



Introduction

- Up to date experience in fundraising across a number of renewable technologies
- Focused on mid-tier fundraising for project developers (£2m - £100m)
- Primarily construction-phase finance

Agenda

- **Current macro funding environment**
- **Anaerobic digestion funding issues**
- **Funding options**
- **Conclusion**

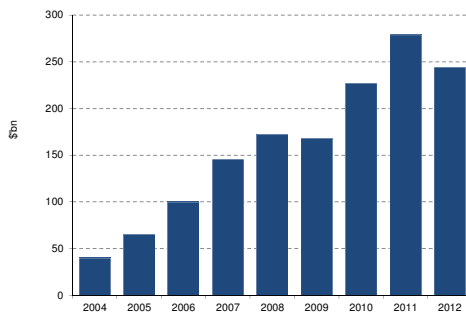
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Macro Funding Environment

- **In 2012, green investment experienced its first significant decline for over a decade**

Global New Investment in Renewable Energy (2004-2012) \$bn



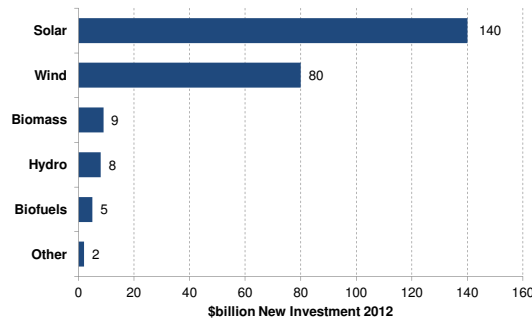
Source: Global Trends in Renewable Investment 2013

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Macro Funding Environment

■ Investment funds continue to focus on more mainstream, lower risk technologies



Source: Global Trends in Renewable Investment 2013

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Macro Funding Environment

Country Attractiveness Rating 2013

Rank	Country	All Renewables	Wind Index	Solar PV	Biomass
1 (1)	China	70.1	76	67	59
2 (2)	Germany	65.6	68	70	68
3 (3)	USA	64.9	63	69	61
4 (4)	India	61.8	61	67	59
5 (6)	France	57.3	59	59	59
6 (5)	UK	54.7	62	48	57
7 (7)	Japan	53.2	51	65	43
8 (8)	Canada	53.1	62	45	50
9 (10)	Italy	52.4	53	35	49
10 (11)	Australia	51.0	50	54	44
11 (10)	Brazil	50.5	52	50	54
12 (12)	Sweden	49.5	55	43	58
13 (13)	Romania	48.6	54	46	46
14 (14)	Poland	48.1	55	45	45
15 (15)	South Korea	47.5	48	52	41
16 (17)	South Africa	47.4	51	44	37
17 (16)	Spain	46.2	44	51	43
18 (18)	Belgium	45.2	51	43	40
19 (19)	Portugal	44.6	46	47	39
20 (21)	Mexico	44.2	45	44	39

Source: 2013 European Attractiveness Survey

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Macro Funding Environment

- Despite continued challenges, there have been some successes in securing funding for the local market:



Wind



Biomass



Solar

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Funding Anaerobic Digestion

Despite four ROCs, few plants funded in Northern Ireland to date:

- **Challenging funding proposition**

- Scale
- Perceived technology risk
- Demonstrating viable long-term exit opportunities for investor
- Poor track record to date (weather & plant operation)
- Investors require an arm's length facility – some farmers see it as extension of farm

- **Macro Issues**

- Traditional funding markets are still capital constrained
- Food Vs fuel debate
- Continued uncertainty over government environmental policy

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Funding Anaerobic Digestion

■ However many strong characteristics

- Economically viable propositions
- Fully aligned with current government policy and trends
- Proven concept
- Large number of projects with planning and grid
- Promoters increasingly flexible to alternative funding propositions

■ Market Failure?

Funding Options

- **100% promoter cash**
- **Secured bank lending (security plus repayment capacity)**
- **Vendor finance**
- **Asset / EIS Finance**

Dedicated AD Fund

- **A fund focused exclusively to on-farm AD**
- **Bringing together a number of funders with aligned interests**
- **Structured to accommodate key promoter requirements**
 - Up to 100% of funding requirement
 - Reasonable cost of flexible finance
 - Unsecured (project finance)
 - Ability to own the plant outright within the short / medium term
- **Fund sufficiently sized to fund a significant number of plants**

What makes a fundable AD project?

Bankable Promoter
Credibility, commitment

Resources
Sufficient land, stable farm

Technology Provider
Track record, fundable contract

Permits
Unrestricted planning, economic grid connection

Conclusion

- Significantly less progress in the past year that anyone would have liked
- Renewable energy remains an attractive, and active, investment proposition
- 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 + six months build – four ROCs won't last forever

Thank You

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