

24 April 2014

London's first commercial anaerobic digestion plant, TEG Biogas, opens for business

- **First project funded by Green Investment Bank completed on time and within budget**

The UK Green Investment Bank (GIB) has announced that the first project that it invested in, via its Foresight-managed fund, has been completed on time, within budget and is generating power. The TEG Biogas plant in Dagenham was officially opened yesterday, 23rd April, by Secretary of State for Business, Innovation and Skills, Vince Cable MP.

The plant is London's first commercial-scale anaerobic digestion and composting facility. It has been constructed, and is being operated and managed, by TEG Group plc, the AIM listed green technology company which develops and operates organic composting and energy plants. The TEG Group is now providing on-going operating and maintenance services to TEG Biogas under a 15 year contract.

Situated on a 4.7 acre site owned by the Mayor of London and within his 60 acre London Sustainable Industries Park (LSIP) in Dagenham, the plant has the capacity to process up to 50,000 tonnes, per annum, of food and green waste. Much of the waste, which could have otherwise gone to landfill, will come from households and businesses across London.

It will produce 1.4MW of renewable electricity each year, which is being sold to the National Grid. It will also produce 14,000 tonnes of compost and 36,000 tonnes of digestate each year, for agricultural use.

Residual heat produced by the plant will amount to 1.15MW and will be used by the plant's nearest neighbour Closed Loop Recycling, the world's first food grade PET and HDPE plastic bottle recycling plant.

GIB's first investment, via its Foresight-managed fund UK Waste Resources and Energy Investments (UKWREI) fund, was announced in late 2012. Foresight played a pivotal role in the transaction, providing capital from two of its managed funds and structuring the deal.

The UKWREI fund, in which GIB is the cornerstone investor, made a £2m equity investment in the project, while Foresight Environmental Fund (FEF) led the project with a £9m equity investment. FEF is a £60m fund targeting waste infrastructure projects within Greater London, cornerstoned by the European Regional Development Fund (ERDF) and the London Waste and Recycling Board (LWARB) through the London Green Fund (LGF) alongside several institutional and private investors. The remaining £2m of equity was provided by private sector investors. Senior debt of £7.9m was provided by Investec Bank plc and LWARB.

Shaun Kingsbury, Chief Executive, UK Green Investment Bank, said:

"This project is an important first for London and provides a positive demonstration of a fully integrated renewable energy and waste management project. The anaerobic digestion and composting facility will see waste, which could have been sent to landfill, now being used to create renewable energy and heat as well as compost and digestate for the agriculture sector.

"I congratulate Foresight and TEG on bringing in the project on time and within budget."

Secretary of State for Business, Innovation and Skills, Vince Cable MP, said:

"This plant provides a cutting edge, environmentally friendly way to manage London's waste and generate power. That is why it is so pleasing this was the very first investment made by the Green Investment Bank back in 2012."

The Mayor of London, Boris Johnson said:

"I welcome the opening of this fantastic new project. It is great news for the local area and it shows that the London Sustainable Industries Park can deliver low carbon energy, jobs, innovation and growth for London."

Mick Fishwick, CEO of TEG Group plc commented:

"I am delighted to see the Dagenham plant completed on time and on budget and that it has now been passed across to its owners. This project once again demonstrates TEG's ability to take a plant from the drawing board to full commercial production and we look forward to operating and maintaining the plant for the coming 15 years, while we continue to develop and build further UK based IVC and AD plants".

Nigel Aitchison, Partner and Head of Environmental at Foresight Group added:

"We are delighted to see the plant commissioned, which will see 50,000 tonnes of organic waste matter from Greater London diverted from landfill every year and in addition to producing over 2.5 MW of renewable energy. We see the TEG plant as a model for what can be achieved in sustainable infrastructure which allows waste management to be transformed into resource management. We look forward to making announcements of further investments, which will drive both growth and job creation in this important sector in Greater London and across the UK in the very near future."

The Mayor's London Sustainable Industries Park has been designed to create a cluster of environmentally focused enterprises such as low-carbon energy from waste plants, innovative waste facilities and other CleanTech infrastructure (such as recycling, renewable energy, wind power, solar power, biomass).

The TEG Group joins Closed Loop, an expanding plastic recycling business, on the Park, with two further sustainable energy from waste businesses due on site in the next 12 months. The Institute for Sustainability will launch their Cradle to Cradle demonstrator and 'Living Lab' – exploring residential sustainability approaches and energy and water efficiency innovations - alongside the Mayor's Climate Energy Homes designed Hub/ Security building at the Park over the summer.

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Notes to Editors

About the UK Green Investment Bank (GIB)

The UK Green Investment Bank was launched in November 2012. With £3.8 billion of funding from the UK Government, it is the first bank of its kind in the world. It is a "for profit" bank, whose mission is to accelerate the UK's transition to a greener economy, and to create an enduring institution, operating independently of Government.

www.greeninvestmentbank.com

About TEG Group

TEG provides state of the art technology for handling organic wastes. Its in-vessel composting ("IVC") system is one of the few approved technologies capable of treating animal by-product ("ABP") waste and it is now providing an anaerobic digestion ("AD") technology to produce power from food waste. Plant economics are predominantly driven by the gate fees charged, rather than the value of the end product (compost).

The AD plants also benefit from power sales and Renewable Obligations Certificates ("ROCS") or Feed-in Tariffs ("FITs"). The TEG processes are an economic and sustainable alternative to landfill.

About TEG Biogas (London) Limited

TEG Biogas (London) Limited ("TEG Biogas London") is a joint venture company established by TEG with funding partners led by Foresight Environmental Fund LP. TEG Biogas London has constructed a combined In Vessel Composting (IVC) and AD plant in Dagenham that will process approximately 50,000 tonnes per annum of organic wastes and will generate approximately 1.4MW of power, sufficient to power approximately 2000 homes. The plant went into full operation in Q1 2014.

TEG received a contract to construct the facility, valued at approximately £16m, in September 2012. The Company is currently operating the facility, post handover, as part of a 15-year operating and maintenance contract. The Group has a minority shareholding in TEG Biogas (London) Limited.

About Foresight Group

Foresight Group is a leading independent infrastructure and private equity investment manager that has been managing investment funds on behalf of institutions and retail clients for 30 years. With a background in private equity and venture capital, Foresight has diversified activities and today manages institutional funds principally in European Infrastructure (Solar and PPP), Environmental and UK small cap Private Equity, including six years of specific Infrastructure experience.

Foresight has £1 billion of assets under management and boasts one of the UK's leading Environmental infrastructure investment teams. It is responsible for managing approximately £140 million of environmental assets which include the £60 million Foresight Environmental Fund (FEF) and the £68 million mandate from the UK Government's Green Investment Bank for UK environmental infrastructure.

www.foresightgroup.eu

About the London Waste and Recycling Board

The London Waste and Recycling Board (LWARB), chaired by Richard Tracey, Assembly Member, working in conjunction with the Mayor of London and London Councils, has a remit to improve waste management in the capital. For more information on LWARB visit www.lwarb.gov.uk