

Monsal Secures £14 million of Expansion Capital Investment

Monsal, the UK's leading advanced digestion technology business that turns waste into renewable energy, has secured £14 million of expansion capital from Waste Resources Fund L.P (WRF), managed by FourWinds Capital Management, an investment management firm that specialises in natural resources and commodities. Initially WRF will be investing £4 million in Monsal, taking an equity stake alongside Monsal's management team and private equity investor, Matrix Private Equity Partners, who backed the original buy-out of the business in 2007. WRF has also committed a further £10 million for projects to be developed by Monsal and WRF.

Mansfield based Monsal uses the proven technology of anaerobic digestion to break down organic matter to create biogas, which is very similar to methane gas. This provides the fuel for generators. The Monsal AAD technology is becoming more widely recognised as the technology of choice by developers, utilities, county councils, food producers, waste processors and recycling companies in the UK for this application. The very high organics recovery, renewable energy and thermal efficiency of the Monsal process are achieved by high efficiency pre-separation equipment and state-of-the art Anaerobic Digestion plant and technology.

The funding will be used to support further expansion of Monsal's core anaerobic digestion solutions business in the UK wastewater industry and provide infrastructure funding for biogas energy from waste projects. Monsal will be recruiting and expanding its sales, technical and engineering teams over the next 12 months. The additional £10 million of funding will be used to establish and finance a new business, subject to certain conditions being met. Monsal Energy's dedicated team will focus on identifying and developing partnerships and funding infrastructure projects in the rapidly growing bio-energy and biogas sector, using anaerobic digestion, a named technology at the heart of the coalition government's energy strategy.

Aidan Cumiskey, Managing Director of Monsal said: "WRF is one of the few funds that can support the strategic development of Monsal's core business. This investment is a

very significant step forward and gives us a unique business model for the AD market in the UK.”

“We are going to strengthen our wastewater AD credentials through expansion and play a leading role in financing AD infrastructure over the coming years. There is no other competitor in the market able to fully capitalise on the opportunity to build and operate the estimated 200 food waste AD plants that are expected to be developed by 2020. We are delighted to have such a strong investor group with WRF and Matrix taking a very proactive role in developing the business and AD market.”

Matrix, who backed the management buyout of Monsal in December 2007, has also underlined its support for Monsal’s growth strategy and will retain its significant minority equity holding in Monsal.

Monsal Energy's infrastructure projects will principally be built as part of joint ventures (JVs) with a number of Monsal’s key strategic partners in the industry, although Monsal will also continue to deliver design and build projects to third parties on a contract basis. The JV development capital will be channeled through an innovative multi-special purpose vehicle structure on a draw down basis for individual projects.

The WRF investment team was led by FourWinds’ Environment Group members, Lydia Whyatt and Nick de Mestre. Lydia Whyatt commented: “Monsal has a great opportunity to capitalise on its position in the UK as a leading anaerobic digestion technology provider. It has established itself as one of the key players in the biowaste to energy market. The company has been actively pursuing this market and counts amongst their partners a number of large water utilities and some of the largest waste management businesses in the UK. We are happy to be part of this group and support the development of the company in this very dynamic market. We also believe that Monsal has a further opportunity to enter other fast growing AD markets outside the UK, and WRF and FourWinds will seek to help the company speed up that process”. Lydia Whyatt will now sit on Monsal’s board of directors.

Ashley Broomberg from Matrix Private Equity Partners, who is on the board of Monsal, said: “We’ve been very impressed with the progress Monsal has made over the last 3

years. The ability to provide project finance alongside market leading AAD technology will be a unique and winning formula as the market for AAD begins to really take off. Securing a specialist investor like WRF to sit alongside us will be an important catalyst for strong growth for Monsal”.

Monsal Energy will help create important new AD infrastructure with waste management companies and project developers. It will provide a comprehensive range of development services, with full EPC wrap capability, fully integrated project finance and operational support.

Monsal will retain its focus on AAD technology supply to the wastewater AAD and waste AAD markets. Aidan Cumiskey further commented: “We do not intend to dilute the Monsal brand which has a reputation for delivering high end technology and products. Monsal will continue to deliver Biosolids and Biowaste AAD plants to our existing and new client base. The Monsal technology platform is already well developed and we will be looking for expansion of this business both in the UK and overseas. FourWinds, through its managed funds, has a particularly strong network of companies in Eastern Europe, Asia, Middle East and the Americas. We will be working with them to establish more formal delivery structures. A number of our technologies and products are ripe for the emerging markets where AAD and biogas to energy solutions are being subsidised in a similar way to the UK.”