

CASTLEPINES

FUNDING SECURE INVESTMENTS

Castlepines Corporation

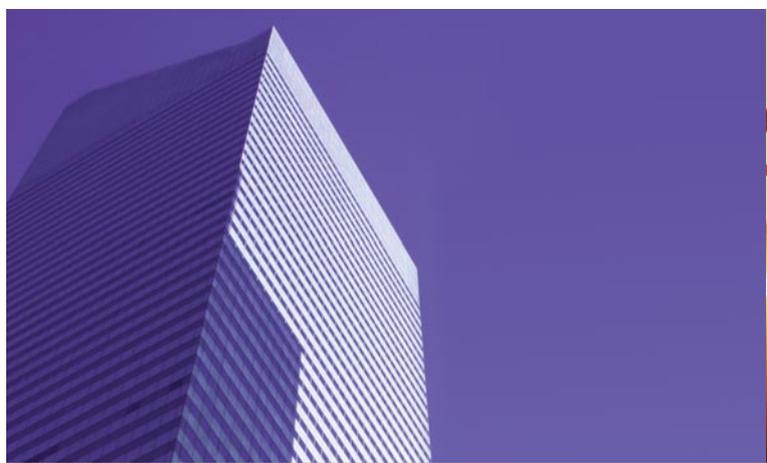
Castlepines Corporation

Castlepines Corporation is an international equity fund that invests its own and partner equity in major assets for secure, long-term yields. Castlepines principally operates in the following sectors:

- mining and resources;
- power generation and utilities;
- real estate; and
- shipping and marine.

Castlepines seeks to purchase long-term, conservatively-yielding assets that provide a secure passive income stream. Equity is sourced from Castlepines' own pension funds, large public pension funds and the pension funds of insurance companies. Castlepines has developed an investment model that provides access to substantial pension fund capital relatively quickly and efficiently. This capital is provided through one or more of our partner banks that act as pension fund advisers.

Castlepines' typical investment term is 20 years or longer. Because we focus on secure long-term investments, equity costs to amortise capital and provide a return on equity are relatively low, well under double digits. If an investment term is shorter than 20 years, higher yields are required to enable Castlepines to amortise the capital over the shorter period.



Castlepines are investors, not lenders. We invest directly into certain projects and assets, taking a direct ownership interest. Castlepines generally takes no form of security over an asset, which normally means no mortgage, charge, loan or lien.

Castlepines is a passive investor and does not seek to actively participate in the operations of assets or control the board of asset operating companies.

Benefits from a Castlepin investment

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A Castlepin investment can provide companies with an opportunity to retrieve significant capital tied up in passive, low growth assets that provide marginal returns, and to use those funds in more profitable areas. Assets sold to Castlepin can then be leased back for long periods at relatively low rates. The increased liquidity realised through a Castlepin investment can improve ratings and credit standing with lenders and suppliers.

The Castlepin approach can also be utilised by governments to enable them to focus on service delivery, rather than locking up funds through ownership of low commercial yield assets. Through sale of these assets and lease-back at low rates, capital can be released and deployed by governments in more needed areas. Castlepin investment in building new public assets is an alternative to government capital expenditure.

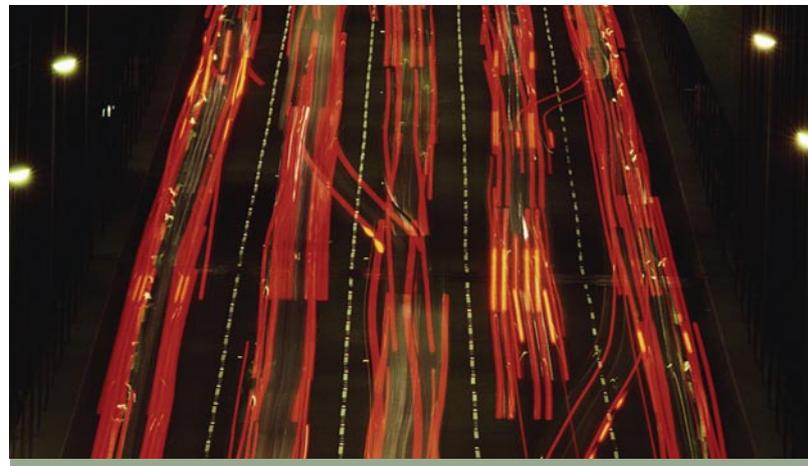
The Castlepin difference

The Castlepin difference

Castlepin differs from many other equity and hedge funds by:

- making all-equity investments for 20 years or longer, rather than short term debt-funded investments followed by asset sale or refinancing;
- having lower yield expectations and an exceptionally low cost of capital, through its long-term all-equity investment model;
- providing fixed terms and yields over the investment term;
- security on assets normally not being required; and
- taking no part in asset management decisions.

Castlepin investment model will suit many worthwhile projects that would normally only be successful if such a long-term and low-cost approach were taken.



Investment Model and Strategy

Investment Model and Strategy

Castlepinnes Corporation's investment focus is on secure, long-term equity investments in major assets. Of importance to Castlepinnes is a stable basic yield, small annual inflationary increases and all income being net of outgoings/costs.

The key to any Castlepinnes investment is ensuring that the return or coupon on the equity that we and our partner pension funds have contributed is secure, date-certain and sum-certain for the full investment term, and that the payer is 'investment grade'.

The key elements of Castlepinnes' investment strategy are:

- investing in assets with a purchase price typically greater than US\$100 million or equivalents in local currency;
- assets leased by a strong entity for the investment term, normally 20 years or longer. Shorter terms are possible but require a higher yield. Assets are leased under a triple net lease structure or a bareboat charter basis for shipping. Alternatively, the assets can be operated under operations and maintenance, and off-take contracts for the investment term; and
- an agreed annual inflationary increase on coupon payments (commonly 3%).



Investment Risk Management

Investment Risk Management

Castlepinnes adopts a suite of risk management strategies to ensure the security of an investment. This includes ensuring:

- strong entities as counter-parties (e.g. lessee, charterer or off-taker, as appropriate);
- where assets are to be constructed, substantial builders with performance guarantees and/or a completion bond, who are engaged under a fixed-priced turn-key engineering, procurement and construction (EPC) contracts;
- substantial operators and managers that are prepared to provide operations and maintenance agreements for the investment term and/or a maintenance contract for the same term with an annual non-use fee, where appropriate. Alternatively, any off-taker would need to accept contractual step-in rights in the event there is a serious break in production;
- any feedstock risk is managed through agreed feedstock quantum and base price contracts with a strong supplier for the same term as the off-take, with a floor and/or collar price to the feedstock to ensure its affordability throughout the term; and
- synchronicity of the key contractual arrangements for a project. For example, off-take, operations and maintenance, and feedstock contracts must match the investment term.

Castlepinnes defines a "strong entity" as being rated as investment grade by Standard & Poor's (minimum BBB rating) or Moody's (minimum Baa rating). Each key counter-party to a project or asset must be investment grade, or a world class company with a substantial balance sheet and wrapped by a minimum AA- rated insurer.

Where a potential counter-party is not investment grade or not rated at all, Castlepinnes may deal with that company provided it sells its product or service to an investment grade off-take party. Agreements to buy or supply the product/resource/service over the investment term are then required to secure revenues.

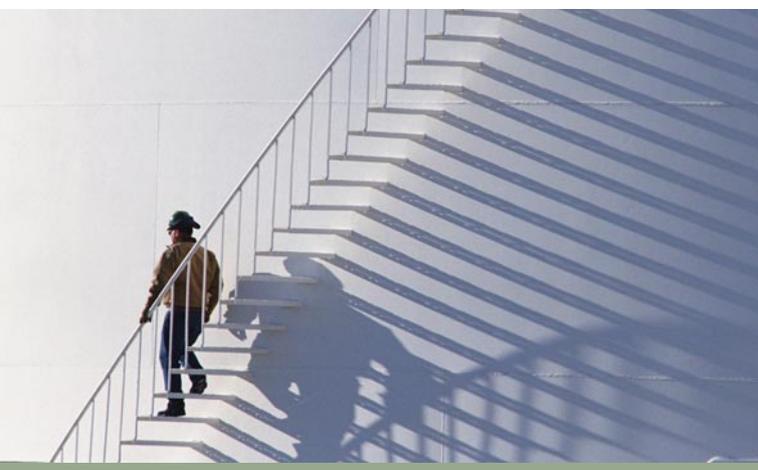
Asset investments

Asset investments

In the case of depreciating assets (e.g. plant, equipment, wiring), a conservative yield is required, marginally above property yields. Castlepines may be prepared to make available in advance all the capital required to permit the vendor/lessee to upgrade its equipment once or twice throughout the lease, so that the life and effectiveness of the equipment is maintained until investment/lease end.

Castlepines is seeking only conservatively-leased assets and is not sensitive to pricing of those assets. Market valuation is therefore normally not required prior to purchase.

Castlepines has no expertise in asset facility management. It therefore has no interest in this activity during the term of its investment. All maintenance issues and daily operations are managed and paid for by an asset's tenant, lessee or charterer.



Investment Sectors

Investment Sectors

Castlepinnes Corporation's investment strategy is principally focused on assets and infrastructure in the following key sectors:

- mining and resources;
- power generation and utilities;
- real estate; and
- shipping and marine.

Castlepinnes will consider investments outside these sectors provided they meet its investment criteria.

Mining and resources

Castlepinnes has an investment interest in mines and mining facilities. This includes in-ground mineral resources and operating mines. The investment interest also includes mining facilities such as processing plants, trans-shipment facilities such as coal loaders, gasification plants, steel mills, smelters, oil rigs and refineries, pipelines and railway infrastructure.

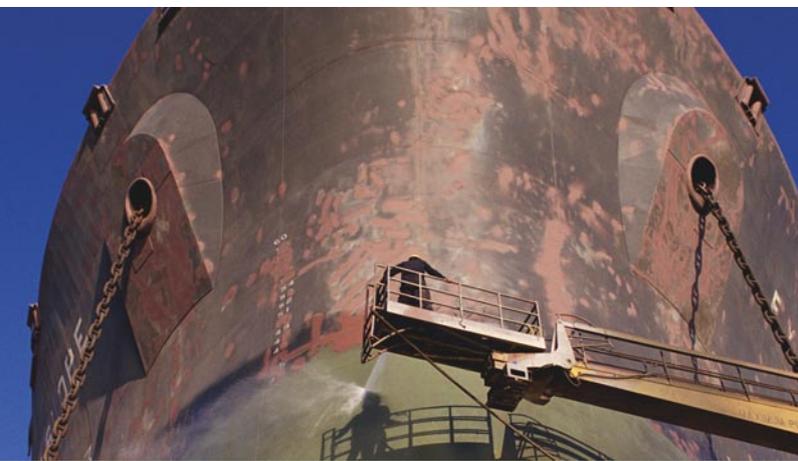
The Corporation's interests also include water management infrastructure, such as water and wastewater treatment plants, pipelines, dams and desalination plants. Waste management facilities are also of interest, including recycling facilities.

Real estate

Castlepinnes is interested in a range of real estate investments outside the residential property area. This includes commercial and industrial buildings such as office blocks, hotels, warehouses and tourist developments. Castlepinnes also has an interest in investing in public buildings, including those owned by municipal councils. These can be as diverse as school and university buildings, student accommodation, fire and police stations, and public housing.

Castlepinnes' acquisition philosophy for commercial property is to identify opportunities available on a wide range of different markets where economic and market conditions suggest that property is not at the time the most appropriate or attractive investment medium. We are not concerned about adverse market conditions.

Castlepinnes is looking for a secure revenue base. In essence, our investment focus is on well-located assets with reliable revenue and strong builders, managers and tenants. The emphasis will remain on security of yield, then capital profit.



Power generation and utilities

Castlepinnes' interests in energy investments include conventional and renewable power generation assets, as well as transmission facilities. Conventional power plants such as coal and gas fired plants, as well as nuclear power plants are of interest to Castlepinnes. In the renewable energy area, Castlepinnes has an interest in power generated by wind, solar, biomass, geothermal, waste-to-energy and hydro-electric power plants.

Our investment interest extends to other public utilities and infrastructure, including water and waste management, and road and rail transport facilities.

Company Background

Shipping and marine

Castlepines investment interests in shipping and marine include:

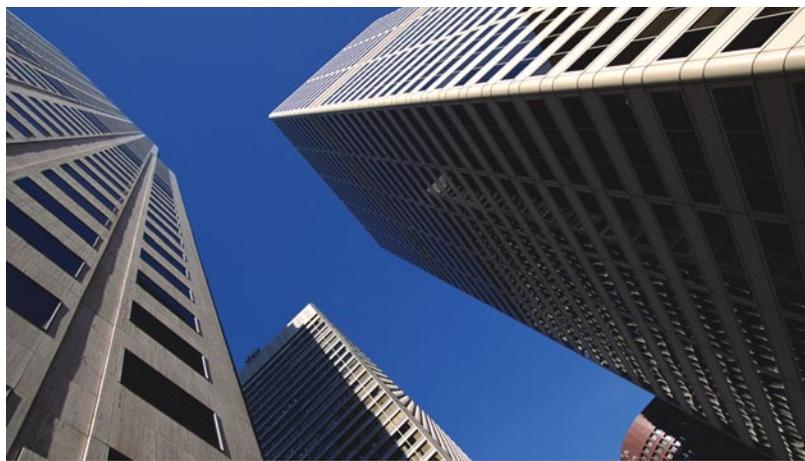
- dry bulk, container and other cargo vessels;
- oil, LNG and LPG tankers and rigs;
- ferries and cruise ships; and
- port and related infrastructure.

Castlepines may be prepared to make available in advance all the capital required to permit the upgrade or replacement of vessels once or twice throughout the charter, so that the life and effectiveness is maintained until charter end.

Company Background

Castlepines Corporation is a consortium of various private companies and trusts that invests their and their partners equity in a broad range of infrastructure assets. Founded in Australia, it now also operates in Europe, the United Kingdom, North and South America, Asia, Australasia and Africa.

The founding partner and CEO of Castlepines is David Grose. David and the other directors of the company decide on Castlepines' strategic direction and its major investment decisions.



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