RENEWABLE ENERGY GENERATION

Delivering the strategy

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REG Overview

- **REG is the leading developer and owner of small onshore wind farms in the UK**
  - **41MW** of operational wind farms across over 10 UK projects
  - **28MW** of consented sites entering construction phase
  - **100** projects in active development totalling over **1000MW** - total potential investment of over **£1.25bn**
  - **£20m** of available equity for investment, a further **£20m - £25m** soon to be released
  - Committed to deploy **£100m** into renewables over the 3 years to Dec 2013
- Also runs Short Term Operating Reserve plant ("STOR") to meet National Grid demand - fuelled by waste cooking oil
- Business supported by strong balance sheet and cash positive operating business

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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.

Development	Construction	Financing	Operations
In-house development of sites adds the greatest value - typically 5 to 10 times development cost for a consented site	REG has the resources to build out consented sites, adding further value to our projects	Pre or post construction financing. Gearing levels determined by future cash flows and allowing 80 – 90% gearing of each project	Owning and operating sites gives exposure to longer-term power price improvement, and enhances earnings profile
Target spend £50k to £100k/MW	Typical capex £1.25m/MW	Equity of £200k/MW at 85% gearing	Good wind site = £200k/MW EBITDA

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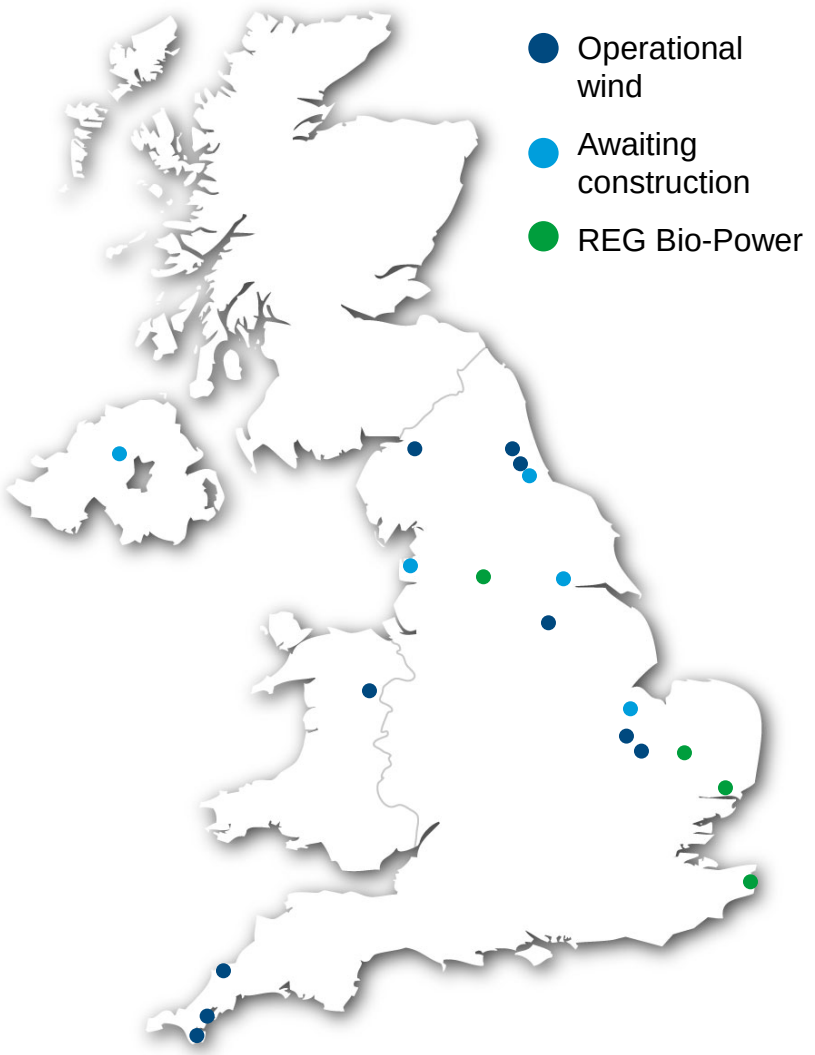
Locations



Operational wind farms

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

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

REG Bio-Power

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

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Government pragmatism underpins case for wind

- Central Government recognises importance of onshore wind in delivering renewable energy capacity
- Electricity Market Reform designed to ensure low carbon options viable to reach 2020 targets and beyond
  - Expectation of a FIT with contract for difference
  - Retirement of the ROC regime post 2017 to new entrants
- Transition to Feed-in Tariff regime presents opportunities for REG. Eligible wind projects receive (in addition to sale of electricity and LECs):
  - £198/MWh – 100-500kW capacity
  - £99/MWh – 500kW-1.5MW capacity
  - £47/MWh – 1.5-5MW capacity
- REG Windpower actively developing opportunities for FIT projects, future-proofing the business:
  - leverages existing, valuable landowner agreements
  - provides significant, additional shareholder value

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Existing projects cover REG's operational costs

Existing	FY12 plan	FY13 and beyond
41MW Wind + 8MW STOR 106,000 MWh + STOR • £10.5m of wind revenue • £8.5m of EBITDA • £5.0m of overhead • £2.0m of development • £1.5m of debt service	10MW Sancton Hill 27,000 MWh Construction starts Q4 2011 6MW South Sharpley 14,000 MWh Construction starts Q4 2011	Further 12 MWs consented and moving to build phase 130+ MWs in near term development Total development pipeline of 1000+ MW
Existing projects cover REG's operational outgoings	Enhances EBITDA by c£3.2m	Every additional MW consented and built adds return to equity
£20m of liquid resources available for onward capital investment	85% gearing target means c£3m of equity to be deployed	£20-£25m of further equity to be released from ungeared assets

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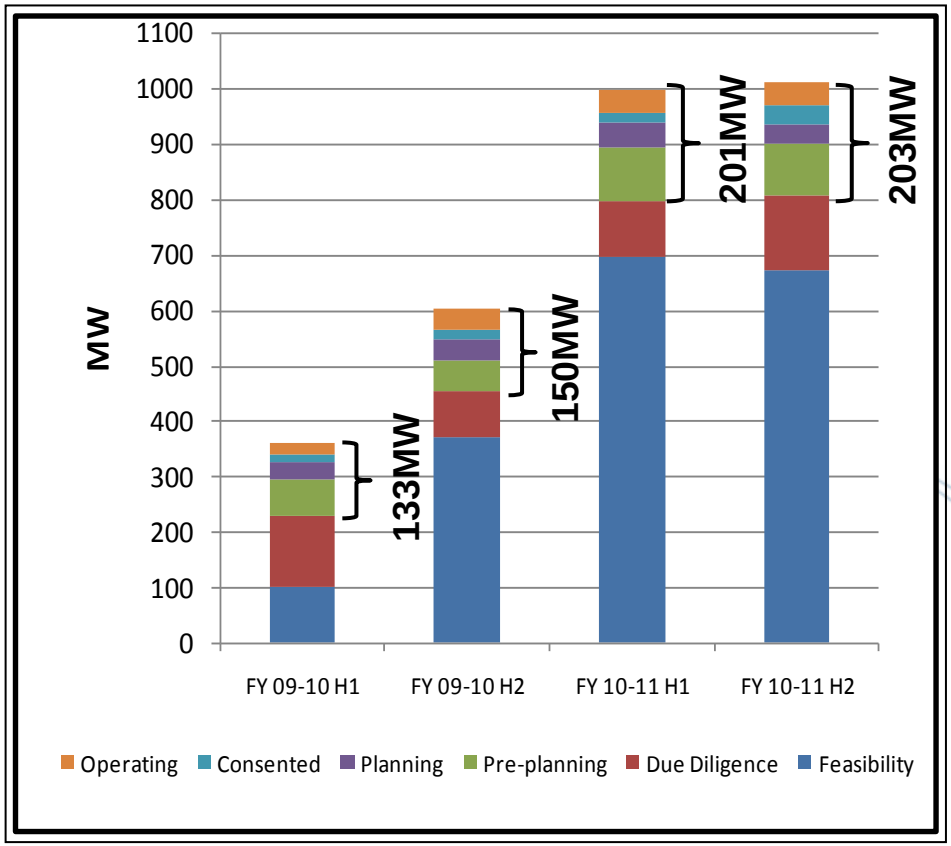
Power Purchase Agreements and Project financing

- REG has introduced project finance with The Co-Operative Bank for its first five operating sites totalling 13.9MW – all previously ungeared
- Debt term is 12 years, on a full repayment basis, with an “all in” rate of 6%
- Matched by a flexible power purchase agreement with Statkraft AG, initially with fixed power prices for 3 years
- PPA and financing will still allow future market participation and hence upside on rising power prices
- Financing is non-recourse to REG and secured against £14.5m NBV of wind assets
- Released £12m of equity

- Tranche two financing for Goonhilly, Loscar and High Haswell is expected to release over £20m of equity for reinvestment
- In total REG will have around £40-45m of equity available for investment into renewables projects

REG Wind Development Pipeline in numbers



Significant growth in overall size and "maturity" of the wind portfolio as larger development team gathers momentum

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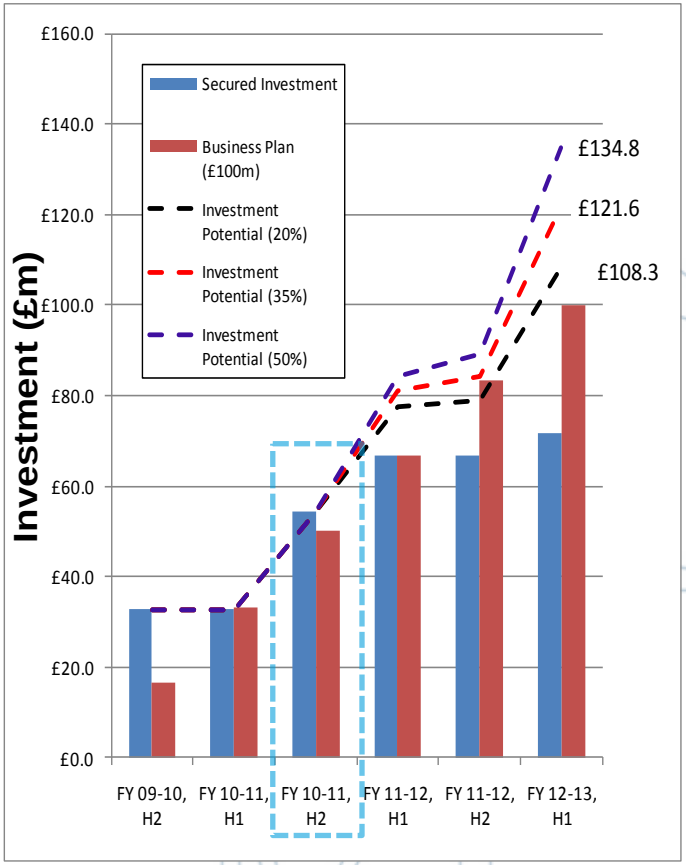
Reaching the £100m investment goal

REG has re-modelled potential investment scenarios based on using in-house development resources only:

- **LOW** Assuming 20% Local Planning Authority ("LPA") planning permission rate – **hits investment target**
- **CENTRAL** Assuming 35% LPA planning permission rate (against 34% current rate)
- **HIGH** Assuming 50% LPA planning permission rate – exceeds investment target by 40%

- Additional investment potential of some £60m-£85m <u>including</u> acquisitions and co-developed sites
- Development cost target £50k - £100k/MW



Organic growth will deliver the Business Plan

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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 – 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 NI

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

…and developing our own sites generally wins

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REG Bio-Power

- REG Bio-Power recovers used cooking oil through a patented process with end of waste certification into a clean biofuel used for electricity and heat generation

- REG Bio-Power has recently won two contracts with National Grid (NGC) 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 under construction for operation in summer 2011

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

- Substantially reduces reliance on commercially sourced fuel while allowing opportunistic running outside STOR for remaining 5,000 hours per annum

- Building own used cooking oil collections :
  - From municipal waste sites and through initiatives with large waste companies
  - 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

- Moves REG Bio-Power close to cash breakeven with significant growth potential

Summary and Outlook

- 41.15MW of wind assets in operation from March 2011
- Tranche One refinancing now complete
- Construction of Sancton and South Sharpley in FY 2012
- Tranche Two refinancing underway
- Development pipeline now over 1000MW
- REG has no requirement for further equity and is fully funded

REG's goal to deploy £100 million on track

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Appendices

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REG sum of parts

- Recent deals suggest wind buyers “comfortable” with a 9-10% project return

		£m
Equity in 41.15 MW of wind	Dividends from 14MW of geared plant (7 x dividend cash flow or yield of 14%)	11.5
	Equity in 20.5MW ready for financing (Recent deals at £1.75m, Goonhilly above average)	41.0
	6.8MW of other assets	5.0
Planning consents	28MW	11.0
Cash and net current assets		20.0
REG Biopower	(book value of plant)	3.0
Other assets, incl. land		2.0
Total sum of parts		93.5

90p per share assuming no value for development assets

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Illustrative wind farm

	1MW Wind Farm
Quality wind site	2,600 MWh
All in revenue	£95/MWh
EBITDA margin	80%
EBITDA generated	£200,000
Gearing level	85%
All in cost (development + construction)	£0.1m + £1.25m
Debt service, 12 years @ 7%	£145,000
Cash to equity	£55,000
Yield	27.5%

Glossary of terms

Availability - Percentage of time that generating plant is available to produce electricity

Capacity factor - Ratio of energy produced by a generating unit relative to the electrical energy that could have been produced at continuous full-power operation during the same period

Electricity Market Reform (EMR) - UK Government proposals under consultation for long-term low carbon electricity generation

Feed-in Tariff (FiT) - Renewable energy support mechanism where producers are rewarded at a nationally prescribed level for renewable electricity fed into the grid

KWh - Kilowatt hours. 1KWh = 1'unit' of electricity. Average annual domestic consumption approx 4,400kwh per household per annum

MW - Megawatt, used to refer to maximum capacity of generating plant

MWh - Megawatt hours. 1MWh = 1,000kwh

GWh - Gigawatt hours. 1GWh = 1,000MWh

Ofgem - Office of Gas and Electricity Markets, the UK industry regulator

PPA/Power Purchase Agreement - contract for purchase of electricity generated

RO/Renewable Obligation - UK Government support mechanism for large-scale renewable energy

ROC/Renewable Obligation Certificate -1 ROC issued per renewable MWh generated. ROCs are sold to power suppliers, which are obliged to hold 0.12 ROCs per MWh supplied

LEC - Levy Exemption Certificate. Issued by Ofgem. Exempts renewable generators from Climate Change Levy

STOR - National Grid Short Term Operating Reserve. Power sources called upon to meet unscheduled electricity demand

Triad - 3 Times of Transmission System Peak Demand, each separated by 10 days

Variability - Non continuous nature of wind energy generation

In planning - Project with a planning application submitted but not yet determined

Consented - Project with planning permission

Repowering - Improving energy output of existing operating site through replacing older machines with newer models. Requires planning permission.