

Infigen Announces Sale of US Solar Development Pipeline

26/6/2015

Infigen Energy (ASX: IFN) today announced that it has agreed to sell its US solar development pipeline to a global solar energy company for US\$37.9 million subject to certain working capital related adjustments. On closing of the transaction Infigen will receive approximately US\$8.8 million with the balance receivable in November 2015. The transaction is subject to customary closing conditions for a transaction of this nature and is expected to close by August 2015.

The sale terms include an earn-out structure and other conditional payments pursuant to which Infigen may receive up to an additional US\$30 million.

Infigen's eligibility to receive any additional cash consideration is primarily dependent upon various projects in the development pipeline securing power purchase agreements (PPAs) that allow for the commercial operation date of the projects to be achieved prior to 31 December 2016. In certain limited circumstances, Infigen may remain eligible to receive contingent consideration until 31 December 2017 if relevant US federal tax legislation that provides incentives for renewable energy projects is favourably amended.

Any contingent consideration payable to Infigen is primarily payable on a milestone basis, with PPA execution, notice to proceed with construction and commercial operation date being key milestones. There is no certainty that Infigen will become entitled to any of the US\$30 million in contingent consideration. None of the contingent consideration will be recognised in Infigen's accounts until receipt is virtually certain as required under applicable accounting standards.

Since commencing US solar development activities in 2012, the US solar development pipeline has been held in entities outside of Infigen's Global Facility borrower group and its accumulated tax benefits. The tax gain on sale will be subject to US tax and the net after tax proceeds of the sale will be added to the cash that Infigen holds in entities outside of the Global Facility borrower group.

Infigen Energy Managing Director, Miles George, said "We are delighted with the success of our US solar development activities and we appreciate the professional and dedicated efforts of the US development team and support staff that have contributed to delivering this result in just over three years".

Greentech Capital Advisors and Stoel Rives LLP are advising Infigen on this transaction