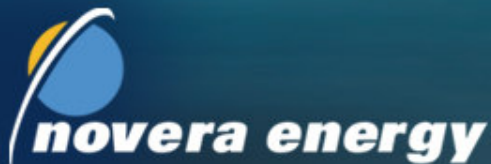


Financing Renewables

Private Equity, Trade Investment and IPO Alternatives

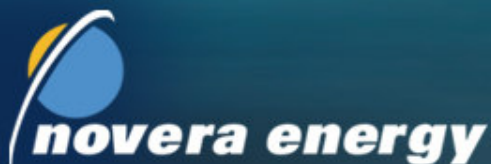
David Scaysbrook

**Founder and Director
Novera Energy Limited
Principal
Gaian Capital**



Financing Renewables

- **Revolution in all categories of financing for renewables and clean energy technology in past 24 months**
- **Huge investment interest due to oil pricing and recent US admission of oil addiction and priority of ‘clean energy’**
- **Over £1.1 bn invested in UK clean energy sector in 2005 and 12.5 bn invested globally (New Energy Finance)**
- **UK represented 9.4% of global investment activity in 05**
- **More than 20 companies now listed on AIM market of the LSE spanning renewable energy generation, equipment manufacture and new technology development**
- **3 separate global indices of clean tech stocks guiding institutional investors have been established**



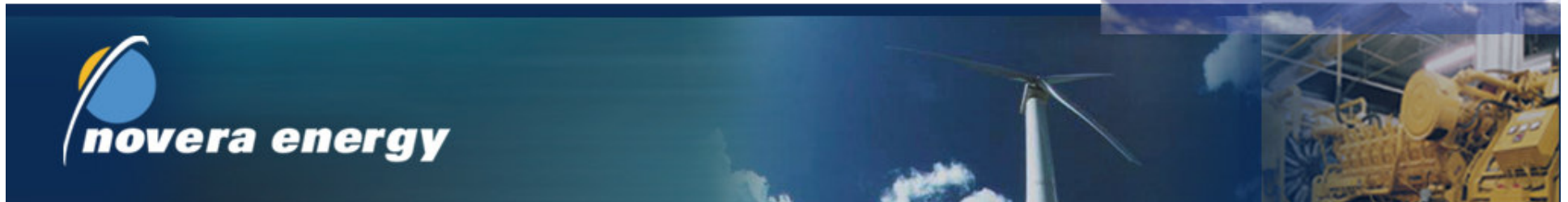
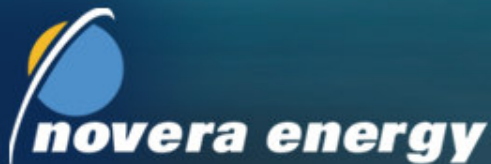
Financing Renewables

- **Funding pool now encompasses hedge funds, traditional institutional investors, private equity funds, venture capital, high net worths etc**
- **Limited corporate activity (ie M&A) to date but will increase over next 12 months**
- **Activity and interest spread across technology plays as well as asset based generators of renewable energy**
- **Recent expansion of interest to bio-fuels in transport fuel sector**
- **UK now a global leader in capital investment for renewables**
- **AIM is No1 stock market for clean energy and technology**
- **Sector is No1 for VC investment in the US over last 12 months**



Financing Renewables-Private Equity

- £171m of private equity invested in UK in 2005
- 23 deals publicly announced
- More than 30 UK VC style funds actively looking for deals incl. major players like 3i Group
- Technology focused -looking for “high impact” solutions with global market potential
- Scale of investment has been an issue with most opportunities too small not necessarily too early/risky
- Valuation gap often too wide to bridge



Financing Renewables-Trade Investment

- £790m in asset backed financings in 2005
- 16 deals publicly announced
- Majority invested in on-shore wind and bio-fuels
- Large utilities account for majority of investment
- Little M&A activity a reflection of early stage of industry
- Consolidation and increase in small cap M&A inevitable as players look for scale in capital intensive sector
- Increase in industry “stakeholder” investment in smaller companies also expected to increase (ie Sigma)



Financing Renewables-IPO's

- £202m in IPO's and secondary offerings
- 15 deals publicly announced
- AIM now hosts >20 UK and international companies active in wave energy, solar technology, landfill gas, coal mine gas, fuel cells and small hydro
- Majority are from UK, some from USA almost none from Europe
- More than 5 small cap brokers in London claiming renewables expertise/speciality
- Many are speculative and too early stage to be listed
- Availability of capital subject to market fashion/timing

