RENEWABLE ENERGY GENERATION

Delivering Shareholder returns

9th September 2011

Andrew Whalley, Group Chief Executive Officer

Introduction to Presentations

- Speaking today are:
  - Lord Teverson – Co-chair Lib Dem Parliamentary Committee on DECC
  - Andrew Whalley – Group CEO
  - Matt Partridge – Development Director
  - Neil Harris – Construction and Operations Director
  - Ken Fiddes – Vestas Vice President Northern Europe Sales
- Also in attendance;
  - Mike Liston REG Chairman
  - Charlotte Valeur – REG Non Exec
  - John Scally - REG Non Exec
  - David Crockford – REG Finance Director
  - Ian Collins – MD of REG Bio-Power
  - Simon Wannop – REG Commercial Manager
  - Steve Higman – REG Head of Wind Operations
  - Ian Lawrence – REG Communications Manager

RENEWABLE ENERGY GENERATION

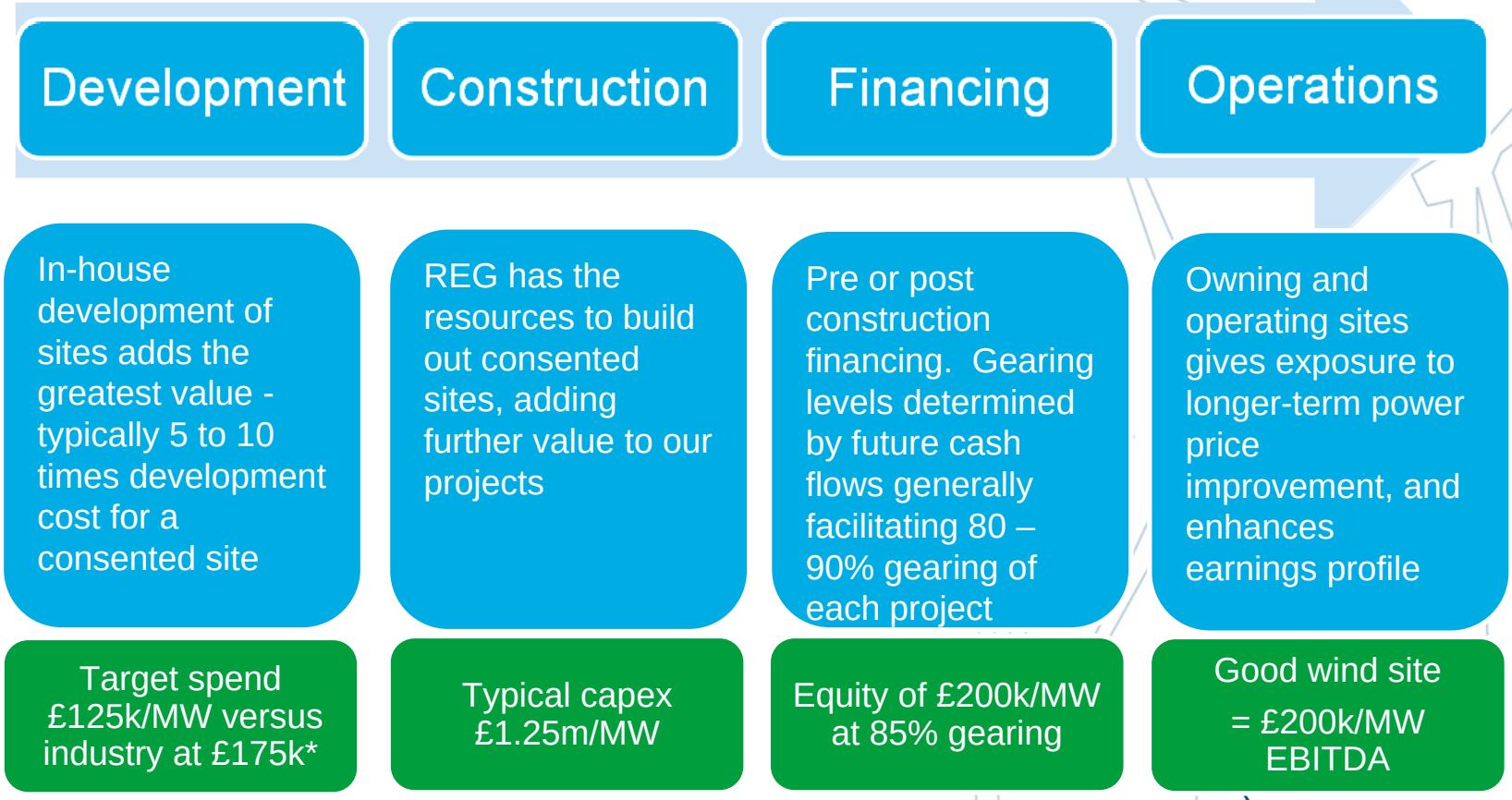
Introduction to REG

- REG is a leading UK developer and operator of onshore wind farms
- REG Bio-Power also generates green energy using a bioliquid recovered from used cooking oil
- REG is currently delivering on its post Canada commitment to invest £100m into new renewable energy projects across the UK
- REG expects to have an operational portfolio of over 100MW of renewable energy projects by 2013
- We expect to achieve necessary planning consents by the end of 2012 to deliver on these targets
- New projects will be funded by a cash rich balance sheet and ready access to project finance

RENEWABLE ENERGY GENERATION

REG Strategy

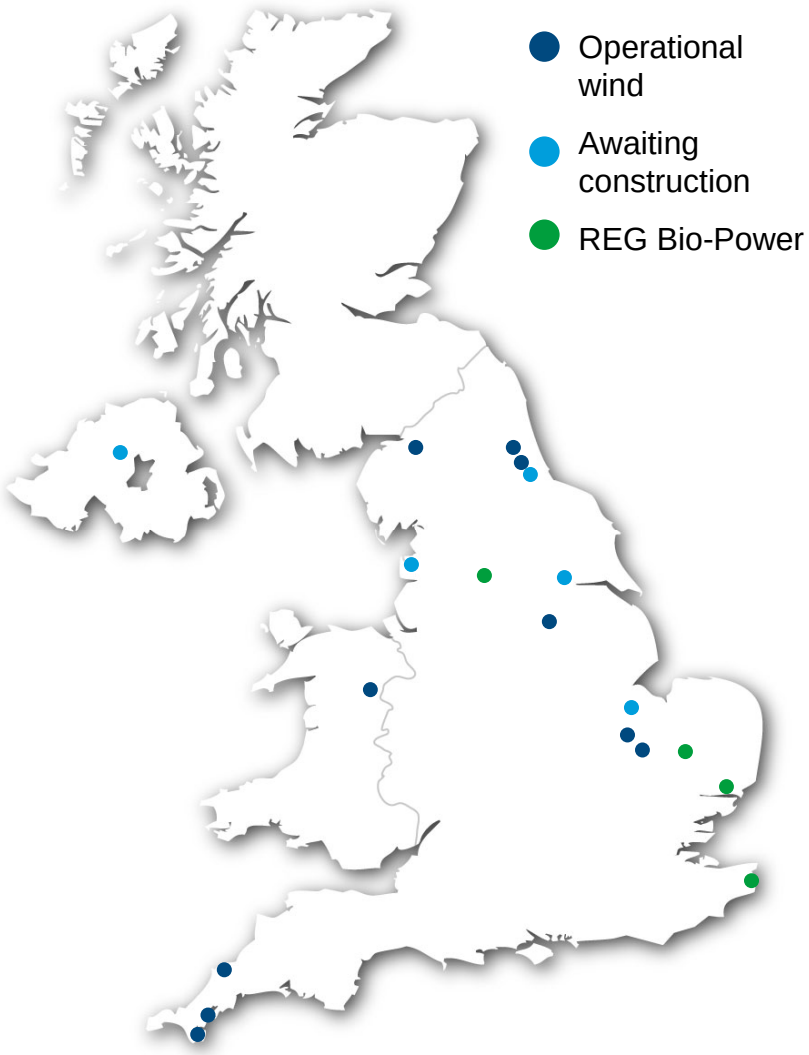
REG's primary business is developing 5-20MW onshore UK wind farms. With expertise in development, construction, and operation, REG can add shareholder value at every stage of the process.



*Source Garrad Hassan Onshore Wind in the UK Current and Future Cost Trends

RENEWABLE ENERGY GENERATION

REG Locations



Operational wind farms 41.15MWs

1.	Braich Ddu, Gwynedd	3.9MW
2.	High Pow, Cumbria	3.9MW
3.	High Sharpley, County Durham	2.6MW
4.	Roskrow Barton, Cornwall	1.7MW
5.	Ramsey, Cambridgeshire	1.8MW
6.	Goonhilly, Cornwall	12MW
7.	Loscar, Yorkshire	4.5MW
8.	High Haswell, County Durham	4MW
9.	St. Breock, Cornwall	4.95MW
10.	Whittlesey, Cambridgeshire	1.8MW

Wind farms awaiting construction 29.3MWs

11.	Sancton Hill, Yorkshire	10MW
12.	South Sharpley, County Durham	6MW
13.	Orchard End, Lancashire	4MW
14.	French Farm, Cambridgeshire	4MW
15.	Draperstown, County Londonderry	4MW**
16	Redland Cornwall	1.3MW

REG Bio-Power 8.55MWs

16.	Bentwaters, Suffolk	6MW
17.	Leeds North, Yorkshire	2MW
18.	Hockwold, Norfolk	0.4MW
19.	Dover, Kent	0.15MW

** REG 66% share of 6MW project

RENEWABLE ENERGY GENERATION

Existing projects cover REG's operational costs

Existing	FY12 plan	FY13 and beyond
41MW Wind + 8MW STOR 106,000 MWh + STOR	10MW Sancton Hill 28,100 MWh Construction starts Q4 2011	Further 12MW consented and moving to build phase
• £9.5m of EBITDA • £4.5m of overhead • £2.5m of development • £1.5m of debt service	6MW South Sharpley 16,400 MWh Construction starts Q4 2011	100+ MW in near term development
		Total development pipeline of 1,000+ MW
Existing projects more than cover REG's operational outgoings	Enhances EBITDA by c£3.7m	Every additional MW consented and operational adds return to equity
£20m of liquid resources available for onward capital investment	85% gearing target means c£3.5m of equity to be deployed	£20-£25m of further equity to be released from ungeared assets

RENEWABLE ENERGY GENERATION

What is the value of a wind farm?

- Recent offerings in market have aimed to purchase wind projects at around a 9% project IRR
- Other transaction multiples have been at around £1.8-£2.0m per MW
- Using £2m per MW, values Goonhilly and Sancton Hill at £24m and £20m

- **Goonhilly Downs** generates 35,000MWh per annum – a very energetic site
- Using a 9% discount rate for £3m of EBITDA and current Poyry curve for power gives a value of around £28m
- Using a 9x EBITDA multiple gives value of around £27m

- **Sancton Hill** will generate 28,100MWh per annum – only slightly less energetic than Goonhilly
- Equivalent values are £23m and £21m

A wind farm is a valuable asset

RENEWABLE ENERGY GENERATION

Own development versus acquisition

- REG has accumulated the internal skill sets over five years to appraise, undertake due diligence and acquire sites
- REG is not a high leverage/low equity IRR buyer – often a recipe for disaster with wind
- When considering acquisitions, REG favours “off-market” transactions:

Goonhilly Downs	acquired for £2.5m	now repowered having generated £4m of cash
Windworks portfolio	acquired for £4m	yielded 30MW of sites to date
High Haswell	paid £200,000 per MW	energised March 2011
St Breock	paid £2.8m for 4.95MW	repowering project entering planning 2011
Draperstown	paid £1.1m for 4MW	new JV and REG’s entry into Northern Ireland

- We continue to look at fresh opportunities but always balance acquisitions versus developing our own sites....

…and developing our own sites generally wins

RENEWABLE ENERGY GENERATION

Government stance remains encouraging

- UK has binding legal target to achieve 15% of energy requirement from renewable sources; widely expected to require c. 30% electricity from renewables (with smaller contributions from transport and heating sectors)
- Currently around 7.4% of UK electricity from renewables on an EU Directive basis – quadrupling of renewable generation needed in next decade – huge opportunity
- Onshore wind recognised as a key technology in delivering target
  - DECC's Renewable Energy Roadmap identifies potential increase in installed capacity from 4GW to 13GW by 2020
  - Committee on Climate Change recognises that onshore wind is relatively low-cost and quick to deploy and advocates increased use to reduce reliance on more expensive technologies, thus keeping cost to consumers low
- Electricity Market Reform designed to ensure low carbon options viable to reach 2020 targets and beyond – White Paper published 2011
- ROC support mechanism system set for review
- Likely replacement CFD FIT presents opportunities for REG to leverage smaller projects

RENEWABLE ENERGY GENERATION

REG Bio-Power

- REG Bio-Power recovers used cooking oil through a patented process with End of Waste certification into a clean bioliquid used for electricity and heat generation

- REG Bio-Power operates contract with National Grid to provide Short Term Operating Reserve (STOR) services for two years, broken into separate seasons
  - Bentwaters plant capacity rated at 6MW under STOR
  - New 2MW Leeds North plant due online September 2011

- Payment structure:
  - Capacity payment for availability during STOR hours - 4,064 hours per annum
  - Utilisation payments for generation under STOR - generally around 50 to 100 hours per annum
  - Power generation, LEC and ROC revenue continues to be earned on all site output

- Substantially reduces reliance on commercial fuel while allowing running outside STOR – 4,000 hours p/a

- Building own used cooking oil collections :
  - Own collections now account for 600 tons of “free” fuel, with a plan to build this up to 1,000 tons, enough to fuel 50MW of STOR plant. Commercial contracts equate to 450 tons per annum at c£400 per ton

- REG Bio planning to build two new STOR projects during 2012 to leverage business to 20MW
  - Feltwell 6MW
  - Lakenheath 5MW

- Both will be financed using equity from existing plant

RENEWABLE ENERGY GENERATION

Leveraging returns to REG shareholders

- REG's operating portfolio generates sufficient cash to cover all overheads and interest costs
  - Leaves all existing equity free for investment – circa £40-£45m
- The construction of 24MW of new projects over next 18 months should increase output by over 50% from current levels
- REG Bio planning to add 11MWs of new STOR plant in the next 16 months
- As new projects are added, REG should start to generate net free cash after finance costs
- Strong net cash flow will be partly used to enhance returns to REG shareholders and partly invested back into funding new build
- REG's existing equity is sufficient to build an operational portfolio of at least 165MWs

So REG will be self-funding in future

RENEWABLE ENERGY GENERATION

Summary and Outlook

- 41.15MW of wind assets in operation from March 2011
- REG Bio-Power now firmly established in STOR market
- Tranche One financing now complete
- Construction of Sancton and South Sharpley in FY 2012
- Tranche Two financing underway
- Development pipeline now over 1,000MW
- REG has no requirement for further equity and is fully funded

REG's goal to deploy £100 million on track

RENEWABLE ENERGY GENERATION