

Regulatory Story

[Go to market news section](#)



	Renewable Energy Generation Ltd
Company	
TIDM	RWE
Headline	Conditional Sale of AIM PowerGen Corporation
Released	07:00 30-Sep-2009
Number	9250Z07

RNS Number : 9250Z
Renewable Energy Generation Ltd
30 September 2009

Press Release 30 September 2009

Renewable Energy Generation Limited

("REG" or the "Group" or the "Company")

Recommended proposals for the sale of the entire issued share capital of AIM PowerGen Corporation, the cessation of the Company's 'fund' designation status and the migration of the Company to Jersey

Conditional Sale of AIM PowerGen Corporation

REG today announces that it has entered into a conditional sale agreement (the "Sale Agreement") in relation to the sale to International Power Canada, Inc. of the entire issued share capital of AIM PowerGen Corporation ("AIM") for an initial cash consideration of C\$ 119 million (approximately £69 million) (the "Sale").

AIM is a leading Canadian independent wind developer that takes wind projects from initial concept through feasibility and permitting to construction and operation. AIM currently owns four operational windfarms

which it has developed, with a total installed capacity of approximately 40 MW (Cultus, Frogmore, Mohawk Point and Clear Creek). A further circa 40 MW is currently the subject of project financing and construction (Harrow). In addition, AIM owns a large portfolio of potential wind projects at various stages of development, throughout Canada.

For the six month period ended 31 December 2008, AIM's operations generated revenues of £1.9 million and gross profit of £0.5 million and, as at 31 December 2008, it had a net asset value of £54.0 million.

Under rule 15 of the AIM Rules for Companies, the Sale is deemed to be a sale resulting in a fundamental change of business and accordingly the Sale is conditional, inter alia, on the approval by the shareholders of the Company ("Shareholders") of an ordinary resolution to be proposed at an extraordinary general meeting to be convened for, amongst other things, that purpose (the "EGM").

Reasons for and details of the Sale

The Company has taken the strategic decision to focus on the UK onshore wind market where it sees significant growth opportunities over the next few years. In addition to its existing operational portfolio totalling 21.3 MW, the Group has two fully consented wind projects at Goonhilly Downs and Loscar totalling around 15 MW. In addition, the Group has a number of other projects that are reaching the end of the planning process.

The Company will receive an initial cash consideration of C\$ 82.7 million together with the repayment of inter-company indebtedness of C\$ 29.9 million. A further consideration of C\$ 6.0 million is also payable, subject to certain specified amendments being made to project documentation. Additional deferred consideration of up to C\$ 6.0 million may also become payable subject to the release of funds held in escrow by Fortis Bank (Canada) Ltd, which are principally contingent on an operational output assessment of AIM's operating assets. The purchase price is subject to a closing account adjustment mechanism.

The proceeds of the Sale, approximately £67 million (net of transaction costs), will be utilised by the Company to fund ongoing activities in the UK of developing, owning and operating wind farms and generating power from refined, used vegetable cooking oil.

The proceeds will also be used to repay the Company's facility with Bank of Scotland plc (with indebtedness to the bank as at the date of this announcement being approximately £17 million).

Cessation of the Company's 'fund' designation status and the migration of the Company to Jersey

Further, the Board has reviewed the operating structure of the Company and is proposing to cease the Company's designation as a fund (the "Cessation of 'Fund' Designation Proposal") whilst moving the Company's domicile from Guernsey to Jersey (the "Migration Proposal"), subject, amongst other things, to the consent of the authorities in Guernsey and Jersey.

In addition to being conditional, amongst other things, on the approval by Shareholders of resolutions to be proposed at the EGM and the consent of the Guernsey Financial Services Commission, and the Jersey Financial Services Commission, the Cessation of 'Fund' Designation Proposal and the Migration Proposal are both conditional upon the Sale Agreement becoming unconditional and the Sale of AIM PowerGen Corporation being completed.

Following discussions with the London Stock Exchange, it has been determined that the Ordinary Shares of the Company will be cancelled from trading on the AIM Market of the London Stock Exchange (the "AIM Market") and will then be admitted simultaneously to trading on the AIM Market, following the completion of the cessation of the Company's fund status and the redomiciliation of the Company.

Recommendation

The Board of REG is recommending that Shareholders vote in favour of the resolutions to be proposed at the EGM to be convened for 10.00am on 16 October 2009 at Carey House, Les Banques, St Peter Port, Guernsey GY1 4BZ. Those Directors who hold shares in the Company intend to vote in favour of the resolutions to be proposed at the EGM in respect of their own beneficial holdings of Ordinary Shares amounting, in aggregate, to 369,648 Ordinary Shares (representing approximately 0.36 per cent. of the Ordinary Shares in issue).

A circular (the "Circular") will be posted by the Company to Shareholders shortly that details the above proposals and convenes the EGM to approve the proposals. A copy of that Circular will be made available online at <http://www.renewableenergygeneration.co.uk>.

Andrew Whalley, CEO of REG, commented:

"I am delighted that we have reached agreement with International Power on the sale of AIM PowerGen. The sale of AIM PowerGen will release

funds to allow us to refocus our efforts on building a substantial portfolio of UK onshore wind assets. The transaction materially strengthens our balance sheet and profit and loss account and will allow us to proceed quickly to the construction of the Goonhilly Downs and Loscar wind farms. Furthermore, several other projects are now approaching planning determination and our balance sheet will now be able to support the construction of many new projects over the next few years.

In addition, REG Bio Power has made sound progress in gaining the necessary permits to build a portfolio of small power plants operating on recycled vegetable oil. Some of the capital raised from the sale of AIM PowerGen will also be used to fund a processing plant in Norfolk capable of processing up to 15,000 tons of recycled vegetable oil per annum.

I would like to thank the AIM management team for their hard work in this transaction and I wish International Power well as they build a substantial portfolio of wind projects in Canada."

Consequences of the Sale not proceeding

If the Sale does not proceed, the ability of the Group to further develop and construct its UK and Canadian wind portfolios would be reliant on a strategy of further debt raising in the UK and Canadian credit markets along with the sale of existing assets to fund future growth. The Board's growth expectations for the Group would be reduced, as funds could not necessarily be made available as quickly to take advantage of current opportunities in the UK business, nor would the Group be able to quickly fund opportunities in the Canadian business.

REG will also be dependent on alternative funding sources in order to satisfy the requirements of the AIM team of the London Stock Exchange in respect of the Migration Proposal and the Cessation of 'Fund' Designation Proposal (further details of which will be contained in the Circular) and to ensure that the Company is in a position to make the requisite going concern statement at such time as is required and without qualification.

Contacts:

Renewable Energy Generation Ltd
790

Tel: 01483 901

Andrew Whalley, Chief Executive Officer

David Crockford , Finance Director

**Lexicon Partners (Financial Adviser to REG)
6000**

Tel: 020 7653

Read Gomm

Hichem Zebidi

**Numis Securities Ltd
1000**

Tel: 020 7260

Nominated Advisor: Simon Blank / Hugh Jonathan

Corporate Broker: David Poutney / Charlie Farquhar

**Hogarth Partnership Ltd
9477**

Tel: 020 7357

Sarah MacLeod

Julian Walker

Vicky Watkins

NOTES TO EDITORS

An exchange rate of £1: C\$1.73 has been applied in this announcement.

www.renewableenergygeneration.co.uk

This information is provided by RNS
The company news service from the London Stock Exchange

END

DISIIFFEAEIIVIA

CLOSE

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than

by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.

©2009 London Stock Exchange plc. All rights reserved

Regulatory