

Private and confidential

Karoo Renewable Energy Facility

NERSA Public Hearings



5 March 2012



Key points

Nobelsfontein 75MW Wind project selected as preferred bidder in the First Round of the REIPPPP

Unrivalled connectivity

Projects advised by Standard Bank (Financial), Wind Prospect (Wind); Dewey & Le Boeuf (Legal) and Savannah (EIA)

The Karoo Renewable Energy Facility; a Wind & Solar PV renewable energy park

- Nobelsfontein 75MW Wind project selected as preferred bidder in the First Round of the REIPPPP
- Strong local and international sponsor consortium
 - Lead Developer: Gestamp Wind **(60%)**
 - Shanduka Group **(25%)**
 - SARGE (land owner and original developer) **(12.5%)**
 - Nobelsfontein Educational Trust **(2.5%)**
- Sites are owned by land owners involved in the Projects (Roux Family) and are located on the borders of Northern and Western Capes
- Unrivalled connectivity:
 - Eskom quotes received for connection to existing 132kV, 440kV lines, and directly to the Gamma sub-station
 - On site 132 kV and 440 kV lines, as well as a further 440kV line on site and a 765 kV line nearby as are the Gamma and Victoria sub-stations
- Two further projects to be bid in subsequent Rounds of the REIPPPP at surrounding sites, creating a Wind & Solar PV renewable energy park:
 - 140 MW wind project and a 50 MW PV project, divided between two SPVs
- Record of Decision (“RoD”) received 13 October 2011 for 450 MW Wind, 50 MW PV and Two new sub-stations
 - Splitting of RoD for the individual projects received 22 February 2012
- **16 month 80m wind data** collected by mast 1, 12 month wind data on masts 2 & 3, and 4 month wind data on mast 4
- **10 years solar data** for the site on hand
- Standard Bank providing senior debt , carbon credits and empowerment financing
- Projects advised by Standard Bank (Financial), Wind Prospect (Wind); Dewey & Le Boeuf (Legal) and Savannah (EIA)

Gestamp Company Profile

Key points



Diversified company with global experience in Renewable Energy Projects

Presence in 18 countries

Overview

- Gestamp is a diversified company globally renowned for its specialisation in renewable energy through Gestamp Renewables.
- It also operates multiple steel services centers, components , assemblies and systems for the automotive industry globally
- Gestamp is present in 18 countries with turnover of over Euro 5 billion;
- Employs more than 25,000 people through out its operations
- Gestamp specifically operates in the wind, solar and biomass energy generation space, and also has strong wind turbine tower and PV panel support manufacturing facilities.

Gestamp Value Add

- Gestamp is positioned along the value chain of the renewable energy sector, diversifying the risk of concentration in business promotion.
- Gestamp controls all the stages of the process: Development, Construction and Operation and Maintenance.
- Track record of Management Team of more than 3,500 MW of wind and solar power development from green field until its commercial operation in 5 years
- More than 500 MW operating assets and 3000 MW pipeline developed in 4 years in 9 countries

Operational Strategy

Mission

- To be service leaders who apply a continuous improvement and implement technological innovations in all processes.

Vision

- To be a market leader due to the vision of consistently applying good practices

Business Units

- Gestamp operates the following structure



Shanduka Company Profile

Key points

SHANDUKA

*Exceptional NAV
growth underpinned
by quality
partnerships &
Portfolio*

*CAGR = 51% per
annum since 2003*

*Executive Chairman:
Cyril Ramaphosa*

*CEO: Phuti
Mahanyele*

Overview

- Established in late 2000, by Cyril Ramaphosa, the Shanduka Group is a leading African black owned and managed investment holding company.
- Their investment portfolio comprises Resources, Financial Services, Property, Energy, Beverages and Industrial & General.
- As a black owned and managed company, Shanduka is proud to be contributing to the economy and society during a period of great and positive change on the African continent.
- Shanduka's investment philosophy is to partner with companies in which they can play a meaningful role in maximising growth and profitability.
- The Shanduka Foundation is the community investment vehicle dedicated to education and the development of business skills for the previously disadvantaged community.

Shanduka's Value Add

1. Assist with stakeholder and community engagement
2. Advise and monitor progress on the implementation of BBEEE
3. Assist with the attraction and retention of strategic Human Resource Skills
4. Participate in strategy sessions and facilitate enabling relationships via partner network

Vision and Mission

Vision

“To be a leading African investment holding company that creates value and makes a difference”

Mission

- In order to achieve their vision, Shanduka sets out to:
 - Invest in strategic sectors and companies with high growth potential
 - Being innovative and exceeding stakeholder expectations
 - Embracing diversity
 - Understanding our stakeholders' needs and delivering on them
 - Ensuring sustainability and good corporate citizenship

Business Units

- The Shanduka Group operates six different business units:
 - Resources;
 - Food & Beverages;
 - Property;
 - Energy;
 - Industrial & Other; and
 - Financial Services

SARGE Company Profile

Key points

s a r g e

SARGE is a privately owned wind developer

SARGE has experience of all aspects of renewables development and previously sold 166MW of wind developments in SA

SARGE wishes local communities to benefit from renewable energy investments

Overview

- SARGE, based in Cape Town, is one of the South Africa's leading wind and Solar energy (PV) developers. SARGE has been a leading player in the field of renewable energy development in South Africa for over 5 years, having previously sold 500MW wind developments to RES (UK).
- SARGE has a highly skilled team with international experience in all parts of development, including:
 - Choosing sites and procuring land leases;
 - Designing the project (for maximum power performance and minimum local impact),
 - Securing planning approvals and consents stage (including environmental assessment and financing)
- SARGE has formed a joint development partnership with Gestamp Wind, to develop wind sites in South Africa totalling [850] MW.
- It is SARGE's policy to help local communities and economies benefit from the development of a wind and solar farm in their area. This is through community benefit schemes and by using local companies during the construction phase wherever possible.
- For other wind farm developments currently being developed, SARGE is committed to assisting the local communities benefit to the fullest extent from the investments

Nobelsfontein 75MW Wind Project

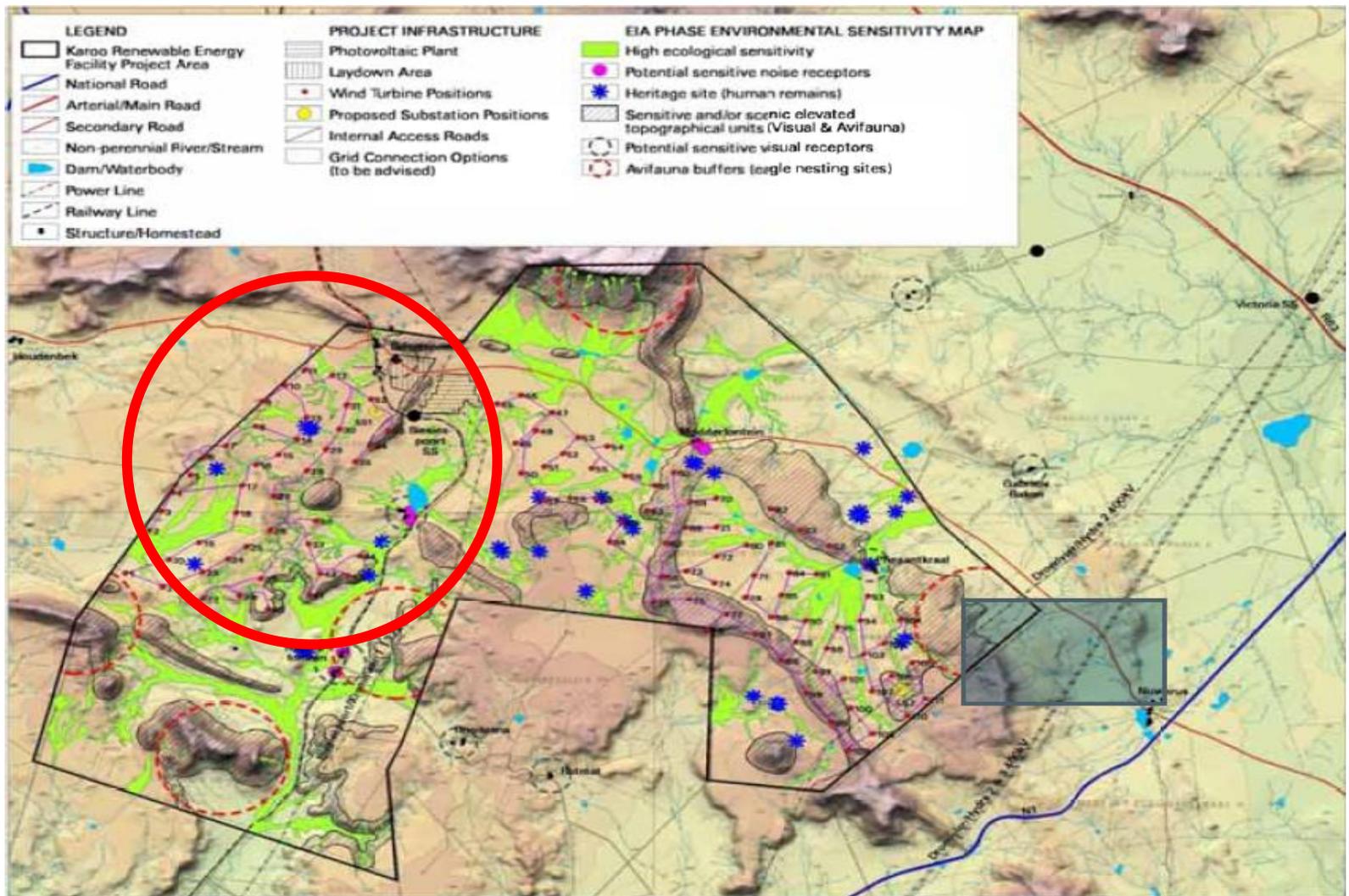
Key points

Excellent Location on the N Cape / W Cape Border

The Roux Family owns the site and is fully invested in the surrounding area

The SW boundary of Nobelsfontein 227 is located only 8kms NE of the Three Sisters junction of the N1/N12, with the R63 NE of the site

132 and 400 KV lines runs through the site; with a 400 kV and 765 KV line close to the site, as is Gamma sub-station



Nobelsfontein 75MW Wind Project

Key points

High quality site

Strong grid connectivity and data

Project will generate 75 MW of wind in the Northern Cape

Debt, empowerment and carbon credit financing to be provided by Standard Bank

Operational Overview

- 80 metre wind masts in place since October 2010, with a 34% capacity factor (indicative)
- RoD issued in October 2011, covering 450 MW wind, 50 MW PV plus two new sub-stations
 - Subsequently split to allow for 1 x 75 MW & 1 x 140 MW Wind and 1 x 50 MW PV projects (22 Feb 2012)
- A new substation will be constructed for the multiple project connections
- High quality sites which have been reviewed by :
 - Wind Prospect, as Sponsors' advisors; and
 - Arup, as Lenders' advisors;
- Chosen site locations offer altitude, excellent irradiation, wind resources
- The site is ideally located to facilitate line-loss savings given the proximity of existing 132 kV, 440 kV and 765 kV lines
- Excellent grid connectivity
 - No competition for grid connectivity for first round of the IPPPP, and the closest potential competition over 70km away for the second round
 - ▶ Either at de Aar or Beaufort West (both solar PV projects) – no wind competition within [300] kms (Cookhouse is closest competitor)
- 132 kV and 440 kV transmission lines runs through the proposed site
- There is another 440 kV line on site, and a 765 kV line in close proximity.
- Within 15kms, Eskom's new Gamma substation will connect the new 765 kV lines to the Western Cape (Koeberg/Omega) and Port Elizabeth (Grassridge).

Nobelsfontein 75MW Wind Project

Key points

No competition for grid connectivity in local surrounding area for First Round projects

Nobelsfontein 75MW Wind project's positioning on the border of the Western and Northern Cape's will add beneficial kWh's to the transmission network

The line loss savings can be quantified as a real monetary savings to the system operator

Value for Money

■ Grid Connectivity

- No competition for grid connectivity in local surrounding area for First Round projects
 - ▶ Potential Second Round projects grid connection over 70kms away
 - ▶ These projects are likely solar PV, therefore having a different load curve
- 132 kV and two 440 kV transmission lines run through the site and a 765 kV line in close proximity

■ Transmission gains

- Eskom power stations north of the Vaal River make up the bulk of the Eskom generation capacity, with the notable exception of Koeberg Nuclear Power Station outside Cape Town
- The transmission network dissipates losses which consumes real power (kW's) and hence energy (kWh's) in the process of transmitting the electric current across the network of transmission line conductors and transformers
- Nobelsfontein 75MW Wind project's positioning on the border of the Western and Northern Cape's will add beneficial kWh's to the transmission network at a critical point, reducing the requirement for kWh's to be sent to the Cape region from the North
 - ▶ This will reduce transmission line losses, resulting in a net gain to the system
 - ▶ The line loss savings can be quantified as a real monetary savings to the system operator over and above the benefit of the kWh's produced at Nobelsfontein

Nobelsfontein 75MW Wind Project

Key points

The trust is ideally positioned to assist the local people to empower themselves on a sustainable basis

Inland positioning provides significant balancing benefits to the system operator

Establishing a wind tower manufacturing facility will be a catalyst in the further and sustainable development of the renewable energy sector in South Africa

Value for Money

■ Social Benefits

- The area within which the project is situated is rural farm land where employment and education levels are low
- The project will establish the Nobelsfontein Education Trust as a community upliftment initiative
 - ▶ The trust is ideally positioned to assist in the educational upliftment of the people living in the surrounding area, allowing the local people to empower themselves on a sustainable basis

■ Inland Wind Profile

- The Nobelsfontein Wind Project is unique in the First Round of preferred bidders
- Its inland positioning infers an opposite seasonal wind profile - Winter Wind - to Wind projects located at/close to the coast
 - ▶ This provides significant balancing benefits to the system operator

■ Manufacturing Opportunity

- The lead sponsor, Gestamp Wind, forms part of the Gestamp group, which operates the Gestamp Wind Steel subsidiary
- Gestamp Wind Steel will develop a wind tower manufacturing facility in South Africa, either in the Eastern or Western Cape – demand dependent, with the objective of supplying steel towers for Phase I preferred bidders projects
 - ▶ This will be a catalyst in the further and sustainable development of the renewable energy sector in South Africa
 - ▶ The manufacturing process will bring fully transferable and currently non-existent skill sets to the country, creating a skilled labour force
- The establishment of a wind tower manufacturing facility will:
 - ▶ Lead to large scale foreign direct investment; and
 - ▶ Set an investment precedent for similar investment (e.g. Gestamp Solar Steel)

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