

General Manager: Ann Black
Financial Controller: Jeff Goddard

22-24 North Road
Lerwick
Shetland
ZE1 0NQ

PRESS RELEASE

Telephone: 01595 744994
Fax: 01595 744999
mail@shetlandcharitabletrust.co.uk
www.shetlandcharitabletrust.co.uk

If calling please ask for:
A Black / J Goddard
Direct Dial: 01595 744990/744991

Our Ref: JPG/mj

Date: 21 March 2011

Renewable Energy Financier makes Presentation to Shetland Charitable Trust

The Viking Energy wind farm is seen by banks as a sound investment, Shetland Charitable Trustees will hear in a presentation from a leading renewable energy financier from Lloyds Bank Corporate Markets, the unit of Lloyds Banking Group which delivers corporate banking, funding solutions and risk management to financial institutions and corporate customers.

Richard Simon-Lewis, Director, Renewable Energy, Project Finance, Lloyds Bank Corporate Markets is to give a presentation to the Shetland Charitable Trust on Thursday 24th March, when he will be joined by Hunter Inkster, who works for Lloyds Bank Corporate Markets in Aberdeen.

The Viking Energy Partnership submitted their revised design for a wind farm on Central Mainland to the Scottish Government's Energy Consents Unit and Shetland Islands Council supported the application at a meeting late last year. The wind farm had been reduced in size to 127 turbines following consultation with the public and statutory consultees.

As Shetland Charitable Trust may raise part of the funds to develop the Viking Energy wind farm, the Trustees have been keen to keep abreast of the financial aspects of the wind farm.

Jeff Goddard, Financial Controller of the Trust outlined: "The good news for us is that onshore wind farms are seen as an attractive investment opportunity because they use tried and tested technology.

"We have now met with several banks, including Lloyds Bank Corporate Markets to discuss the financing of the project. SSE, the other partner in the Viking Energy project has had discussions with the European Investment Bank. The clear message we are getting from the banks is that this project can be financed and Lloyds Bank Corporate Markets were keen to meet the Trustees and give the view of a potential investor."

Lloyds Bank Corporate Markets has underwritten over 40 major projects in the renewable sector worth approximately £3 billion. Their lending supports around 6 GW of renewable energy generation, equivalent to twice the total UK installed wind capacity.

Scotland, and Shetland in particular, has one of the best wind resources in the world and the Viking Energy wind farm is likely to be one of the most productive in the world. The existing Burradale wind farm has a productivity of more than 50% which is higher than some conventional power stations and its five turbines feature regularly in the top 10 most productive wind turbines in world. As Mr Simon-Lewis will explain in his presentation this, together with the strong utility support and local sponsor backing, gives comfort to the banks that this is a very sound investment opportunity.

The estimated building costs for Viking Energy are £685m. Most of the costs would be financed through loans from a mix of commercial banks and specialist infrastructure and renewable funds. The security for the loans is taken against the project itself and would not therefore put at risk any other Trust funds. Shetland Charitable Trust might have to raise £62m to meet its share of the building costs – half of which would be borrowed and the remainder raised by selling off existing investments. It is estimated that the profits returning to the Shetland Charitable Trust from the Viking Energy wind farm might amount to £23m each year for the lifetime of the wind farm.

The presentation will take place at the Shetland Charitable Trust meeting on 24th March at 10am. The meeting will be held in public.

Ends

Notes for editors:

1. Viking Energy

Viking Energy is proposing to build one of the world's most productive wind farms using tried and tested technology.

Viking Energy is a 50:50 partnership between Viking Energy Ltd and SSE Viking Ltd. Viking Energy Ltd is the company established to represent the Shetland community in large-scale wind development. It is 90% owned by the Shetland Charitable Trust. The remaining 10% is held by the people who developed Burradale Wind Farm.

More details about Viking Energy can be found at www.vikingenergy.co.uk

2. Shetland Charitable Trust

Shetland Charitable Trust is an independent organisation set up in 1976 to manage income from Sullom Voe oil terminal on behalf of the community.

Its funds are currently worth around £200m, with £170m invested on the world markets and £30m in the local economy.

Each year it distributes around £10m to local groups and projects, including Shetland Recreational Trust, Shetland Amenity Trust, Shetland Arts Development Agency, the rural care centres, and 17 voluntary groups.

SCT's policy is to pass on the oil funds to future generations by investing them in a self sustaining way.

More details about Shetland Charitable Trust can be found at www.shetlandcharitabletrust.co.uk

3. Lloyds Bank Corporate Markets is part of the Wholesale Division of Lloyds Banking Group plc. It provides comprehensive expert financial services to businesses ranging from privately-owned firms to multinational corporations and financial institutions. As well as offering the expertise and capabilities our clients need to compete successfully in the marketplace, we are proud of the relationships we build with our customers. We work closely with them to understand their business and offer the best financial solutions to meet their distinctive needs.

The wide range of services and innovative solutions we can deliver includes:

- dedicated relationship banking;
- capital market funding;
- debt finance;
- treasury and risk management services;
- structured finance solutions;
- asset finance;
- leasing;
- company registration and employee share schemes;
- competitive e-trading facilities;
- import and export trade finance;
- tailored cash management solutions; and
- structured credit investments and securitisation facilities.

4. Richard Simon-Lewis, Director, Renewable Energy, Project Finance, Lloyds Bank Corporate Markets

Richard is a senior project financier with over 20 years experience in leading specialised units in sourcing and executing transactions at Mandated Lead Arranger level across the power, utilities and infrastructure sectors at leading project finance institutions. Richard has been involved in financing low carbon/renewable projects since the mid-1990s across various European markets together with a concurrent mandate across EMEA that encompassed more conventional gas-fired, clean coal and nuclear projects/technologies. In his previous role as Director and Head of Energy & Utilities PF at Lloyds, he was responsible for building a £1bn+ energy and utilities portfolio taking the lead on a number of high profile transactions including the bank's 1st onshore wind deal (Scoutmoor) and the bank's 1st offshore wind deal (Project Boreas) etc. Richard is a regular conference speaker with recent engagements including the WEF Energy Infrastructure Conference and the BWEA Annual Renewable Energy conference. Richard has a BSC (Hons) in Financial Services (First Class) from UMIST and is ACIB and SFA Corporate Finance (CF30) qualified.