

Austria / Westbahn – AIL Deal received “Transport Finance Award 2009”

At the end of November 2009, AIL closed a structured finance rolling stock leasing facility transaction in Austria for the Westbahn Project. AIL acted as financial advisor to the reputable Swiss railway manufacturer Stadler Rail.

The transaction has received the Jane's **Transport Finance Award 2009** for **“Rail Europe Finance Deal of the Year”**. The award speech emphasized that the transaction was financed on a completely private basis, tailor made and particularly innovative, especially in view of the current economic environment and the challenges in raising private financing.

The Austrian Company Westbahn Management GmbH has been established to operate railway passenger transportation on a private basis between Vienna and Salzburg starting from December 2011. Westbahn’s operations will not be based on a concession, but on a competitive basis. Westbahn plans to operate the three hour route on an hourly basis. With the realization of this promising project, Stefan Wehinger, CEO of Westbahn, wants to bring some “Swissness” to Austria: a train company according to the Swiss model, which is considered the best railway in the world: on time, clean and with a high level of service.

Stadler will deliver several double deck trains of the DOSTO model, a new train which was launched in 2008. AIL accompanied and supported Stadler and Westbahn throughout the entire financing process. The financing has a total duration of approximately 11 years and amounts to €92 Mio. The trains will be financed through a finance lease arranged and funded by a large international bank. The balance of the project costs has been financed by the Westbahn owners. Benedikt Weibel, former CEO of the Swiss National Railway SBB and now Chairman of the Board of Westbahn, was very pleased with the financing of the project. “In times of financial crisis, I was amazed that we had four different financing options and so we were able to choose the best possible solution for Westbahn!”

Successful Closing Wind Energy Company, Czech Republic

At the end of October 2009, AIL closed a convertible loan transaction for Ventureal, a wind energy company based in the Czech Republic. AIL acted as financial advisor to Ventureal, managing in particular the capital fund raising process and the structuring of the transaction.

Ventureal as a privately owned company develops, constructs and operates wind energy projects with a focus on Central and Eastern Europe, in particular in the Czech Republic, Slovakia, Romania and Bulgaria where Ventureal is present with local subsidiaries and employees. Since founding the company in

2001, Ventureal has successfully brought into operation 21 wind turbines with a total capacity of 36 MW in Austria and Czech Republic, as well as the two biggest biogas plants in Austria. Currently it has projects of more than 1'000 MW under development in the Czech Republic, Slovakia, Romania and other markets.

Strong Performance in 2009 for EEII (Eastern Energy & Infrastructure Invest) AG

AIL in its role as investment manager of EEII AG, an investment company listed on the Swiss Exchange SIX, is pleased with the portfolio performance for the year 2009. The year 2009 brought welcome recuperation to the troubled financial markets and also to the investment portfolio of EEII, www.eeii.ch. During the reporting period, EEII's net asset value ("NAV") increased by 47.6% from CHF 9.31 to CHF 13.75 per share.

The investment objective of EEII is to maximize long-term returns to shareholders through investments in strategically selected companies active in the energy and infrastructure sectors, with a special focus on emerging markets and in particular the former Soviet Union. The Company is currently invested in ten Ukrainian utility companies, Ukrnafta, the premier Ukrainian oil company and Russian Gazprom, the world's biggest gas company.

The increase in the net asset value was mainly attributable to a strong performance of the two main stock holdings, Ukrnafta and Gazprom. Gazprom and Ukrnafta are the two primary positions in the portfolio and represent 92% of the NAV. The share prices of both companies advanced strongly during 2009. In CHF terms, Gazprom gained 73% and Ukrnafta 45% respectively, the latter somewhat negatively impacted by the weaker Hryvnia, which lost 6% over the reporting period.

The Company's equity holdings of Ukrainian electricity companies also performed well and increased by 54% overall during the year, but showed significant divergence in performance by sector. The electricity generating companies in the portfolio suffered from lower sales to industrial customers and only advanced by 9% over the reporting period. The electricity distributors, the so-called Oblenergos, had an outstanding year and posted an average gain of 174%.

The economy of Ukraine has not yet recovered from the sharp decline which started at the end of 2008. The country's GDP is estimated to have contracted some 15% for 2009. However, a deeper decline of the economy and collapse of the financial system was prevented, notably with the assistance of the International Monetary Fund ("IMF"). One of the major structural problems, the high deficit in the balance of payments, has eased. Imports were cut by almost 50% and exports – mostly steel products – enjoyed recovering volumes

and improving prices in the second half of 2009. Beyond the balance of payments, other macroeconomic indicators are improving as well. Inflation decreased from over 20% in 2008 to about 13% in 2009, and wage increases were contained to about the same level.

In February 2010 Viktor Yanukovich, the leader of the Party of Regions, won the race for Presidency in Ukraine against Prime Minister Yulia Timoshenko. The immediate reaction of the markets to the election was limited since the enormous economical challenges remain. One of the most important tasks for the government will be to draft a realistic and workable budget for 2010 which would help to unfreeze the IMF program. The latter was temporarily suspended in November 2009.

In Russia, the effects of the financial crisis have been managed well without major bankruptcies or other major adverse incidents. President Medvedev has also taken the initiative to re-launch his modernization initiative for the Russian economy and the country as a whole.

Although the country risks in the markets on which EEL concentrates remain substantial, we continue to be convinced that EEL's equity investments are well positioned to participate in the economic upswing expected to follow the financial crisis.

Carnot Capital Ltd.: ABB – “Power and productivity for a better world”

Carnot Capital AG is an asset management company, established in July 2007, which manages an investment fund open to qualified investors. The fund pursues a value approach and concentrates on companies within the energy sector. Specifically the fund invests in listed companies that create value by enabling a more efficient use of energy. Carnot Capital AG is an associated company of AIL Structured Finance Ltd. For further Information: www.carnotcapital.com

ABB – “Power and productivity for a better world”: ABB is usually amongst the first companies people think of when a discussion turns to the topic of energy efficiency. The investment fund of Carnot Capital AG took a position in ABB at the beginning of the year, as the valuation seemed moderate again relative to other industrial companies. ABB has identified three main drivers for its business, of which two are closely linked to our investment focus: (i) climate change (ii) energy efficiency (iii) emerging markets. The drivers are working well for ABB: from 2006 to 2008, total sales increased over 50%. Emerging markets contributed positively to growth, and in Q4 2009 they constituted more than 50% of group sales for the first time. ABB as late cyclical company was well prepared for the downturn and was able to achieve an operating margin in 2009 of more than 13%.



Convergence of automation and energy: ABB's technologies can reduce the energy loss between fossile energy sources and the plug by twenty to thirty percent. In both of ABB's divisions, automation and energy, the efficient use of energy is key. ABB observes that the two divisions are intertwining more and more, as can be seen for example in the development of smart grids. A growing significance of 'stochastic' energy sources (wind and solar power are only available subject to weather conditions) leads to growing requirements for grid management. Supply and demand of power must be balanced at all times, and ABB supplies software and components to manage this critical equation. In other applications too power conversion and power supply are influenced increasingly by automation technology, rail engineering or water supply serving as examples.

For Carnot Capital, industrial production is a central element of the investment strategy as it consumes vast amounts of energy, and the use of technology will help to reduce the use of energy significantly. Smart technology will help to increase performance and reduce impact on climate at the same time.

Opportunity for Co-Investors

AIL in its role as financial advisor currently is looking for:

⇒ Co-Investor for a **number of 500kW biogas plants in Germany**. The plants are either already in operation or under development. Input material is crop (maize silage mainly) and liquid manure. A long-term delivery and operating agreement as well as a heat delivery contract is available. A tariff of €0.21/kWh is applicable. Investments costs per 500kW plant are approx. €2.7 million. Requested equity amount is approx. €400'000 per plant. Projected equity return is 12-14% p.a.. The project developer seeks a co-investor for single plants or the entire portfolio. For any further information please contact Mrs. Brigitte Lorch, +41 43 299 62 03, brigitte.lorch@ailsf.ch

⇒ Co-Investors for a **20 x 1 MW Solar Power Project in Southern Italy**. The project is fully developed; start of construction is scheduled for spring 2010. Price per MW is approx. €4.1 million. Expected solar yield is 1'451kWh/kwp. The project owner seeks co-investors to construct and operate the plant. Requested equity amount from a co-investor is between €8-10 Mio. For any further information please contact Mrs. Brigitte Lorch, +41 43 299 62 03, brigitte.lorch@ailsf.ch

NEW AIL Company movie

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