

InfraCo Asia Divests Shareholding in Coc San Hydro Power Project

Singapore, 09 November 2018

Exiting the Coc San project on commercial terms supports the success of InfraCo Asia's unique business model and allows funds to be recycled into future infrastructure projects in south and south east Asia's frontier markets.

InfraCo Asia Development Pte. Ltd. (InfraCo Asia), a company of the Private Infrastructure Development Group (PIDG), today announced the divestment of its shareholding in the 29.7MW Coc San Hydro Power Project to Tokyo Electric Power Company Holdings Incorporated (TEPCO HD). InfraCo Asia sold its stake in Viet Hydro, a Singapore-based holding company, through which it indirectly owned 33.4% of the Coc San project.

By fully divesting its shareholding, InfraCo Asia can now recycle the proceeds into future infrastructure development projects. InfraCo Asia's first complete exit from a utility-scale renewable energy project occurred in September 2017, when it [divested its stake in the Pakistan Metro and Gul Ahmed wind power projects](#).

The US\$44.5m Coc San hydro power project is owned and operated by Lao Cai Renewable Energy (LCRE), which is backed by Vietnamese and foreign private investment. It represents the first foreign direct investment in hydro power in the mountainous province of Lao Cai in northern Vietnam.

InfraCo Asia came on board when Coc San was a distressed asset and invested in the development and construction of the plant, which was successfully brought into operation in April 2016.

Having created approximately 300 short-term jobs and 30 long-term employment opportunities, the plant continues to be run by LCRE, Coc San's Vietnam-based project company. It generates over 120GWh per year of clean energy and has been implemented to stringent international standards with respect to governance, environment, health & safety, and community relations.

InfraCo Asia CEO, Allard Nooy, said, "Selling our stake in the Coc San project allows InfraCo Asia to further catalyse infrastructure development in our mandated countries. By identifying and mitigating risks early on, we attracted private sector investment to a project that was once considered too risky. Importantly, Coc San facilitates a more reliable power supply for local communities, opening the door for new economic opportunities."

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TEPCO Representative Executive Vice President, Seiichi Fubasami, said, "It is a great pleasure for TEPCO to have been able to work with InfraCo Asia in the Coc San project, which is TEPCO's first investment initiative in a hydropower project overseas. We hope to contribute to Coc San Hydropower Plant's stable, long-term operation in cooperation with our investment partners and Coc San's local community, based on our many years of accumulated experience in hydropower business in Japan. We also look forward to furthering our relationship with InfraCo Asia for future collaboration in both South and Southeast Asia."

InfraCo Asia was advised by Capital Partners Group (financial advisor), Reed Smith (legal advisor) and EY (tax advisor).

PIDG Company Collaboration: from Distressed Asset to High-Performing Plant

Collaboration with other Private Infrastructure Development Group (PIDG) entities was critical to the Coc San project's success. After the project stalled in 2011 when it failed to secure long-term financing, InfraCo Asia stepped in to provide equity and leadership capital – the experience-backed leadership and guidance needed to help the project progress. InfraCo Asia took the project through financial close and construction, and PIDG's Technical Assistance Facility (TAF) provided viability gap funding to facilitate financial close. Throughout, PIDG's owners provided stakeholder management support that was instrumental to the project's ultimate success.

Philippe Valahu, PIDG CEO, said "The Coc San project goes to the heart of why the Private Infrastructure Development Group exists: We work across the infrastructure development lifecycle to de-risk projects and show the private sector that successful investments can be made in the countries in which we operate. By exiting Coc San on commercial terms, InfraCo Asia is supporting PIDG's self-sustaining model."

Development Impact

Environmental studies carried out to World Bank standards ensured the impact of the Coc San project – which is set amid beautiful terraced rice paddies – was minimal. Little land was lost by surrounding communities, and there has been no displacement of people. LCRE, with the backing of its shareholders, have implemented two programs to support local people:

- *Community Development Program:* To date, the Community Development Program has achieved rehabilitation of three schools and the construction of an access road, enabling easier movement of farm produce. Scholarships continue to be provided to enable children to attend school and purchase books and uniforms, and LCRE recently sponsored a sports competition to support local community spirit.
- *Livelihoods Restoration Program:* Designed to assist people whose land was impacted by the project to reinstate income-producing activities, the Livelihoods Restoration Program included the provision

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of training in construction, along with a project to improve crop yields, with support from local agricultural departments. The maize cropping has been so successful in improving income that participating households are continuing this program at their own cost. Provision of breeding sows and goats, along with relevant training, has also been implemented and is ongoing.

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About InfraCo Asia

1. InfraCo Asia Development Pte Ltd (InfraCo Asia) is a commercially managed infrastructure development and investment company of the Private Infrastructure Development Group (PIDG).
2. Headquartered in Singapore, it stimulates greater private sector investment in infrastructure in South and South East Asia. InfraCo Asia funds high-risk infrastructure development activities by taking an equity stake with a focus on socially responsible and commercially viable infrastructure projects that contribute to economic growth, social development and poverty reduction. At the appropriate time, either as close as possible to financial close and/or commercial operation, InfraCo Asia aims to (partially or fully, as appropriate) exit each project. It does this through the sale of its stake to the private sector in order to catalyse private sector investment and participation into the projects and countries it is engaged with.
3. InfraCo Asia is currently funded by three members of PIDG – the Australian Department of Foreign Affairs and Trade (DFAT), the Swiss State Secretariat for Economic Affairs (SECO) and the UK Department for International Development (UKAid).
4. The Private Infrastructure Development Group (PIDG) encourages and mobilises private investment in infrastructure in the frontier markets of sub-Saharan Africa, south and south-east Asia, to help promote economic development and combat poverty. Since 2002, PIDG has supported 170 infrastructure projects to financial close, of which 95 are fully operational. PIDG is a multilateral organisation, funded by seven countries (UK, Switzerland, Australia, Norway, Sweden, Netherlands, Germany) and the World Bank Group.

For more information, please visit www.infracoasia.com and www.pidg.org.

About TEPCO

Tokyo Electric Power Company Holdings, Inc. (TEPCO) is Japan's largest power company group, holding three independent business entities: TEPCO Fuel & Power, Inc., TEPCO Power Grid, Inc., and TEPCO Energy Partner, Inc. As a group, it generates, distributes, and sells electricity and other types of energy principally to the Kanto metropolitan area, which includes Japan's two most populous cities, Tokyo and Yokohama. Its

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42,060 employees are committed to providing safe, reliable power as well as fulfilling its responsibilities to the communities of Fukushima. (As of April 1, 2017)

TEPCO Website: <http://www.tepco.co.jp/en/index-e.html>

TEPCO Facebook page: <https://www.facebook.com/OfficialTEPCOen>

TEPCO Twitter page: https://twitter.com/TEPCO_English

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