 611MW to 811MW of capacity (both operational and in development)

Greenko has spent the last two years undertaking a wind data collection, technological and financial review in the wind energy market and has started constructing 65 MW in the state of Maharashtra, which will be operational at the start of Q2 of the financial year 2011. Additionally, it has started collecting data at numerous other sites, and is at various stages of development in other states such as Karnataka, Rajasthan and Andhra Pradesh.

The Group has signed a Power Purchasing Agreement ("PPA") at an attractive tariff with Reliance Infrastructure, the largest power distributor company for the city of Mumbai. Under this 13 year agreement, Greenko will supply 200 MW of wind power at a current tariff of R5.07 per KWH. This will be subject to adjustments on first delivery in 2011 and thereafter fixed. The Group has two years to achieve this output target. This provides a firm basis for the financing of the first leg of Greenko's wind strategy, which is expected to be at least 75 per cent leveraged.

The Group has also signed a technology partnership with GE for their latest XLE class turbines, specifically designed for low wind regimes in India. This is being deployed for the first time in India, and based on the cost per turbine, will provide over 20 per cent of uplift in generation potential as compared with other options tested. This produces a relatively low cost per KWH which is supported by the reliability of the turbines provided by GE.

The Strategy

Greenko has spent the last two years researching wind energy from the point of view of validating wind data and sites, technology and the commercial returns.

It has concluded that in-house development instead of supplier turnkey contracts is essential to ensure long term reliable generation. Furthermore, Greenko can achieve returns similar to those achieved by Hydro assets in the Group. The following key 'building blocks' differentiate Greenko's wind IPP strategy in the Indian market:

1. Data: Measuring wind data for a minimum of two years at certain potential sites (and thus owning the sites under measurement) is the most essential part of an investment evaluation based on a 90 per cent probability (rather than 75 per cent) basis to ensure a predictable generation profile for the life of the asset. The Indian wind energy industry, largely driven by tax customers, has suffered from a lack of site-specific data as it is often extrapolated from nearby wind sites. The Group has been collecting data across several states.
2. Technology: Many of the available Indian wind sites are classified as Class III sites with low wind speeds and density. Global wind turbine manufactures are designing the new versions of their turbines, with a focus on Indian wind characteristics. The Group has formed a technology partnership with GE to introduce XLE 1.6 MW class turbines specifically designed for Class III wind conditions with much higher hub height and larger rotor diameter. GE is the largest manufacturer of turbines in the US and globally the second largest wind turbine provider, the Group expects to benefit significantly from the proven reliability and higher available track record in the form of lower cost per KWH for the life of the asset.

3. Commerce: The economics of wind energy have undergone a number of changes in the past 12 months particularly in the state of Maharashtra. These include the stronger enforcement of RPO (Renewable Power Purchase Obligation) on the state electricity boards, the introduction of GBI (Generation Based Incentive), RECs (Renewable Electricity Certificates) which provide the opportunity for higher tariffs, and the recommended increase of rates of return within the tariff setting process to 19 per cent, adopted by two states, including Maharashtra. The availability of long term historical wind data and the ability to enter into long-term power supply agreements allow excellent project finance terms with higher leverage, longer tenure of debt and attractive interest rates from international banking institutions.

Commenting on the developments, Anil Chalamalasetty, CEO & MD of Greenko, said

"We are pleased to announce our wind strategy; the timing of our entry into this market is the result of successfully resolving various challenges in the Indian wind IPP sector. The model adopted by Greenko, with reliable global technologies, revised tariff structures and better financial leverage, will ensure quality long term earnings and further diversification, the majority of which will be Hydro, while significantly strengthening our position as a leading clean energy company in India."

Quote from John Flannery, President & CEO, GE India:

GE is delighted with this opportunity to partner with Greenko with our highly efficient low & medium wind speed turbine 1.6 XLE as we drive our wind strategy in India. GE continues to invest in localizing its Product and resources in India to provide competitive cost per KWH and most reliable and proven turbines with its experienced large global fleet of over 14000 units to support Greenko's and India growing clean energy program.

For further information please visit www.greenkogroup.com or call:

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