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New anaerobic digestion plant to boost the renewable energy industry in the North East

- A Foresight fund, backed by UK Green Investment Bank plc, announces funding for a new on-farm anaerobic digestion plant in Old Quarrington, south east of Durham
- First investment made by recently announced Recycling and Waste LP (RAW) fund
- Farm crops will be treated to produce renewable power, renewable heat and agricultural fertiliser.

Foresight Group (Foresight) has today announced the first investment made by the recently announced £50m Recycling and Waste LP fund (the fund), backed by the UK Green Investment Bank plc (GIB). The £4m investment, which is being made in partnership with the SQN Asset Finance Income Fund Limited, will be used to build an on-farm anaerobic digestion (AD) plant at Old Quarrington, Durham.

The fund is investing £2m alongside co-investment of £2m by SQN Asset Finance Income Fund Limited, the only diversified equipment leasing fund listed in the UK, made on the same terms as the fund. The Old Quarrington project has been developed by a farming family business based near Durham.

Anaerobic digestion is a natural process which takes organic matter and breaks it down, producing a gas which is turned into electricity. This power will be exported to the national grid.

The process also creates digestate, a natural by-product which can be spread on the land as a fertiliser, saving money and returning nutrients to the land. The generated heat will be used by an adjacent woodchip drying facility, creating an extra revenue stream for the farm.

Throughout its 20 year lifespan the project will generate 3,400 MWh electricity, enough renewable energy to power 800 households, and 3,300 MWh heat. It is also forecast to reduce greenhouse gas emissions by over 3,000 t CO₂e per annum, equivalent to taking 1,400 cars off the road.

The project will receive revenue under the Feed-in-Tariff (FiT) and Renewable Heat Incentive (RHI) schemes.

Although the first investment made by Foresight's RAW fund, which targets smaller-scale recycling and waste projects across the UK, this is the third such project supported by Foresight and GIB, following its investments in PAR and Bridge Energy in Northern Ireland last year through Foresight’s UK Waste Resources and Energy Investments LP (UKWREI) fund.

Williams Industrial Services, who developed with Foresight the two Northern Ireland projects, will be responsible for constructing the plants under an EPC contract, as well as providing ongoing maintenance services.

Charles Sheldon, Investment Analyst, Foresight Group, said:

"We're thrilled to announce the first investment by the RAW fund. The short time taken, just eight weeks, from the announcement of the fund to the completion of the first investment is a significant
achievement and is a reflection of the volume of pipeline for Anaerobic Digestion, the demand for AD and the knowledge of the sector by our co-investor SQN.”

Neil Roberts, Investment Manager of SQN said:

“We’re delighted to be working with Foresight Group and GIB to further expand our significant involvement in funding the AD sector of the renewables market”

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Contacts

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About the project

Farmer: Quarrington Farms, based at Old Quarrington, Durham.

Total investment: £4. million

Investors: £2m from Foresight’s Recycling and Waste LP (RAW) fund (cornerstoned by GIB) and £2m on the same terms from SQN Asset Finance Income Fund Ltd.

Environmental impact: Reduction in greenhouse gas emissions of more than 3,000 t CO₂e per year. This is equivalent to taking approximately 1,400 cars off the road for a year.

Jobs: up to 11 new jobs will be created in construction and operations (ten in construction, one in operations).

Energy generation: 3,400 MWh which will be sold into the national grid. This is the same amount of electricity as 800 households would use in a year. In addition, 3,300 MWh heat will be used on site.

Fertiliser: The plant will produce digestate, which the farm will use as fertiliser.

Drying facility: The plant will include a drier and will sell heat to use for drying woodchips. A relationship has been established with a local wood chip operator who will provide the wood chip. The project will receive the RHI tariff in respect of heat it supplies to the drier.

Fuel supply: Initially 12,000 tonnes of silage from Quarrington Farms. The plant is capable of processing a wide range of crops and food wastes.

Operations and maintenance: Williams Industrial Services (both construction and maintenance).

Notes to Editor

About Foresight

Foresight Group 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 in excess of £1.3bn assets under management and boasts one of the UK’s leading Environmental infrastructure investment teams. It is responsible for managing approximately £250m of environmental assets which include the £78m UKWREI Fund which has now reached full
deployment and the recently announced £50m Recycling and Waste LP (RAW LP) mandate which will target waste and recycling projects up to £30m in size. Both funds are cornerstoned by the UK Government’s Green Investment Bank for UK environmental infrastructure. Foresight also manages the £60m Foresight Environmental Fund (FEF).

**www.foresightgroup.eu**

**About the UK Green Investment Bank (GIB)**

UK Green Investment Bank plc (GIB) 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.

GIB is wholly owned by HM Government. The Company is not authorised or regulated by the Financial Conduct Authority or the Prudential Regulation Authority. A wholly owned subsidiary UK Green Investment Bank Financial Services Limited, is authorised and regulated by the Financial Conduct Authority.

**www.greeninvestmentbank.com**

**About SQN Asset Finance Ltd**

Managed by SQN Capital Management, the SQN Asset Finance Income Fund is the UK’s only Main Market, publicly-traded diversified equipment leasing and asset finance fund. The fund is designed to provide monthly income to investors through collateralised investments in a diverse pool of business-essential assets and equipment with high in-place value and active secondary markets.

The fund focuses on investments in the agricultural, energy, environmental, material handling, medical, manufacturing, technology, and transportation industries as well as on providing project finance for asset-intensive businesses. By avoiding large ticket cyclical assets and high-volume, low margin investments prone to consumer credit cycles, the fund’s performance is intended not to be correlated with the broader markets.

**About Williams Industrial Services Ltd. (“WIS”)**

Williams Industrial Services Ltd (“WIS”) is a leading process control, automation, instrumentation and environmental engineering company, employing close to 200 engineers, technicians and support staff and with over 30 years’ experience.

With a strong track record over the past 30 years in the water/wastewater treatment and aerospace sectors, WIS has successfully expanded into the bioenergy market with a range of processes including large industrial and farm scale anaerobic digestion plants. These plants range in size from just 75kWe to 5 MWe.