

MATRIX PRIVATE EQUITY PARTNERS MAKES FURTHER INVESTMENTS IN MIDLANDS

Matrix Private Equity Partners has further strengthened its presence in the Midlands by investing into the management buyout of Monsal Ltd (Monsal), a specialist environmental technology company providing advanced solutions for the water and waste sectors, based in Nottinghamshire. Matrix Private Equity is taking a significant minority stake in the business. The transaction was originated and advised on by Cooper Parry Corporate Finance.

This is the second deal that Matrix Private Equity has completed in the Midlands in two months, following the £3.2 million investment into Focus Pharmaceuticals in November. Focus Pharmaceuticals, based in Staffordshire, specialises in the licensing and marketing of specialist prescription generic pharmaceuticals.

Monsal, based in Mansfield in Nottinghamshire, is the UK's market leader in the provision of sophisticated Anaerobic Digestion (AD) technology to the water utilities market. AD is a well established industrial process for the treatment of biosolids that facilitates the breakdown of organic material by bacteria and which generates biogas as a by product. Biogas can be burned to produce 'green' electricity and attract subsidies such as Renewable Obligation Certificates (ROCs). Demand for advanced AD processes in the water sector is underpinned by regulatory requirements to reduce pathogen levels in residues and incentives to generate green energy from biogas.

Importantly, AD can be used to process all organic waste, notably municipal waste, food and industrial waste. The UK produces around 30 million tonnes of household waste every year of which 20 million tonnes are currently sent to landfill (nearly double the proportion of most other larger EU countries). The EU Landfill directive limits the volume of waste that can be disposed of to landfill, requiring that by 2015, there needs to be more than a 65% reduction in the amount of biodegradable MSW going to landfill as compared to current levels (failing which significant fines will be levied). A significant increase in landfill tax will be implemented from April 2008 to encourage diversion. AD has been identified by DEFRA as a key technology for treating waste and will attract maximum ROCs for renewable energy generation.

Ashley Broomberg of Matrix Private Equity Partners said, “Matrix is strongly committed to building its presence in the Midlands private equity market. We have developed good relationships with a number of advisers in the community and look forward to continuing to source and complete transactions with them.

“Monsal has an experienced management team with a good track record of success demonstrated through the significant growth in the business over the past few years. The business is committed to delivering high end technology and sustainable solutions for the environment. Monsal has already won a significant design contract for a substantial waste plant and they are one of a very limited number of companies operating in this niche sector.”

The MBO is being led by the Managing Director Aidan Cumiskey who has been one of the main driving forces in the business. He joined as Business Development Director in 1999 and was appointed MD in 2005. Aidan is a chartered chemical engineer and previously worked at Earthtech and Anglian Water.

Aidan Cumiskey said “Matrix is a responsive and valuable investor with the significant expertise in renewable energy infrastructure funding and property needed to support us in expanding into the emerging market for ‘renewable energy from waste’ plants. We look forward to working with Matrix and driving the business forward to become a major player in the UK waste sector.”

Advising the shareholders on the transaction, John Bryant from Cooper Parry Corporate Finance said “We were delighted to be involved in what is an important deal for both Matrix and Monsal. The transaction undoubtedly opens up significant opportunities for the future growth of the business which clearly has tremendous potential.”

Matrix Private Equity, the private equity arm of Matrix Group, has significant expertise with renewable energy companies and related structured finance. Matrix Group was the founder and co-owner of Trinergy, one of the world’s fastest growing privately-owned renewable energy companies which owns and operates over €1.8 billion of wind energy projects across Europe which was sold in August 2007.

- Ends -

Matrix Private Equity Partners – Ashley Broomberg

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Legal (Management) – Berryman, Roger Harcourt

Commercial due diligence – PBD Consulting, Lisa Whelan

Technical due diligence – Enertech, Gerald Techner

Notes to Editors

About Matrix

Matrix Private Equity Partners specialise in backing management buy outs and take a partnership approach to investing, working alongside ambitious, entrepreneurial management teams wishing to buy businesses, valued between £5 million and £20 million.

We currently have 40 companies within which we own equity, across a very broad range of industries and sectors, financing their expansion and acquisitions.

Recent deals include:

- **Focus Pharmaceuticals** - £6 million management buy out
- **Blaze Signs** – investing £4 million acquisition finance
- **DiGiCo Europe** - £7 million management buy out

Recent realisations

- **Secure Mail services** – over 3x cash return from trade sale
- **Original Additions** - The deal has repaid all our original funding but maintains the same Matrix shareholding
- **Image Source** - The deal has repaid all our original funding but maintains the same Matrix shareholding
- **Maven Management** - 2x cash return from trade sale

We are one of the leading UK Venture Capital Trust (VCT) Managers with over £130 million of funds under management and are the private equity arm of Matrix Group.

Matrix Private Equity Partners is recognised as one of the most solid and experienced teams and active investors in this segment of the private equity market.