

Section 3 - The Model



3.1 Objective of the Model

The Model has been designed to increase the financial transparency of Infigen's business and to provide a potential method for modelling Infigen.

The Model includes Infigen's portfolio of wind farms as at 31 December 2008.

The Infigen Model is a cash flow model and does not represent the complexities of the group structure or accounting treatments. Specifically the Model aims to demonstrate the following:

- A method for forecasting net operating cash flow.
- A method for forecasting US asset capital structures, US liabilities and US distributions.
- The portfolio effect.

3.2 Summary Sheet

A Summary sheet, consisting of a single worksheet, has been designed to provide users with an overview of the key inputs and outputs in the Investor Model.

The Summary sheet enables users to easily change key inputs used in the model such as:

- Foreign exchange rates
- Spot electricity prices as it applies to electricity sold outside of a PPA
- Expense escalation (including operations and maintenance costs)
- Security price and securities on issue

The user can conduct sensitivity analysis with respect to:

- Generation
- Electricity price
- Expenses

The Summary sheet also allows for the inclusion or exclusion of individual country portfolios. To include or exclude a country the user is required to select either true or false in the drop down menu.

The key outputs of the Summary sheet include the following:

- Total power generation by country
- Average tariff price by country
- Revenues by country
- EBITDA less movements in working capital at the operating asset level by country
- Cash flow from operations
- Distributions from the US wind farms

The Summary sheet also contains 2 high level valuation metrics as follows:

- A high level Enterprise Value to EBITDA comparison but makes no assumptions with respect to re-powering options, terminal value or capital structure
- An enterprise value per MW

The full investor model sits behind the Summary sheet. Therefore, users can elect to unhide or hide the full model by selecting the appropriate button.

3.3 Structure of the Model

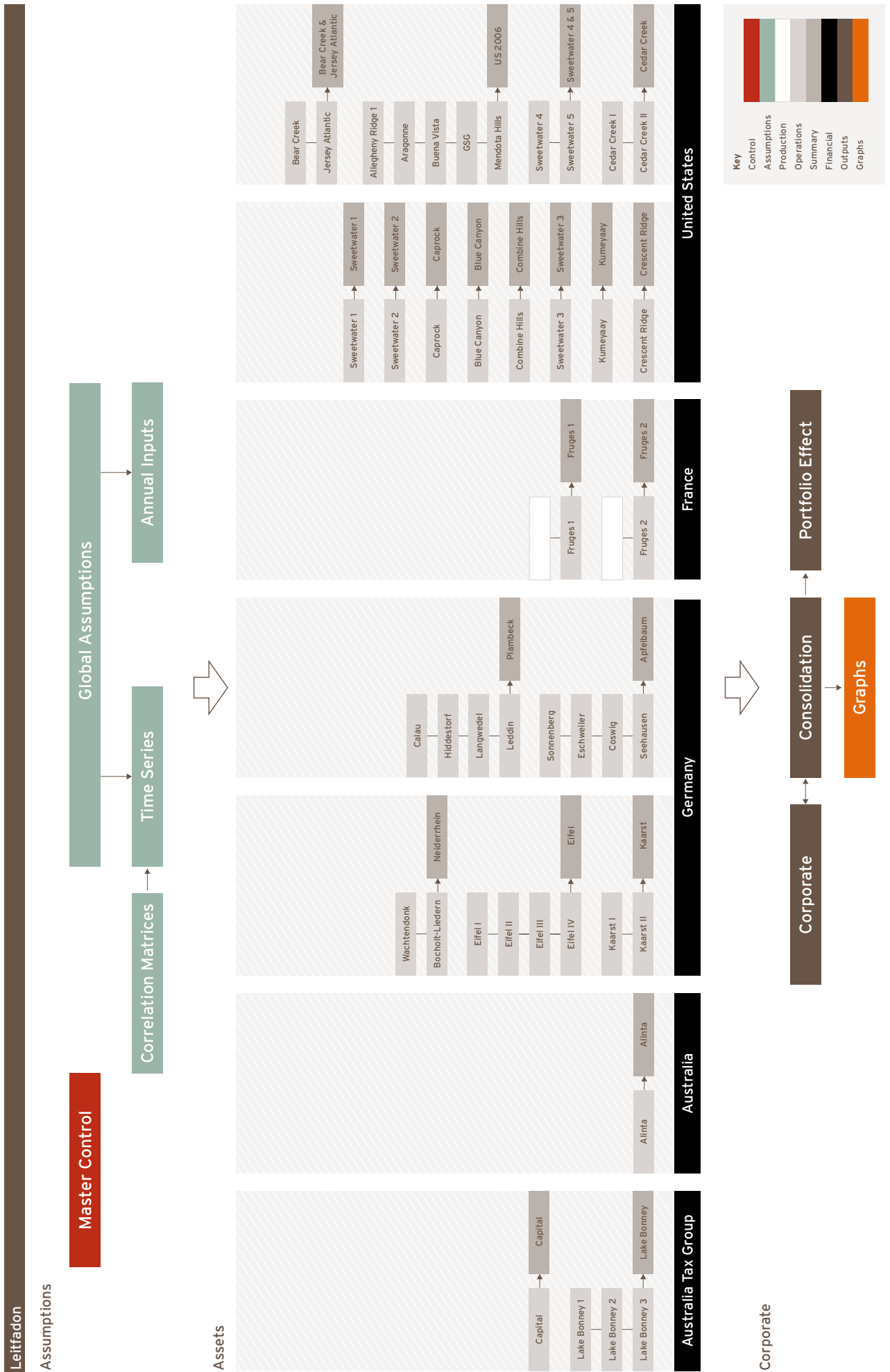
The Model has been prepared using Microsoft Excel. In its current form the Model contains 77 individual worksheets and 13 individual graphs. Each visible worksheet can be accessed by selecting the relevant link in the Master Control worksheet. The Model structure is summarised as follows:

- One main (“Master Control”) worksheet which contains the key inputs and outputs for the Model;
- One “Global Assumptions” worksheet;
- One “Correlation Matrices” worksheet, which looks at the degree of correlation in energy generation between wind farm regions;
- One worksheet containing time series for economic assumptions. (“Time Series”);
- One worksheet which calculates the annual tax depreciation for individual wind farms (“Annual Inputs”);
- 42 individual wind farm worksheets
- 22 separate worksheets for holding companies and partnerships;
- 5 separate worksheets which model tax and corporate financing for each jurisdiction: Australia, France and the US;
The Australian case is split based on whether the holding company is tax consolidated with the parent.
- One “Corporate” worksheet models corporate expenses and transactions with equity holders;
- One “Consolidation” worksheet which illustrates the aggregated results for the Infigen group;
- One “Portfolio Effect” worksheet.

There are also 13 graphs at the end of the Model which illustrate capacity, production, revenue, expenses, net operating cash flow, distributable cash flow and distributions across the regions for the modelled period; as well as revenue across revenue sources.

The diagram over the page outlines the structure of the Model, together with the relevant colour coding. The content and objectives behind each spreadsheet are also described in this section.

Model Flow Chart



3.4 Activating the Model

In order to activate the Model, the user is required to set a variety of inputs on two sheets, 'Master Control' and 'Time Series'. Cells requiring input have a checked purple colour, and need to be populated by the user before the model will calculate results. Other inputs which can be changed by the user are contained in grey cells. These are summarised in the table below.

Whilst the Global Assumptions Worksheet has been populated by Infigen, the user is required to review and determine appropriate values.

WORK SHEET	REQUIRED INPUT
Master Control	<ul style="list-style-type: none"> • Forecast period • Acquisition and Construction funding • End of Life
Global Assumptions	<ul style="list-style-type: none"> • Model timing and reporting frequency • Average PPA prices and Tariffs • Other asset management costs • Investment parameters for US partnerships including Class A member returns, Class B ownership share, taxes and PTC tenor. • Working Capital • Infigen Balance Sheet • Accounting Depreciation • Corporate Debt • Income tax
Time Series	<ul style="list-style-type: none"> • Inflation • Interest rates • Risk free interest rates • Exchange rates, relating to EURO, USD. • Wholesale electricity prices • Price for Wind energy incentives

3.5 Contents of the Model

3.5.1 Main Input and Output Worksheet ("Master Control")

The Master Control worksheet provides the user with the ability to set model parameters with respect to the following.

- Horizon
- Funding
- End of Life

The key outputs for the Model are displayed within this worksheet as illustrated below:

- Revenue
- EBITDA
- Net debt
- US Tax Equity
- Deferred Revenue

The following outputs are displayed on a per security basis as follows:

- Cashflow before repayments of US Tax Equity
- Net operating cash flow

The key ratios displayed are as follows:

- Interest cover
- Debt Service Coverage Ratio
- Net Debt / EBITDA

Infigen's proportionally consolidated revenue and EBITDA includes revenues and EBITDA earned by US assets multiplied by the proportion of Class B membership units held by Infigen.

Net debt is gross debt less cash.

Net operating cash flow represents EBITDA less payment to US Equity corporate costs, changes in working capital, net interest paid, tax paid, and other cash items (e.g gains and losses in forward exchange contracts).

Interest cover is the number of times EBITDA covers net interest paid.

Debt Service Coverage Ratio is the number of times net operating cashflow is able to service debt repayment and net interest expense.

3.5.2 Global Assumption Worksheet

This spreadsheet contains the main assumptions of the Model as follows:

Key Assumptions

- Model timing and reporting frequency
- Average PPA prices
- Other asset management costs
- US partnerships
- Income tax rates

The user has the ability to set the Model timing or commence date of the Model. The frequency of the Model has been set as semi-annual in line with Infigen's current reporting profile.

The PPA prices represent average figures and reflect current pricing contained within long-term PPA agreements. Whilst these figures can be varied by the user, these prices apply for the term of the PPA agreements.

In order to forecast US distributions under the current asset structure, the yield return to Class A Members and the investment balance for the US assets is required. These numbers are confidential and have not been disclosed. Accordingly, an indicative yield has been provided in order to back solve for the US Reallocation Date, and to provide an implied investment balance for the US wind farms. For more information with respect to the US asset structure refer to the United States asset description and portfolio section on pages 56-57.

Other US partnership variables which require input comprise of the Class A return, Class B ownership share, annual local and property tax, and PTC tenor.

3.5.3 Correlation Matrices Worksheet

The correlation worksheet calculates the cholesky matrix¹ corresponding to correlation matrices for wind energy variation. These are used in the time series work sheet to simulate energy production for the portfolio. The correlation matrices have not been updated in the current model, and reflect Infigen's portfolio at May 2007.

3.5.4 Time Series Worksheet

This work sheet contains long-term economic, corporate level data and wind generation data. The long-term economic data can be set by the user. The following inputs are required.

Long-term Assumptions

- Relevant Consumer Price Index
- Interest rates - floating interest rates (LIBOR)
- Exchange rates
- Wholesale electricity prices
- Prices for wind energy incentives

The wholesale electricity prices for December 08 are representative of the average prices over the year in the market in which our wind farms operate.

The user may run sensitivities on Generation, Electricity Price and Expenses.

¹ The Cholesky decomposition expresses a symmetric positive definite matrix as the product of an upper-triangular matrix and its transpose.

3.5.5 Taxation Worksheet ("Annual Inputs")

There is a Taxation worksheet containing the depreciation and property taxes by wind farm project. These balances are based on taxation years as opposed to calendar years.

Half year depreciation values are calculated in the wind farm work sheet, based on the information as contained in the original taxation work sheet.

3.5.6 Wind Farm Operations Worksheets

There are 42 light grey sheets which model the cash flow from operations from wind farms. The wind farms in the Fruges Portfolios are modelled separately on white sheets and consolidated on the corresponding light grey sheet. Assumptions that are unique to a wind farm such as annual electricity production and the term of the PPA, will be found on these sheets. Due to the commercial sensitivity, some terms (such as pricing) under the purchase power agreements have not been disclosed. Instead, the model links these assumptions to average or typical values provides on the Global Assumptions sheet.

These worksheets provide an overview of each wind farm and provide the following outputs.

- Capacity
- Power generation
- Power generation under fixed tariff or PPA
- Revenue
- Expenses
- EBITDA
- Construction costs
- Cash flow from operations
- Tax depreciation

Expenses for each of the wind farms include maintenance CAPEX.

Additional wind farm work sheets can be added to the Model. The instructions may be found below the flow chart.

3.5.7 Summary Worksheets

While all wind farms are modelled in a similar way at the operational level, financing and taxation are jurisdiction dependent so these have been modelled separately. The wind farm sheets are consolidated and summarised on 22 dark grey sheets.

The number of worksheets required to calculate the financing arrangements for each of the wind farms are as

AUSTRALIA

- There are three worksheets being for Lake Bonney (representing stages 1,2 & 3) and the Alinta wind farm
- A separate worksheet covers Capital wind farm

GERMANY

- One worksheet covers the Niederrhein portfolio consisting of wind farms in Watchendonk and Bocholt-Liedern.
- Separate worksheets cover Eifel and Kaarst
- One worksheet covers Hiddestorf, Langwedel, Leddin and Calau
- One worksheet covers Sonnenberg, Eschweiler, Coswig and Seehausen

FRANCE

- There are two separate worksheets for the Fruges 1 & 2 wind farms

UNITED STATES

- There are 12 sheets, one for each US partnership. This sheet models the tax position of the partnership and determines the timing of reallocation.
- US liabilities (Class A, Class B and deferred revenue) are also modelled at the partnership level based on Infigen consolidation.
- The return of capital to Class B Members is modelled as a zero interest senior facility. Subsequent returns to Class A Members are modelled as a subordinated shareholder loan. Ordinary returns begin after the Reallocation Date.

3.5.8 Country Worksheets

The black worksheets consolidate the operations in a country. For each jurisdiction corporate debt and tax are modelled on this sheet. There are seven country output summary sheets, two worksheets for Australia, and one each for Spain, Germany, France, Portugal and the US. The Australian sheet has been split into two because Lake Bonney and Capital are consolidated with the parent.

Operational information includes:

- Capacity
- Power generation
- Power generation under fixed tariff or PPA
- Revenue
- Expenses
- EBITDA
- Contributions and Acquisition costs
- Cash flow from operations
- Tax depreciation
- Net Interest
- Net Debt
- Tax Paid
- Valuation
- Debt service paid
- Drawdown
- Other principal paid
- Disposals
- Net cash flow

3.5.9 Corporate Worksheet and Consolidation Worksheet

These two closely linked worksheets are the heart of the model. Infigen group production and cash flow is detailed on the consolidation sheet. Corporate Costs, Transactions with Equity, Cash and Group Tax are modelled on the Corporate sheet.

3.5.10 Portfolio Effect Worksheet

The Portfolio Effect worksheet provides the user with information about the distribution of various key outputs depending on random variation in wind energy and measurement error. The model calculates P90, P75, P50, P25 and P10 for the following variables:

- Average power generation
- Average revenue
- Average EBITDA
- Net debt
- Average cash flow before repayment of US tax equity and debt per security
- Average net operating cash flow per security

Two simulation methods are used to determine these values. A one minute process computes 100 simulations, while the 20 minute process produces 2,000 simulations.

3.5.11 Graphs Worksheets

There are 12 individual work sheets at the end of the Model, which aggregate the information for Australia, US, Germany and France.

Graphs illustrate the following variables:

- Capacity
- Production
- Revenue
- EBITDA
- Revenue assurance by capacity
- Market exposure by production
- Debt
- Expenses
- US Tax Equity
- Deferred Revenue
- Cash flow from operations (post-tax)
- Cash flow per security