



ASX & Media Release

Powering Australian Renewables Fund achieves financial close of Silverton Wind Farm

19 January 2017

AGL Energy Limited (AGL) today announced that it has reached financial close on the sale of the 200 MW Silverton wind farm project in western New South Wales, to the Powering Australian Renewables Fund (PARF), a partnership between AGL, QIC and Future Fund for the development of approximately 1,000 MW of large-scale renewable energy projects.

The \$36 million sale includes AGL writing an offtake agreement with the Silverton wind farm. AGL expects to recognise approximately nil profit on sale from the transaction.

The lenders to Silverton Wind Farm are: Westpac Banking Corporation, National Australia Bank, Sumitomo Mitsui Banking Corporation, Mitsubishi UFJ Financial Group, Societe Generale and DBS Bank.

The acquisition includes AGL writing an offtake agreement with Silverton Wind Farm. AGL's bundled offtake price from Silverton Wind Farm will be \$65/MWh (real) for an initial five year period. There is a put/call option to extend for the following five years at the same or lower price.

AGL Managing Director & CEO, Andy Vesey, said: "Building more renewables is a key commitment of our Greenhouse Gas Policy. Today's announcement and our broader strategy of setting up the PARF to enable investment is a tangible demonstration of this.

"Reaching financial close on the Silverton wind farm is a major milestone for PARF. Silverton is the first new renewable project build offered to the Fund, following the sale of AGL's already developed solar plants at Nyngan and Broken Hill in November 2016.

"The momentum we're experiencing with PARF is pleasing and proves that investor support exists for large-scale renewables development. However, further comprehensive policy changes are required to facilitate Australia's transition to a low-carbon economy," said Mr Vesey.

AGL Chief Financial Officer, Brett Redman, said: "The sale of Silverton reinforces our belief that the PARF, while innovative, is also a very workable financing vehicle, which enables the competitive funding of new renewable projects. We've seen strong lender support for the PARF projects to date, which has resulted in a competitive cost of funds."

Ross Israel, Head of Global Infrastructure at QIC, said: "This is a significant milestone for PARF in the delivery of its project pipeline. It demonstrates our ability to structure a strong, long-term relationship with our strategic partner AGL and our managed client, Future Fund. We are very pleased that in the first six months of establishing PARF there are three major investments in the partnership, including the first greenfield project."

On behalf of PARF, AGL will develop and manage approximately 1,000 MW of large-scale renewable energy infrastructure assets and projects. This represents 20 percent of the estimated¹ 5,000 MW of new renewable generation capacity required by 2020 to meet the Federal Government's Renewable Energy Target (RET).

¹ [EY Renewable energy country attractiveness index, May 2016 Issue 47, p17](#)



AGL provided \$200 million in equity funding to the PARF, QIC, on behalf of its clients the Future Fund and the QIC Global Infrastructure Fund, provided equity funding of \$800 million.

AGL has also named a joint venture consisting of GE and CATCON as the successful tenderer for the engineering procurement contract at Silverton. AGL and GE/CATCON will develop the approximately \$450 million Silverton wind farm, which is targeted to be fully operational by the middle of 2018.

The 200 MW Silverton Wind Farm and will produce approximately 780,000 MWh of renewable energy annually, which can power more than 137,000 average Australian homes. The renewable energy produced from the wind farm's 58 turbines, will reduce CO₂ emissions by 655,000 tonnes annually, which is the equivalent of taking 192,000 cars off the road each year.

Further inquiries:

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About AGL

AGL is one of Australia's leading integrated energy companies. It is taking action to responsibly reduce its greenhouse gas emissions while providing secure and affordable energy to its customers. Drawing on over 175 years of experience, AGL serves its customers throughout eastern Australia with meeting their energy requirements, including gas, electricity, solar PV and related products and services. AGL has a diverse power generation portfolio including base, peaking and intermediate generation plants, spread across traditional thermal generation as well as renewable sources including hydro, wind, solar, landfill gas and biomass.

About Future Fund

The Future Fund is Australia's sovereign wealth fund, investing for the benefit of future generations of Australians. The Future Fund was established in 2006 to accumulate financial assets to offset the Australian Government's unfunded superannuation liability from 2020. The role of the Future Fund is to generate high, risk adjusted returns over the long-term. It operates independently from Government. As at 30 September 2016, the value of the Future Fund was A\$124.65bn. Read more at www.futurefund.gov.au.

About QIC

QIC is a global diversified alternative investment firm offering infrastructure, real estate, private equity, liquid strategies and multi-asset investments. It is one of the largest institutional investment managers in Australia, with AUD75.8 billion² in funds under management, offering infrastructure, real estate, private equity, liquid strategies and multi-asset investment services. QIC has over 500 employees and serves more than 90 clients including governments, pension plans, sovereign wealth funds and insurers, spanning Australia, Europe, Asia, Middle East and the US. Headquartered in Brisbane, Australia, QIC also has offices in New York, San Francisco, Los Angeles, London, Sydney, and Melbourne. For more information, please visit: www.qic.com.

² As at 30 June 2016