

ASX announcement

21 August 2015

**TRG ANNOUNCES JOINT VENTURE OPPORTUNITY WITH
CURRENT AFFILIATE, NEREUS CAPITAL**

Highlights

- TRG/NL announces continued strategic support of current affiliate, Nereus Holdings, LP ("**Nereus**"), through investment in Nereus Capital Investments Pty Ltd ("**NCI**"), a direct Indian renewable energy infrastructure fund
- NCI's objective is to become a market leader in providing renewable solar investment in India, a potential \$6 billion to \$7 billion capital-equipment market, with up to \$4 billion in annual revenues over the next decade¹
- Nereus' private equity team have worked together for over a decade, investing successfully in alternative energy power generation in India
- TRG continues to support early stage investment opportunities by providing flexible capital, in this case to its affiliate Nereus
- This investment is aligned with TRG/NL's investment strategy through strengthening, expanding and diversifying their multi-asset portfolio

Treasury Group Limited ((ASX: **TRG**),) and Northern Lights Capital Partners, LLC ("**NL**") today announce their investment in a bespoke investment vehicle, NCI, who is sponsored by TRG/NL's affiliate Nereus. TRG/NL, through their jointly held Aurora Trust ("**Aurora**"), hold a 50% economic interest in Nereus, an investment manager focused on renewable energy infrastructure in India. Nereus has been a NL boutique since 2010.

NCI is an alternative asset manager, whose strategy focuses on providing finances for alternative renewable energy infrastructure in India. Nereus, its sponsor, is differentiated by the combination of: a private equity team that has invested together for over a decade; and a sector-specific operational team that has developed over 1,000 megawatts of alternative energy power generation in India. Nereus seeks stable, annual yields by providing construction financing for utility-scale solar photovoltaic ("**PV**") power plants.

Aurora will make an investment into NCI, which is being launched in partnership with Nereus and Hareon Solar Singapore Pty Ltd ("**Hareon**"), the Singapore affiliate of a leading manufacturer of solar PV panels in China. Hareon will provide the initial financing of up to USD \$35m for NCI's sponsorship of utility-scale solar PV projects in India ("**Projects**"). Aurora, will make a small initial equity capital investment in NCI, but will provide a contingent commitment of up

¹ "Solar Power and India's Energy Future" – AT Kearney, 2013

to USD \$25m, which can be called no sooner than the sixth anniversary of the closing of the deal. In consideration of its participation, Aurora will receive a direct economic interest of 50% in NCI, and will also share in the economics of the Projects through its equity interest in Nereus; subsequent to the redemption of Hareon's preferred shares.

NCI will develop, construct and operate around 32MW of Projects through wholly owned subsidiaries in India, with the first round of projects to be commissioned in late 2015. The Projects will primarily provide electricity to publically listed companies in India.

NCI expects to recapitalise Hareon's financing through a refinancing of the Projects within 24 – 36 months of closing, which would result in the removal of Aurora's contingent commitment. The Projects are also expected to generate significant cash flows to Aurora directly through its participation in NCI, and indirectly through its interest in Nereus.

Aurora views its support of NCI as a way to enhance Nereus' track record in solar power generation. Following the launch of NCI, Nereus will seek to raise new capital through similar investment vehicles, with a goal of investing USD \$100m to USD \$150m annually in solar PV projects in India. The success of NCI should encourage new institutional investors globally to invest in future private equity-style funds sponsored by Nereus.

Aurora and Nereus have seen a growing interest from North American, European, and Australian institutional investors in Indian solar power generation. NCI's objective is to become a market leader in providing renewable solar investment in India. The already massive energy deficit in India continues to grow, while the cost of solar power generation continues to fall. This environment makes the financing of solar PV projects in India economically attractive on an unleveraged, unsubsidised basis.

Tim Carver, MD and CEO- elect, commented:

"We are pleased to announce that we have considered a wide range of opportunities over the last six months and have identified this as a key opportunity which will enhance the overall strength, growth and diversity of Aurora. We are continuously looking for ways to support our affiliates. The investment strategically diversifies and geographically expands Aurora's portfolio. We believe supporting Nereus in this endeavor will not only catalyse new institutional investments into the Nereus strategy, but will provide an attractive risk/return outcome for Aurora's shareholders."

Over the past five years, the team at Northern Lights Capital Partners has worked closely with Nereus to help build their business by providing flexible capital, offering strategic consulting and capital raising support.

Tim Carver, MD and CEO- elect, also commented:

“Right now we are seeing strong investor demand for yield companies, with almost \$30 billion in inflows across the US and Europe. We are excited to help facilitate a critical part of Nereus moving their business forward.”

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About Treasury Group

Treasury Group and Northern Lights Capital Partners (“**Aurora**”) is a multi-boutique asset management firm dedicated to providing value to shareholders, clients and partners. We apply our strategic resources, including capital, institutional distribution capabilities and operational expertise to help our partners excel. Post-merger, Treasury Group and Northern Lights Capital Partners collectively had approximately A\$49 billion under management across a global platform of 19 boutique asset managers, as of June 30, 2015.

About Aurora

Aurora Trust is the trust created to hold the interest in the portfolio of boutiques (ranging from traditional equities to alternatives and private equity) held by TRG and NL.

About Nereus Capital

Nereus Capital is an alternative asset manager investing in industries undergoing transformative change. The flagship fund, the India Alternative Energy Fund, provides flexible financing to companies engaged in renewable power generation and clean technologies in India. For more information visit www.nereuscap.com

About Hareon Solar

Hareon is one of the largest photovoltaic (“**PV**”) companies in the world, with vertically integrated manufacturing spanning wafers, cells, modules and PV

power plants. Hareon is also a Bloomberg New Energy Finance Tier 1 solar panel manufacturer and has more than 1.5 GW of annual cell capacity and more than 1GW of annual module capacity. Hareon has built and grid-connected more than 500 MW of PV power plants worldwide as of December 31st, 2013. For more information visit www.hareonsolar.com

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