

CapitalDynamics

TRULY INVESTED.



THE SHORT TERM AND LONG TERM IMPACTS OF COVID-19 ON CEI

Simon Eaves, Head of Clean Energy
Infrastructure, Europe

October 23, 2020

CLEAN ENERGY OVERVIEW

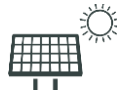


CLEAN ENERGY INFRASTRUCTURE CONTINUES TO GROW

The CEI Team has extensive experience investing across a variety of technologies and managing all stages of an asset's life cycle



\$6.5 billion
AUM/tax equity¹



5,639 MW
Solar PV²



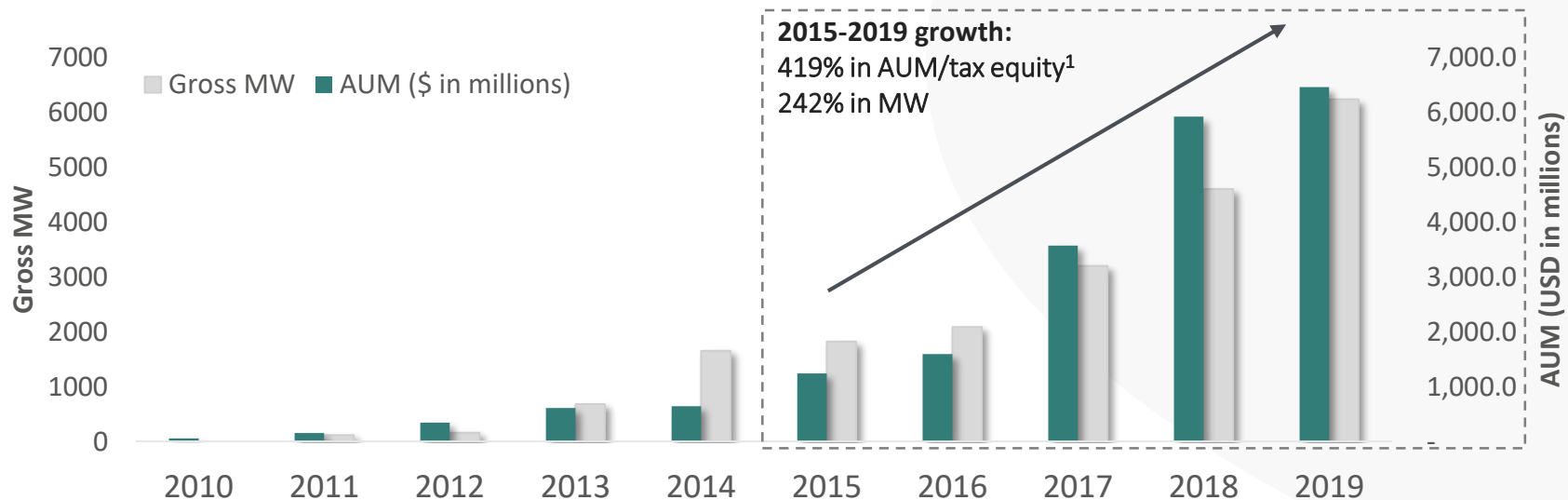
658 MW
Onshore wind²



992 MW
Biogas and CCGT^{2,3}



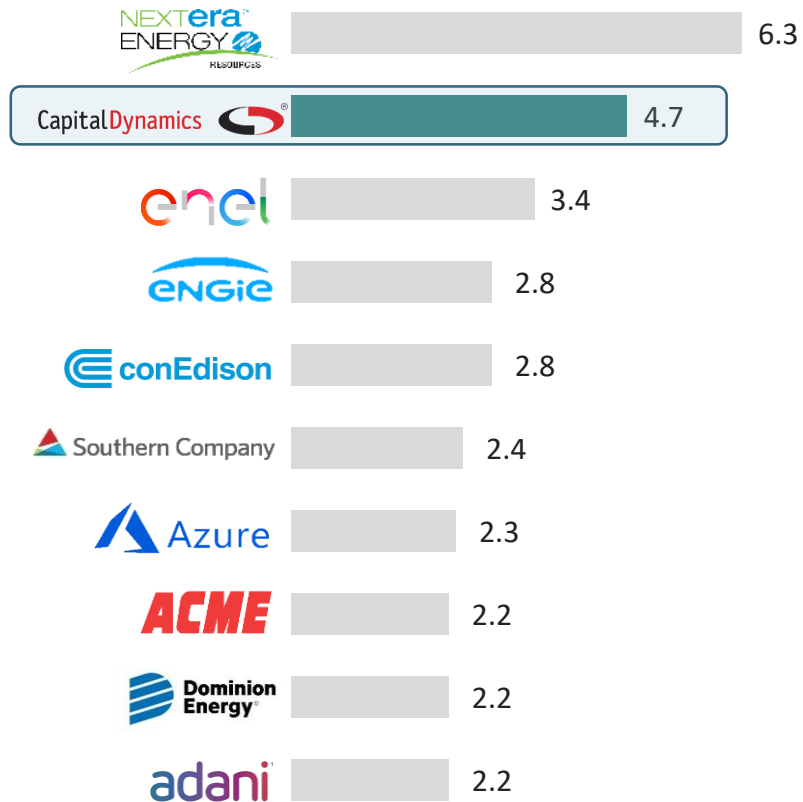
2.6 GWh
Storage²



(1) Source: Capital Dynamics as of June 30, 2020. Includes assets in renewable energy projects managed by Capital Dynamics, including USD 4.1bn assets under discretionary management and USD 2.4bn tax equity assets. Tax equity is a financing solution for renewable energy projects. Capital Dynamics makes no representation as to future size or growth of the CEI program. (2) Source: Capital Dynamics as of March 31, 2020. Gross MW. Includes operational assets, partially commissioned assets and contracted assets with PPAs secured. (3) Combined Cycle Gas Turbines.

CLEAN ENERGY INFRASTRUCTURE ACHIEVEMENTS

Leading global solar owners (net ownership, GW)¹



Industry leadership and affiliation 2019/20



**S&P Global Platts
Energy Awards**
– Winner: Financial Deal



PEI
– Winner:
Global Energy PE Firm;
– Finalist: Renewables Deal, Europe –
Talasol Solar



Power Finance & Risk
– Winner: PE Sponsor;
Renewables Project Finance Borrower;
N. Am. Renewables M&A Deal;
N. Am. Renewables Project Finance Deal;
Project Sponsor Official



GRESB
– Winner:
Sector Leader: Renewable Power
Generation Global, Americas



(1) Renewable Assets (Owners) League Tables. Bloomberg New Energy Finance. February 4, 2020. Includes projects operating, partially commissioned, financing secured. Excludes China. All logos, tradenames and trademarks cited herein are the property of their respective owners.

CLEAN ENERGY INFRASTRUCTURE UK PORTFOLIO

Managing 21 UK assets of 213MW+ within the UK. Strong presence in Scotland along with robust pipeline of further Scottish wind projects



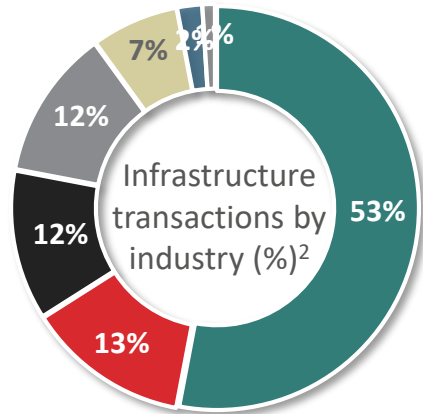
Source: CEI Team as at October 19, 2020

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A CRITICAL COMPONENT OF THE INFRASTRUCTURE ASSET CLASS

Established USD 475 billion market¹ with strong fundamentals

Renewable energy represents the majority of deals within infrastructure



■ Renewable Energy ■ Transport
■ Energy ■ Utilities
■ Telecoms ■ Social

Largest sector of new investment in electricity generation

1,441

Renewable energy deals in 2019³

363

Global new investment in 2019 (USD in billions)²

53%

Renewable energy transactions

Income-producing real assets attractive to institutional capital

- ✓ One of the few areas of infrastructure providing genuinely contracted, fixed revenue streams over long period
- ✓ More sheltered from macroeconomic dynamics than other infrastructure classes⁵

(1) Clean Energy Investment Market Size. Bloomberg New Energy Finance, includes new investment and acquisition transactions as of December 31, 2019. (2) January 2020 Preqin Infrastructure Deals Report (3) Source: Inframation Deals: Renewables Transactions from 1 January 2019 to 31 December 2019. (4) Preqin Infrastructure Deals report 2019 (5) External analysis from Portfolio Institutionell magazine, Allianz Capital Partners (2012)

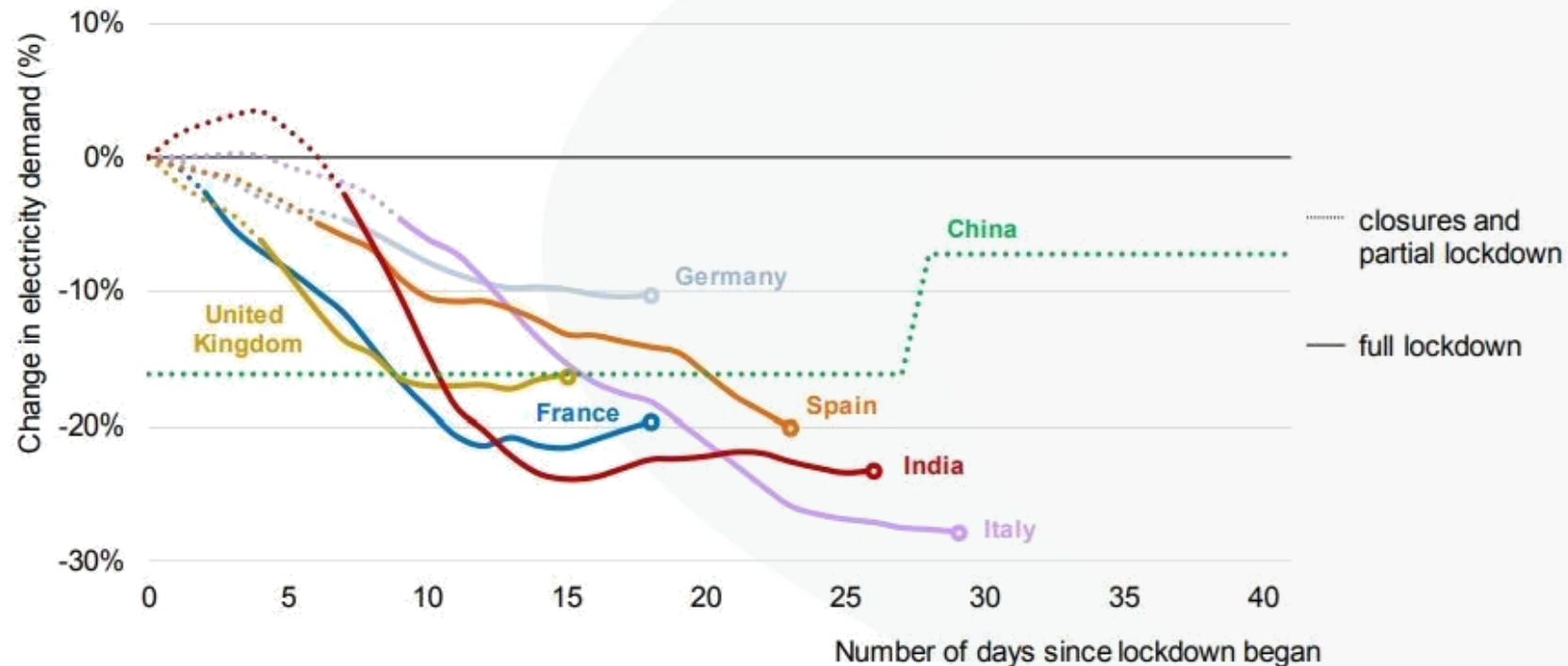
SHORT TERM IMPACTS



WHAT HAPPENED TO DEMAND DURING LOCKDOWN?

Energy use down by up to 6% this year, seven times the impact of the 2008 financial crisis¹

Reductions of electricity demand after implementing lockdown measures in selected regions, weather corrected

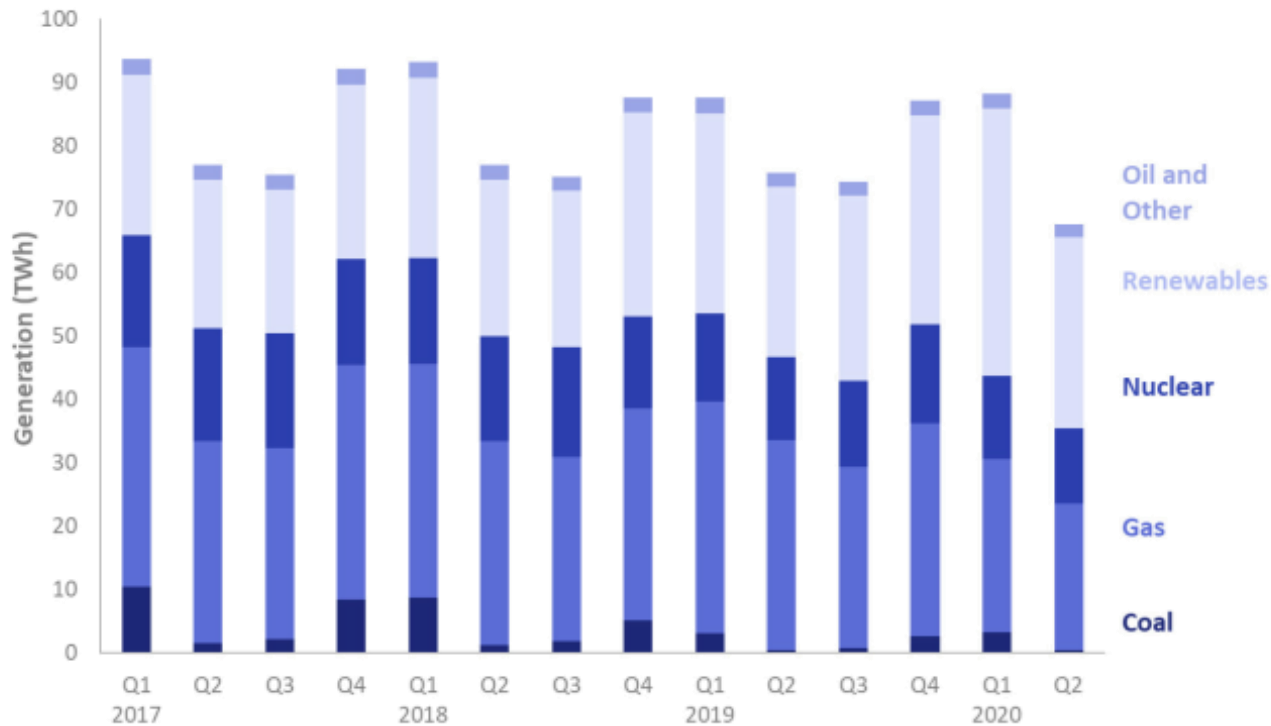


France, India, Italy, Spain, the United Kingdom and the north-western region of the United States all saw consumption fall by at least 15% during lockdowns – although in Italy, at the height of its outbreak, electricity demand was down by as much as 75% at times.¹

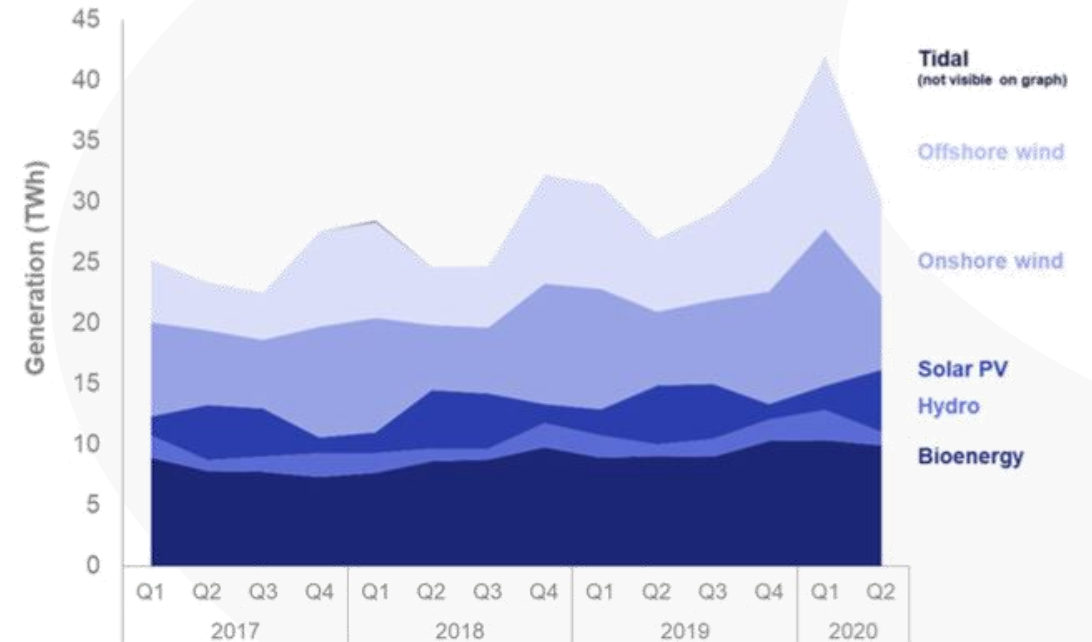
WHAT HAPPENED TO SUPPLY DURING LOCKDOWN?

Renewable energy has been the energy source most resilient to Covid-19 lockdown measures¹

Total electricity generated by source²



UK Renewable electricity generation³



- Renewable electricity generation increased by almost 3% in Q1 2019, mainly because of increased capacity, high availability (in Europe and the US) and because renewables are generally dispatched before other sources of electricity¹
- In the UK, Q2 2020 was the second consecutive quarter that renewables surpassed fossil fuels in terms of electricity generation

WHAT HAPPENED TO THE GLOBAL SUPPLY CHAIN?

Sourcing within the continent, carefully structured contracts and proactive construction management mitigate against many of the supply chain impacts associated with Covid-19

	Q1 2020	Q2 2020	Q3 2020
Impacted areas	<ul style="list-style-type: none"> Solar manufacturing and shipments Lithium-ion batteries and materials 	<ul style="list-style-type: none"> Solar manufacturing, shipments, prices Wind blades and nacelles production 	<ul style="list-style-type: none"> Solar manufacturing, shipments Wind turbine components
Supply chain	<ul style="list-style-type: none"> Chinese PV and battery manufacturers returned to full operation in March. Many factories elsewhere are closed due to shutdown orders. New lithium, nickel and cobalt production and processing is down 	<ul style="list-style-type: none"> Production of PV and wind equipment is largely back to normal, although restrictions remain in some countries. Suppressed near-term demand and capacity expansions have increased PV oversupply Crystalline silicon (c-Si) equipment prices fell in April 	<ul style="list-style-type: none"> Chinese module makers shipped more in May and June, thanks to a boom in demand from Chinese developers to commission projects by the middle of the year. The wind supply chain appears to be operating as normal
Construction	<p>Partial restrictions and delays are more typical than full suspension of construction activity.</p>	<p>Restrictions are being eased in many countries. Construction delays may be likely as companies implement new safe working conditions.</p>	<p>Construction has largely returned to normal globally but worker restrictions remain in place in some countries such as Thailand and Vietnam.</p>
Impact on Demand: corporate PPA volumes	<p>Activity stable in March 2020, outpacing 2019.</p>	<p>Activity stable in April 2020, resting between 2018 and 2019 levels.</p>	<p>The global corporate PPA market is booming.</p>

Key: No impact from Covid-19 ■ Clear impact from Covid-19 ■ Extreme impact from Covid-19 ■

COVID-19 AND OIL PRICES¹

Across all major regions, the power mix has shifted towards renewables following lockdown measures due to depressed electricity demand, low operating costs and priority access to the grid through regulations.¹

Renewable electricity will be the only source resilient to the biggest global energy shock in 70 years triggered by the coronavirus pandemic

- International Energy Agency, 2020

Renewables Poised To Clean Up From Oil's Price Spill

... sudden tumult represents an opportunity for the renewable energy sector.

- Forbes, March 19, 2020

Clean power stocks have weathered the coronavirus crisis better than their peers in oil and gas

...according to research by IEA and Imperial College London

- Financial Times, May 27, 2020

Wind, Solar Farms Are Seen as Havens in Coronavirus Storm

Steady returns in renewable energy attract investors, even as new projects likely face finance hurdles

- WSJ, March 31, 2020

76% of investors plan to increase or maintain their allocation to the Infrastructure sector over the next twelve months²

ATTRACTIVE CASH FLOW PROFILE FOR INSTITUTIONAL INVESTORS WITH RELATIVELY LOW RISK

Infrastructure risks and benefits¹

Sector	Relative Risk Assessment	Capital Appreciation Potential
Social Infrastructure/PPPs and PFIs	○	○
Contracted Renewable Energy Infrastructure	○	◐
Regulated Utilities	◐	◐
Toll Roads	◐	◐
Airports	◐	◐
Seaports	◐	◐
Freight Rail	◐	◐
Telecommunication Infrastructure	●	●
Merchant Power Generation	●	●

2020 Outcomes support analysis²

	Merchant Roads	Airports	Ports	Merchant Infra	Contracted Infra
Average Covid-19 impact on annual revenues 2020-2022*	-11.8%	-17.8%	-19.3%	-6.6%	0%
Average impact of change of future dividends on valuations**	-6.6%	-7.3%	-14.9%	-3.8%	0%

Stable cash flows with low correlation to macroeconomic factors

Capital protection via long-term (15+ years), fixed-price contracts

Long-term stability and predictability of supply (P90)

Immediate cash flow or minimal J-curve

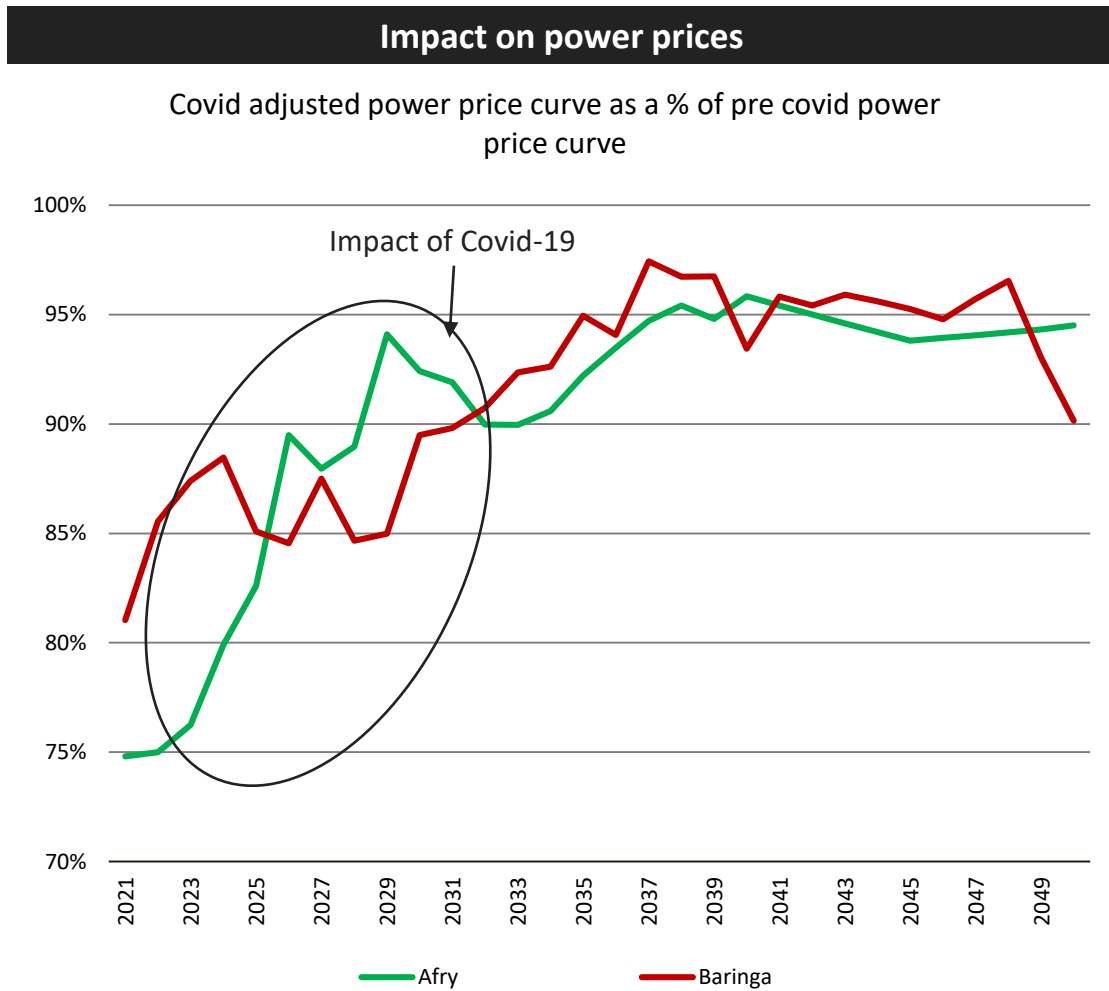
Ability to form highly diversified portfolios due to asset size

LONG TERM IMPACTS



COVID-19 IMPACT ON POWER PRICES AND VALUATION / RETURNS

While power prices have decreased significantly, the drop in valuation is cushioned by a combination of (i) fixed price PPAs, (ii) subsidized revenues or (iii) a decline in discount rates for renewable assets



Impact on valuation / returns

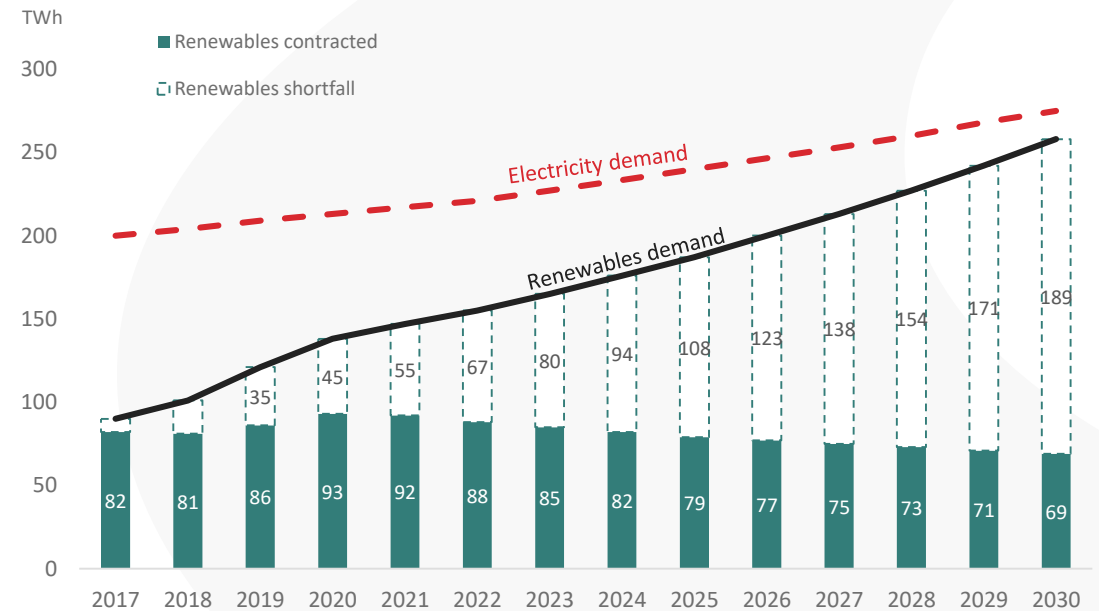
Subsidized Assets

- **Not fully exposed to power price risk**
 - On UK government renewable subsidy schemes (ROC or FiT)
 - c.50% - 100% of fixed price revenue for 20 years
- **Decline in discount rates for renewable assets**
 - Increase in demand for renewable assets due to higher yield in a low yield environment
 - More defensive than other infrastructure asset classes

Un-subsidized Assets

- **Higher portion of fixed price revenues**
 - Securing long term fixed price PPAs for a larger % of revenues for pre-operational assets compared to ROC assets
- **Discount rate arbitrage through proprietary access to deals**
 - Acquire assets at a higher discount rate compared to auction processes
 - Larger pool of investors with low cost of capital expected when exiting the assets

CORPORATES CONTINUE TO FAVOUR RENEWABLE ENERGY THROUGH POWER PURCHASE AGREEMENTS AS A ROUTE TO MARKET



- **263 corporates** in the Climate Group’s RE100 club have committed to **sourcing 100%** of their energy needs from renewables¹
- September was a **record month** for signed Power Purchase Agreements showing strong corporate appetite for renewables²

EUROPE HAS STRONG CLEAN ENERGY POLICY SUPPORT

Europe is a frontrunner in terms of the energy transition.¹ 9 of the top 10 countries with most sustainable energy policies are based in Europe². Post COVID-19 policies are especially supportive of a sustainable recovery

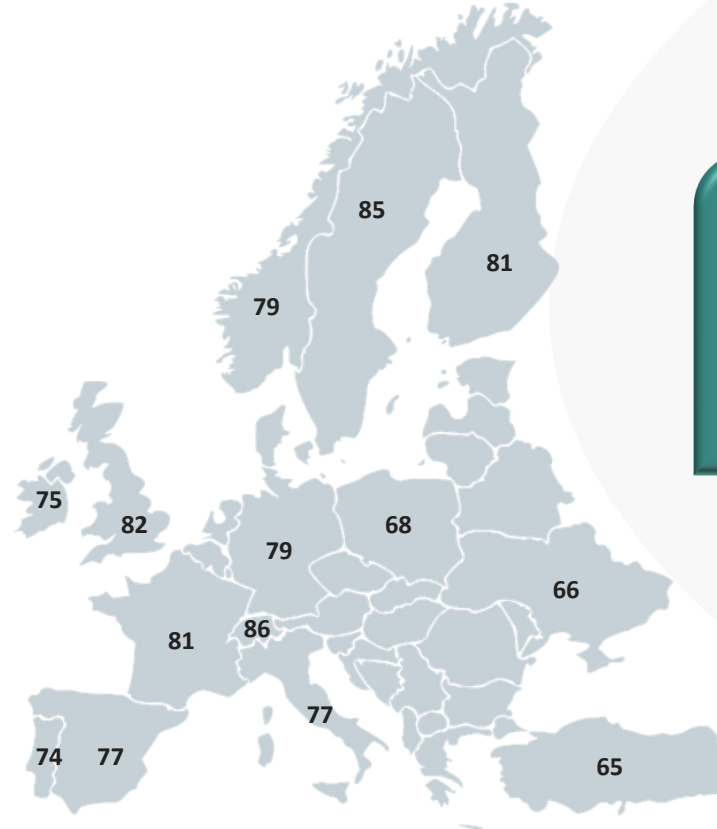
Energy Trilemma Index scores according to World Energy Council³

(Higher scores indicate countries with most sustainable energy policies)

The Paris Agreement is the first-ever universal, common agreement to undertake ambitious efforts to combat climate change and adapt to its effects, with enhanced support to assist developing countries to do so, adopted at the Paris climate conference (COP21) in December 2015.

UK was the first country to set a net zero emissions target by 2050. Other European countries have since followed. Further green investment of £160million into wind energy announced.

Binding European decarbonisation targets quadrupled from 2010 - 2017

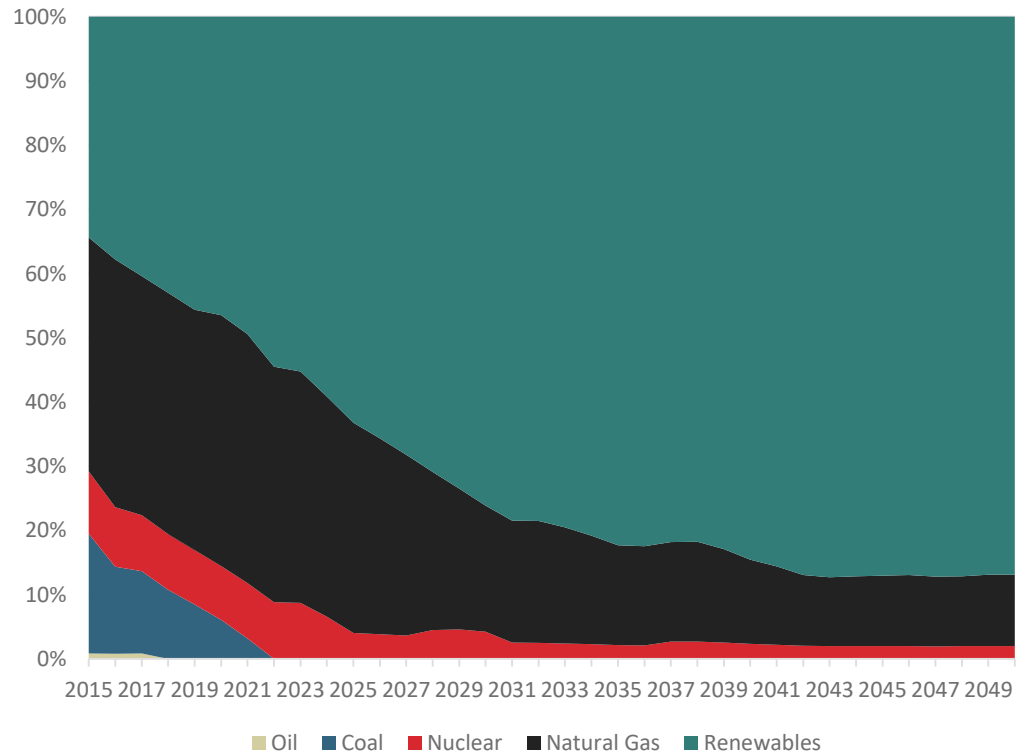


As part of the European Green Deal, the Commission proposed in September 2020 to raise the 2030 greenhouse gas emission reduction target, including emissions and removals, to at least 55% compared to 1990. EU officials have doubled down on their Green Deal plans from late 2019, while Germany, France and others have announced green stimulus packages totalling tens of billions of euros.

The Kyoto Protocol is an international treaty which extends the 1992 United Nations Framework Convention on Climate Change (UNFCCC)

DEMAND FOR RENEWABLES PROJECTED TO GROW

Projected Fuel Mix UK Electricity Generation¹



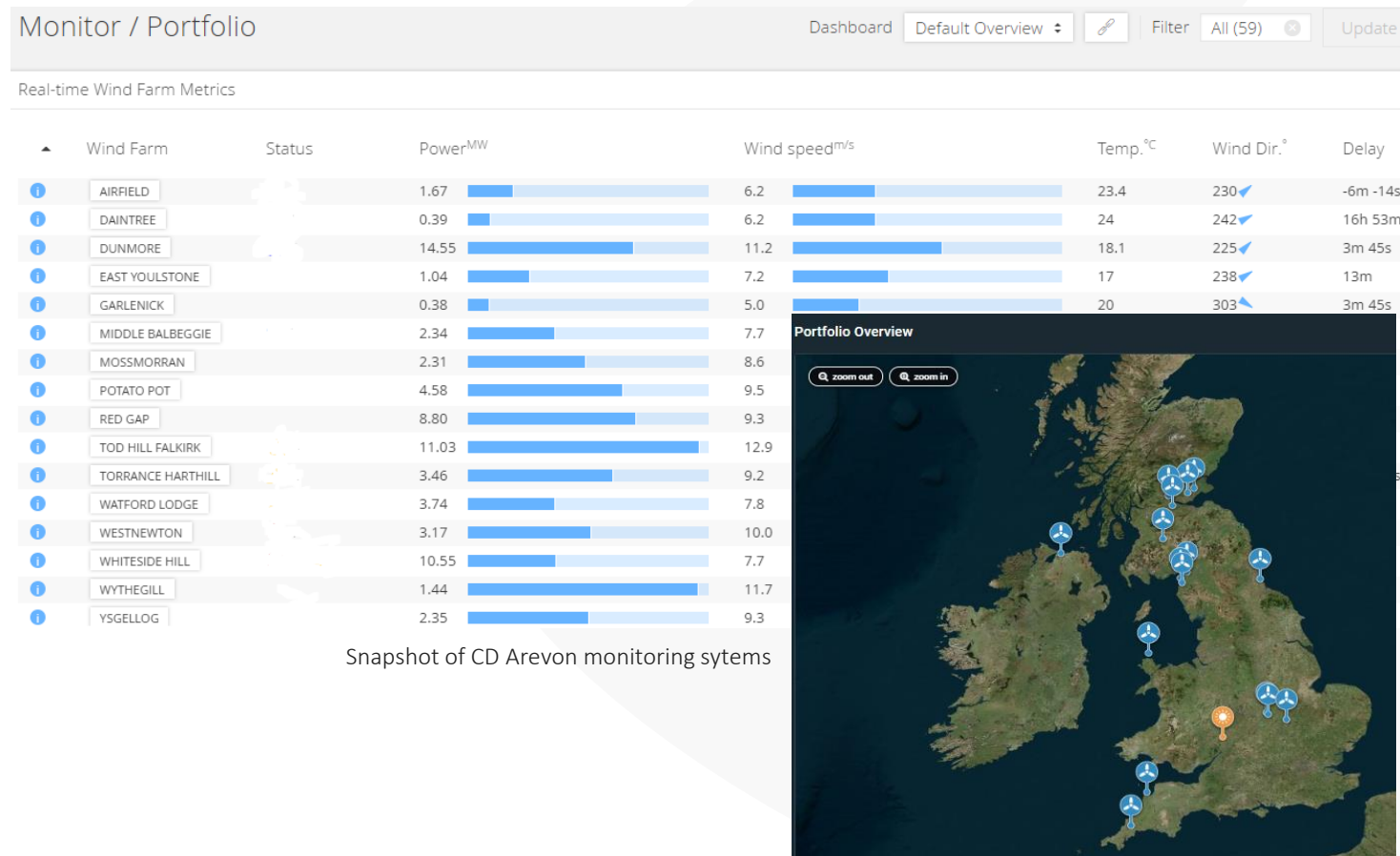
The projected **shift in fuel mix** for electricity generation creates opportunities in energy infrastructure investment:

1. Increased renewable penetration of solar and wind power generation with a net zero target by 2050
2. Continued coal retirements for political, economic and environmental reasons with zero coal by 2024
3. Abundance of low-cost natural gas replacing coal and nuclear retirements as dispatchable source
4. Early trending on distributed generation (including residential solar) and emerging storage technology
5. Declining costs for Wind, Solar and Storage technologies increasing viability of renewables

THE BENEFIT OF STRONG IN HOUSE ASSET MANAGEMENT

Proactive asset management from construction through to operations, means teams can adapt quickly in times of uncertainty

- Performance monitoring platform provides a centralized, cloud-based interface for all assets, including **24/7 remote monitoring, powerful analytics and custom reporting**
- In most cases, assets can be **reset remotely**, preventing the need to be on site
- Ability to swiftly adapt procedures including adopting a **new COVID-19 Health & Safety Policy**
- Nature of site work makes it **easier to maintain social distancing**
- In-house asset management **communicates daily** with investment team and provides **closer oversight of assets using customized approach based on asset**
- Experienced asset management and investment management **structure contracts** to protect projects from construction delays and low availability as a result of pandemic



RESILIENT AMID EXTRAORDINARY MARKET VOLATILITY

Overall, clean energy assets weather market shocks¹ and are insulated from volatility moving forward

Uncorrelated to market fluctuations	<ul style="list-style-type: none">• Very low correlation to both the public markets and GDP-sensitive infrastructure assets• Upside associated with longer term financings with PPAs secured as base rates that are lower than the investment case
Minimal supply chain disruptions	<ul style="list-style-type: none">• No material impact due to raw material or labor supply to date• Carefully structured contracts with external partners provide necessary rights and protections moving forward should any material disruption occur
Highly contracted assets	<ul style="list-style-type: none">• Negotiate long term Power Purchase Agreements for 10 – 25 years• These highly contracted structures with creditworthy counterparties help insulate the cash flows associated with our projects from both macroeconomic shocks and movements in commodity prices
Stability of operational assets	<ul style="list-style-type: none">• Existing, operating projects remain highly stable in a volatile environment• Such stability demonstrates the value of these assets as part of overall portfolio relative to assets more exposed to macroeconomic swings
Disciplined investment approach	<ul style="list-style-type: none">• The resilience of our investment portfolio during these challenging times validates our disciplined approach to deal structuring, investing, and asset management

(1) Source: CEI Team and CD Arevon as at April 15, 2020. Please see separate investor communication in data room for further details.

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