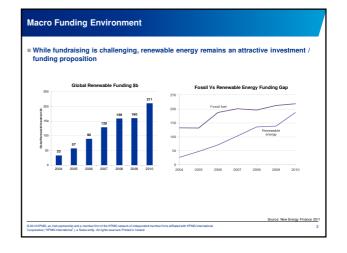


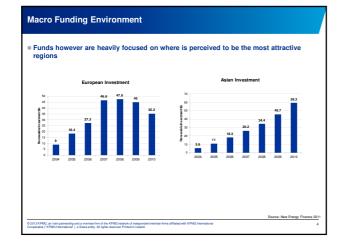
Agenda	
Current funding environment	
Anaerobic digestion funding options	
■ What makes a fundable AD project?	
Conclusion	
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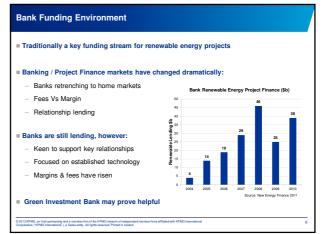
 Introduction

 a Up to date experience in fundraising across a number of renewable technologies:

 Image: Solar Sol







	Country	Attractivene	ss Rati	ng 201	2							
Rank	Country	All Renewables	Wind	Solar	Biomass							
1 (1)	China	70	76	66	58			2011 Re estor Ta			ey	
2 (2)	USA	68	67	74	63			63101 14	ger ou	ununea		
3 (3)	Germany	65	70	70	67							
4 (4)	India	63	64	69	60	USA 📕						
5 (6)	UK	59	66	48	58	China			-			
6 (5)	Italy	57	58	63	53	India						
7 (7)	FG069	56	58	56	57	Germany						
8 (8)	Canada	54	61	46	50	UK .	_					
9 (10)	Besiden	50	54	42	56	Canada						
10 (10)	Brazil	49	51	46	51	France						
11 (12)	Acstralia	48	47	53	42	Bussia						
11 (9)	Spain	48	47	53	43	Spain						
13 (13)	Romania	47	52	45	44	opan 0%	10%	20%	30%	40%	50%	60%
14 (13)	Poland	46	52	42	42	0%	10%	20%		rce: KPMG		
14 (15)	South Korea			50					000			
16 (15)	Japan	45	46	61	38							
16 (15)		.45	51	42	38							
16 (23)	South Africa	45	47	41	37							
19 (15)	Jreland	44	52	30	43							
19 (19)	Denmark	44	48	40	45							

### Funding Anaerobic Digestion

Challenging funding proposition

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- Despite four ROCs, few plants funded in Northern Ireland to date
- Scale, perceived technology risk and funding environment are factors
- Promoter funding expectations are also challenging to meet

### However, good projects can, and are, being funded

- Long-term returns from ROCs are attractive for investors
- Northern Ireland has the necessary natural resources
- AD technology providers keen to establish foothold in NI

### Funding Options Secured Bank Lending 100% promoter cash ✓ Cheapest form of lending available Significant flexibility in project design & technology selection 1 Secured bank lending 100% equity ownership ~ Bank project finance (unsecured) Infrastructure fund (PE/VCT/EIS/Other) Farm is at risk if venture fails × Supplier finance Requires asset cover and cash repayment capacity × Few banks willing to lend even on this basis × © 2012 KPMC, an Irish partneship and a member firm of the KPMC network of independent member firms altilized with KPMC International Cooperative ("KPMC International", a Swiss ently, All rights reserved. Printed in Instand. 0 2012 KPMQ, an Irish partnership and a member firm of the KPMQ network of independent member firms alliated with KP Cooperative ("KPMQ International"), a Swiss entity. All rights reserved. Printed in Instand.

## 100% Promoter Cash

- ✓ Maximum flexibility in project design & technology selection
- ✓ Fastest development route
- × Inefficient use of equity?
- × Whole investment at risk if venture fails
- × No project development support or third party due diligence

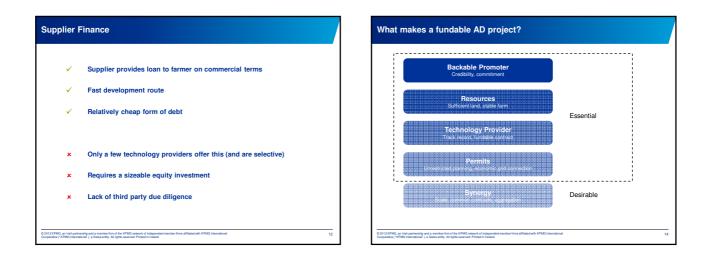
# Ideal form of funding, maximising the quantum of 'cheap' debt without risking the farm Professional due diligence and structuring support

Bank Project Finance (unsecured)

- × Requires significant equity contribution
- × Not available for 500kW projects (sub-scale)
- × Expensive funding process for Promoter

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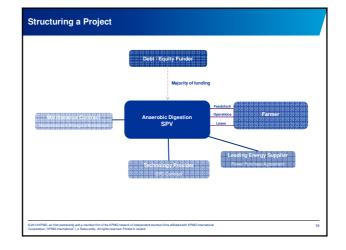
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Infrastructure	Fund (PE	/ VCT / EIS	6 / Other)

- ✓ Strongest market appetite
- ✓ Up to 100% of finance requirement
- ✓ Funder takes technology / development risk
- ✓ Farmer maintains majority ownership
- x Expensive compared to bank debt, though cheap compared to equity
- × Loss of project flexibility and technology selection
- × Due diligence is time consuming and invasive
- × Farmer retains feedstock risk
- × Farmer likely to have to give up some equity ownership

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Contract	
Investment Agreement	Covers financing of the SPV
Articles of Association	Covers legal operation of the SPV
Financial Model	Agreed financial base case
EPC Contract	Contract with technology provider
Grid Connection	NIE grid connection agreement
Civil's Contract	Balance of plant / landscaping
Employer's Engineer	Review build-out
Financial Covenants	Farmer obligations
Lease	Specifies lease terms
Feedstock Agreement	Covers feedstock supply arrangements
Secondary Feedstock Agreement	Necessary if sub-contracting some feedstock
Operations Agreement	Farmer's operation contract
PPA	Power off-take contract
Maintenance Agreement	Maintenance Agreements
Professional advisor Contract	Legal / financial



# Conclusion

Contract List

Renewable energy remains an attractive, and active, investment proposition

Funding is available for well structured projects

- Developers must be realistic in their funding expectations & accept appropriate risk (e.g. feedstock risk)
- Consider JVs with local farmers if unable to meet requirements (land availability etc)
- Fundraising is time consuming and will take a minimum of three months + nine months build – four ROCs won't last forever

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