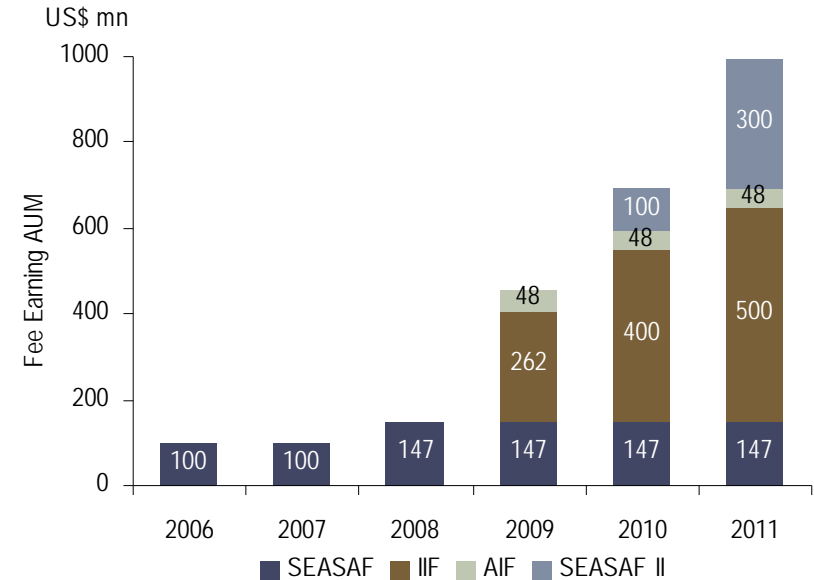

Renewable Energy Investment Criteria

Dr. Johan Bastin
CEO, CIMB Standard

IBC Energy Conference on Renewable Energy Finance
Singapore, 13-14 April 2010

About CIMB Standard

- Private Equity Infrastructure Fund Manager focused on South East Asia and the non-BRIC emerging markets of Asia
- Established in 2006 as a JV between CIMB Group and Standard Bank
- US\$460 million AuM targeting US\$1 billion by end-2011
 - Three PE funds under management
 - SEASAF: US\$147 million focusing on South East Asia
 - IIF: US\$500 million target size focusing on Islamic countries of South East, Central and South Asia
 - AIF: US\$96 million focusing on investment grade countries of East and South East Asia
 - Launch of US\$300 million SEASAF II planned for 3rd qtr 2010
 - A leader in its markets as measured by Assets Under Management and presence
 - The leading mid-market infrastructure PE fund investment manager in South East Asia
 - A leading Islamic infrastructure investment manager in emerging Asia
 - Gradual expansion into South and Central Asia
 - Middle market focus
 - Investment range US\$10 - 25 million (SEASAF) and US\$25 - 75 million (IIF)
 - Expertise in all core sectors of infrastructure including renewable energy
- 19 international investment professionals scheduled to grow to 22
- Offices in Singapore, Kuala Lumpur, Bangkok, Jakarta and (planned for Q4 2010) Istanbul



Primary Sector Focus

- Transportation & Logistics
- Energy & Power
- Renewable energy (*wind; hydro; PV solar; biomass; geothermal*)
- Telecommunications
- Healthcare and Education



Key Determinants for RE Investment Viability

- Macro-Economic and political environment
- Legal and regulatory framework
- Sub-sector in country specific context
- Sponsor strength
- Project characteristics

Macro-Economic and Political Environment

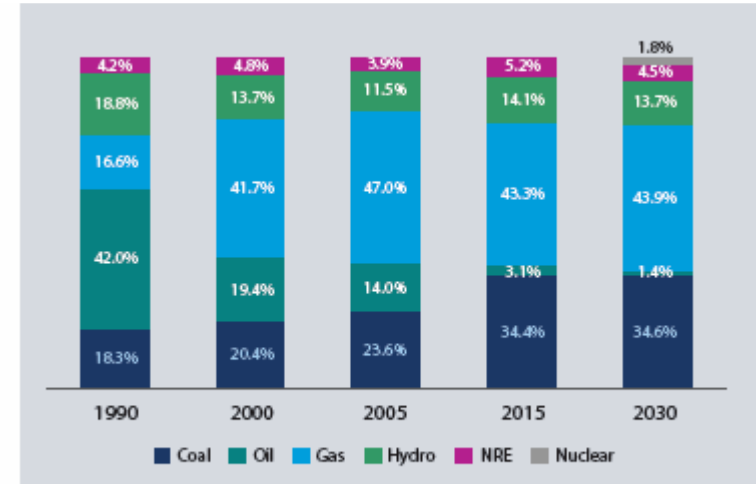
Macro-Economic and Political Environment

- Monetary and fiscal policies
- Strength and sanctity of regulation and legislation
- Political succession
- Political Commitment to Renewable Energy
- Affordability

Political Commitment to Renewable Energy

- Green policies
 - Targets for CO² emissions reductions
 - Pricing externalities
 - International treaties & marketing
- Affordability
 - Tax or charge?
 - If tax: budgetary costs of green energy policies
 - If user charge: costs to the end-consumer
- Public Awareness of External Costs of Thermal Energy & NGO pressure
- Energy dependency

South East Asia Power Generation Mix 1990 - 2030

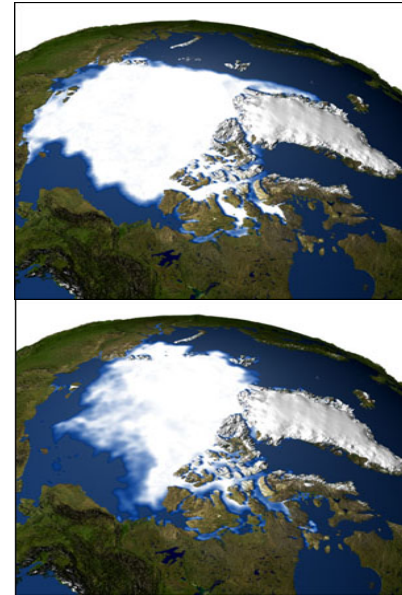
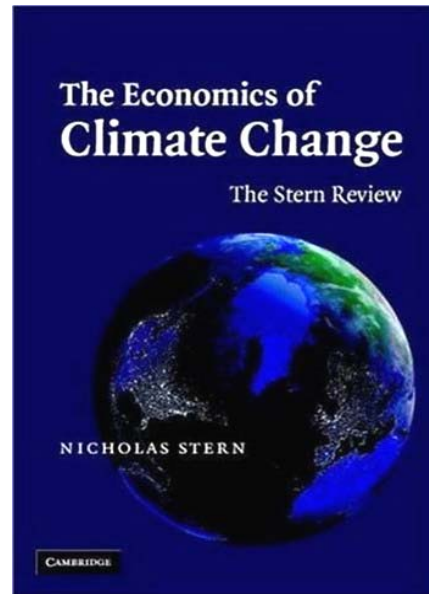


NRE = new and renewable energy.

Source: APERC analysis (2009).

Public Awareness of External Costs of Thermal Energy

Fostering growing awareness of external costs



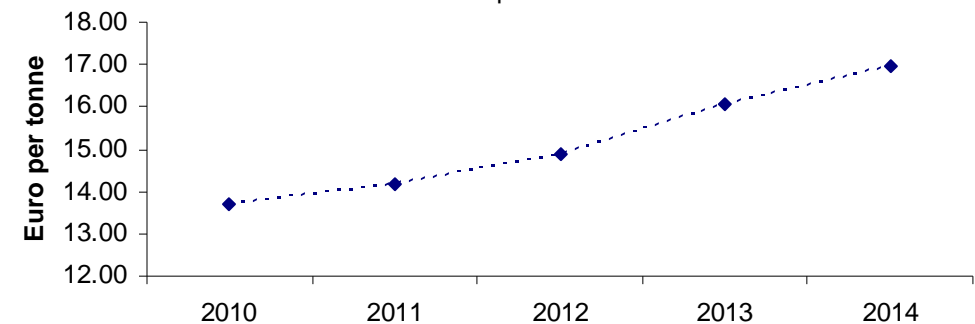
Legal and Regulatory Framework

RE Legal and Regulatory Framework

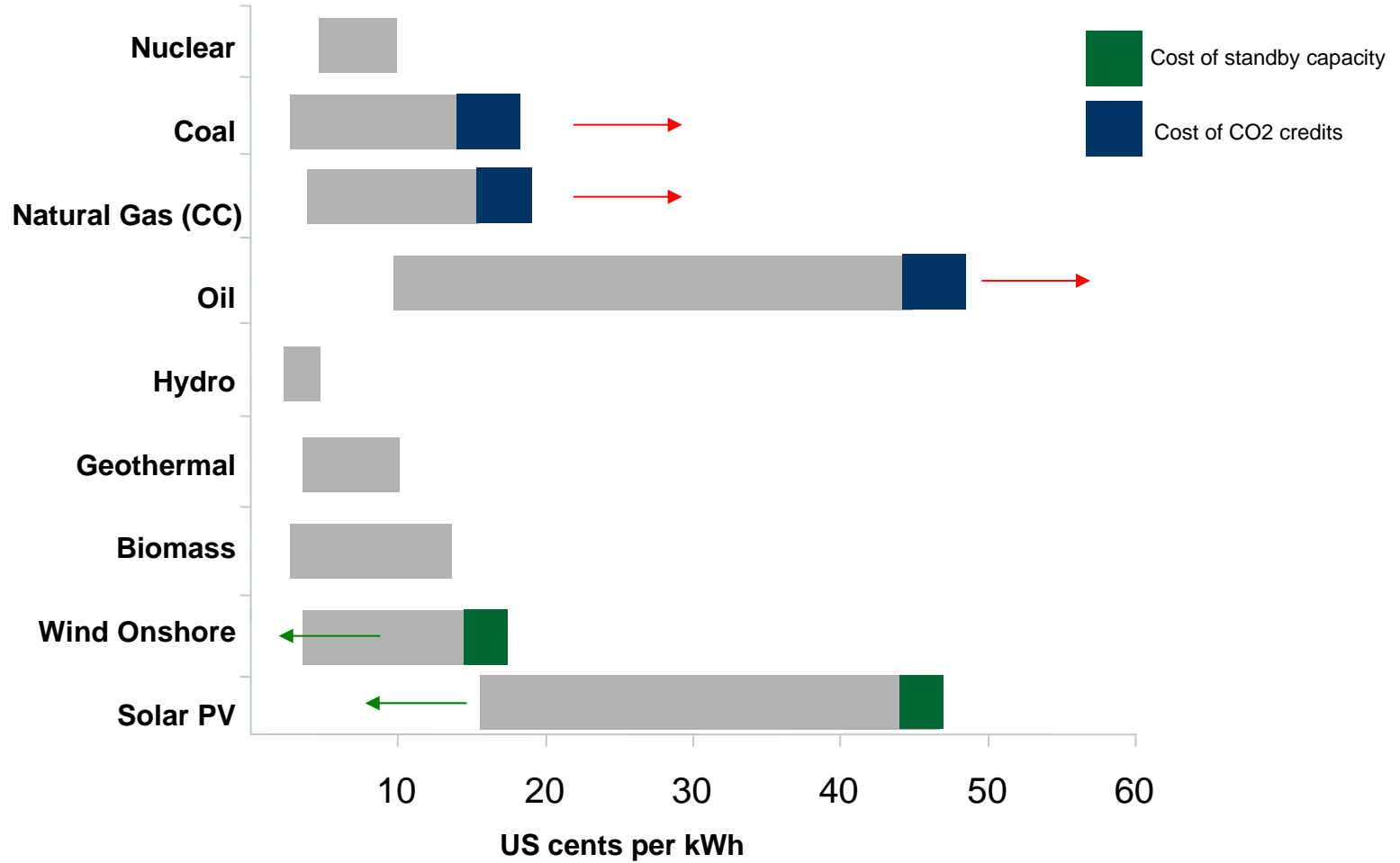
- **Conducive for RE investment**
 - Purchase price guarantees
 - Green bonuses
 - Preferential access to sites and land titles
 - Grid connection
 - Internalisation of CO² emission costs
- **Supporting long-term financial viability**
 - Level and composition of feed-in tariff
 - Green bonus price level and lock-in mechanism
 - Time horizon of applicable price and bonus regimes
 - Tax treatment
- **Predictability**
 - Regulator
 - Arbitration
 - Recourse
 - Evidence from practice



Price of CO₂ Credits/Tonne
EUA Futures for delivery in December 2010-2014
as of 9 April 2010



Commercial Viability



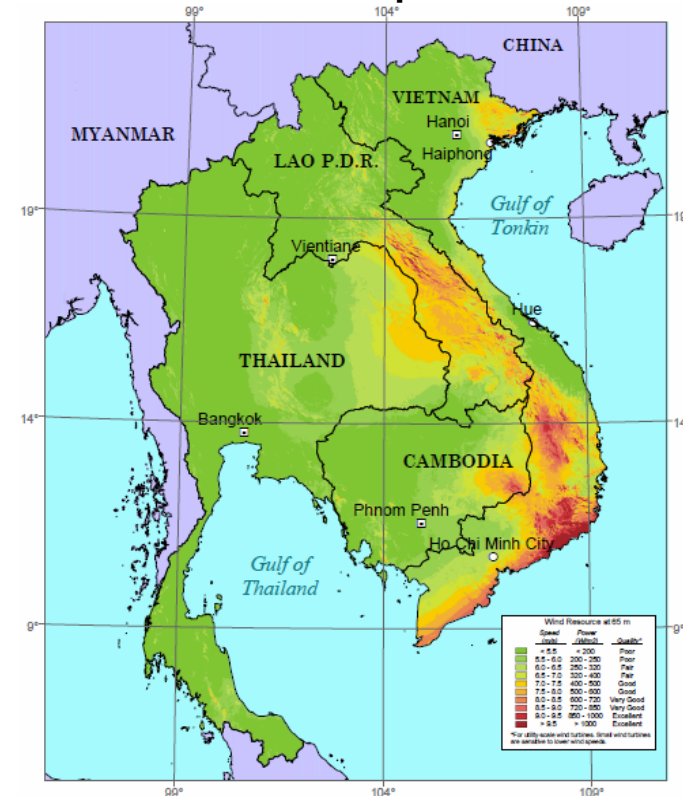
Source: DnB NOR Market Equity Research, September 2009

Sub-sectors in Country Specific Context

Renewable Energy Resources

- Quality and quantity
 - Wind
 - Solar
 - Hydro
 - Biomass
 - Geothermal
- Site selection
 - Data availability
 - Grid coverage
 - Land availability
 - Proximity to demand
- Ease of use
 - Resource use
 - Land titles
 - Zoning regulation
 - Control and permitting

Wind Resources Map South East Asia



Sponsor Strength

Strength and Credentials of Sponsor

- Track record and reputation
- Extent of commitment
- Capability to navigate regulatory system and effectively handle local parties
- Project and construction management experience

Project Characteristics

Project Characteristics

- **Site specifics**
 - Renewable energy resource characteristics
 - Size, lay-out and accessibility
 - Land use and title
 - Permits required
- **Readiness**
 - Permits, consents & agreements
 - Land title and land use rights
 - Equipment supply
 - Feed stock supply
- **Financial viability**
 - Investment costs
 - Site specific characteristics (e.g.. Yield/availability)
 - Risk mitigation
 - EPC contract
 - O&M arrangements and costs
 - Liquidated damages
- **Technical viability**
 - Depth and quality of analytical data
 - Technology and equipment
 - Reputable contractor/supplier
 - Technical and feasibility studies



Diversity of RE Investment Opportunities

Many ways in which to get exposure to renewable energy



Manufacturing

Installation

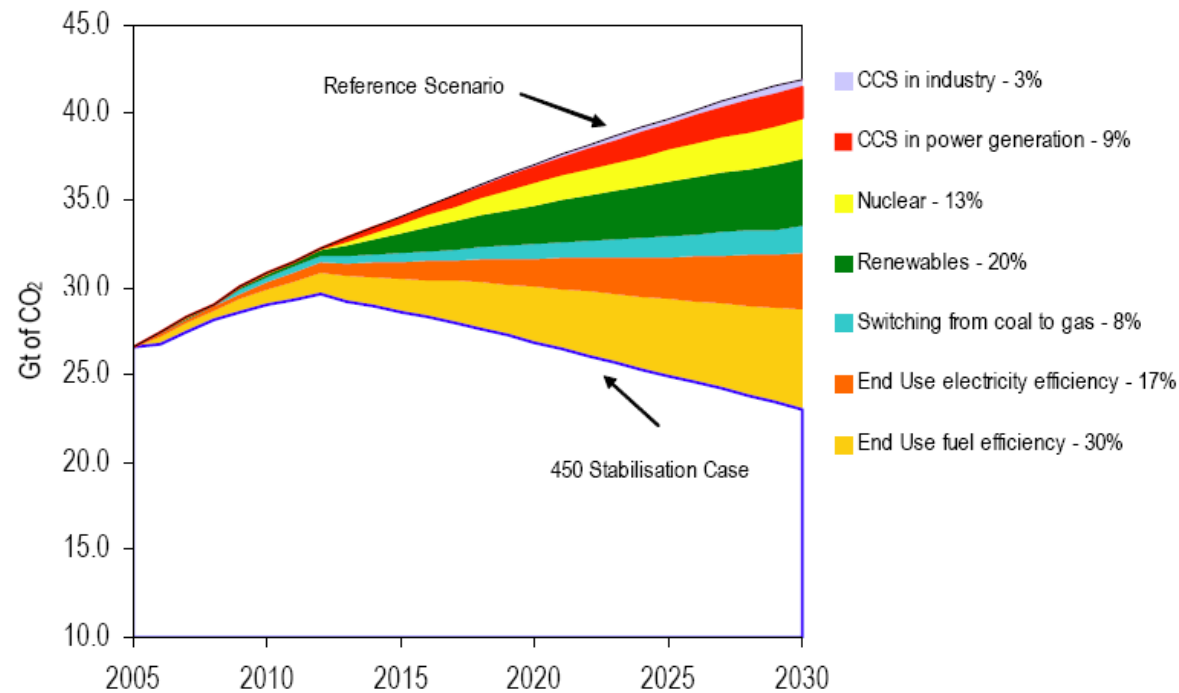
Operation

Maintenance

Trading



Finally: A Word of Caution



- Renewable energy contributes only 20% to meeting CO₂ reduction targets
- Energy efficiency could help reduce CO₂ emissions by up to 50%
- Nuclear regaining respectability (13%)



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