



**Signina Capital AG
Water Infrastructure**

**Quarterly Water Report
Q1 2017**

- I. Current Projects**
- II. Regional Market Information**
- III. Ongoing Projects**
- IV. Latest Developments**

I. Current Projects

Wastewater plant, NJ: A New Jersey-based Wastewater Treatment Plant where funds were used to mount solar panels to increase energy efficiency of the plant, lower costs over time, and provide energy to the local municipality. The state of New Jersey requires electricity suppliers to secure a portion of their electricity from solar facilities located in NJ, creating a natural market for Solar Renewable Energy Credit (SREC) trading credits. The project not only reduces the plant's energy consumption and improves their overall efficiency.

Sustainable Sewerage, Ontario: A public company which has developed a technology providing sewage collection and treatment techniques. The company is implementing this sustainable small bore sewerage system in sites across the developed and developing world. The technique captures solids at source (no need to move vs. traditional gravity systems). Solids are digested at source (no need to pump vs. septic) and this allows for water recapture.

Hydropower, Illinois: A lock and dam hydroelectric water power project located on the Illinois River. The site has obtained a FERC License (expires 2016¹) and is finalising development. Once the site is connected and producing energy it will provide power to the local municipalities and income will be generated by the power purchase agreement in place.

II. Regional Market Information

United States

¹ *Federal budget could increase money for hydroelectric power, marine hydro kinetic (MHK) programs*

The \$1.07 billion package is largely being hailed as a bipartisan win and would keep the federal government funded through the end of current fiscal year on September 30.

Based on previous statements and cabinet appointments made by President Donald Trump, the expectation was that a number of agencies, including the Department of Energy, Department of the Interior, Army Corps of Engineers and Environmental Protection Agency, could take significant hits in the FY 2017 budget, though the proposal actually increases funding for some programs.

Notably, EPA would receive \$8.06 billion -- or less than a 1% reduction from 2016 levels -- under the proposed budget, though the agency would have a staffing cap of 15,000 employees. Trump had previously promised to slash the EPA's budget by more than 30% while eliminating over 3,200 jobs.

Elsewhere in the proposal, DOE's budget would increase by about \$1.4 billion to \$31.2 billion, with an increased \$4 billion allowance for its applied energy programs. DOE's Office of Energy Efficiency and Renewable Energy would receive a \$17 million increase for \$2.1 billion in total spending power.

Specifically, DOE is directed by the budget to "continue competitive solicitations for a balanced portfolio of industry-led research, development, and deployment of ocean, river, and tidal energy conversion components and systems."

The budget provides \$25,000,000 for conventional and pumped-storage development, with \$6,600,000 earmarked to support Sec. 242 of the Energy Policy Act of 2005. Up to \$3,000,000 is also allocated for a "techno-economic analysis of the value of pumped storage hydropower" at two unnamed sites previously identified as being susceptible to intermittency issues.

A further \$59,000,000 is allocated for MHK research and development, with \$30,000,000 to be provided for an open-water wave energy test facility and \$4,000,000 to support collaborations between universities, federally-designated marine renewable energy centres and National Laboratories.

¹ HydroWorld.com, May 1, 2017

Meanwhile, DOE's Advance Research Projects Agency-Energy (ARPA-E) program, which Trump had previously vowed to eliminate, would receive more than \$300 million. DOE's Office of Science would also see its budget increased to \$5.4 billion.

Canada

² *Trio of deals reinforces Canadian P3 model*

Location	Scope	Cost	Structure	Status
Victoria, BC	Residuals treatment facility	CAD 170m	20 year DBFOM	Three bidders shortlisted
Victoria, BC	108,000m ³ /d tertiary WWTP	CAD 272m	DBF	Won by Suez consortium
Vancouver, BC	102,000m ³ /d WWTP	CAD 525m	DBF	Won by Acciona consortium
Hamilton, ON	Biosolids processing facility	CAD 106m	30 year DBFOM	Won by HCS consortium
Portage la Prairie, MB	Upgrading of water pollution control facility	CAD 126m	30 year DBFOM	RFQ awaited
Comox, BC	Wastewater treatment plant	CAD 54.5m	30 year DBFOM	Voted down at referendum

Source: GWI

A clutch of wastewater and biosolids projects reached financial close this month, restoring faith in the concept of the PPP procurement model for water infrastructure in Canada.

Financial close on a trio of wastewater treatment and biosolids management P3s in Canada this month has gone a long way towards restoring faith in the model, after a proposed wastewater collection and treatment P3 in the Comox Valley (British Columbia) was voted down at a referendum last summer.

"PPPs still face significant challenges in Canada, but decidedly more projects are advancing than failing now, so I believe the tide is turning in favour of the model," commented Reuben Scholtens, director of infrastructure development at Maple Reinders Group, part of the winning consortium for a 30-year DBFOM contract to build a biosolids processing facility in Hamilton (Ontario) this month.

Although this month's crop of contracts would seem to suggest the evolution of parallel strands in the Canadian P3 market (DBF for WWTPs and DBFOM for biosolids projects), the reality is rather more nuanced.

"I view the level of comfort with long-term operations contracts as a regional factor in Canada," said Scholtens. "In general, I believe that Canadian municipalities view the risk of evolving regulations applicable to the biosolids market as a more real or significant risk than that on the water and wastewater treatment side," he told GWI.

Both the upcoming CRD biosolids project and the planned wastewater P3 in Portage la Prairie (Manitoba) are foreseen as long-term DBFOMs.

² GWI. Vol 18, Issue 4 (April 2017)

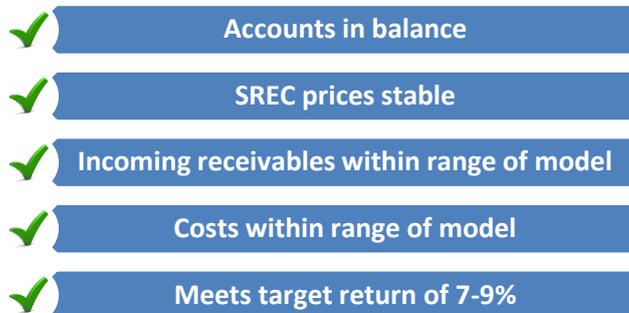
III. Ongoing Projects

Wastewater plant, NJ:

For Q1 2017 the performance was in line with our expectations. Power production for the month of March was 137,943kWh. This was 90% of the expected power to be generated which is within the expectations for production.

Revenue from SRECs generation is predominantly secured by way of a PPA contract, making for a high degree of predictability and visibility on the earning side.

- Monitor PPA component
- Monitor SREC eligibility and prices on the market (1 SREC for every 1000 kW-hours of electricity produced)
- Monitor regulatory shifts in clean energy incentive programs (RPS) and timelines
- Maintain monthly communication with onsite project manager
- Document any changes to the investment expectations
- Online monitoring of the solar power as well

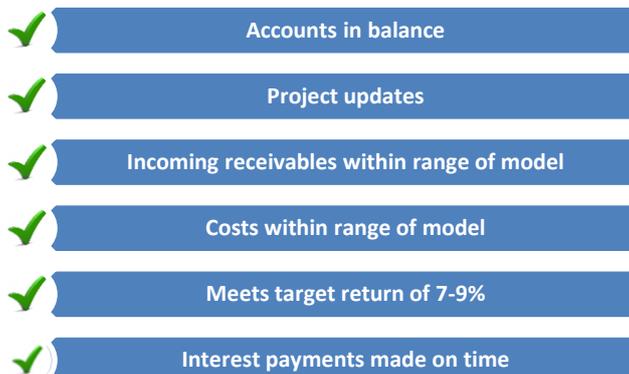


Sustainable Sewerage, Ontario

Clearford continues to see progress with the public-private partnership (PPP) with the Canadian government. The PPP initiative has gathered plenty of interest in the past few months with Clearford pitching their technology to various interested municipalities.

Clearford's unique and innovative technology to provide a sanitation solution in the rural areas of Gujarat attracts plenty of interest. Many of the large Indian conglomerates have looked at the test site in Jambudiyapura which has received excellent feedback.

- Maintain monthly communication with Kevin Loiselle and Mark McGuire regarding projects
- Document any changes to the investment expectations
- Monitor the financial reporting, cash flows and accounts of the company



Hydropower, Illinois

The project proceeds as expected. The site is in the process of final clearances and pre construction work. The turbines from Mavel are ready to be fitted and all the design work has been completed. Therefore the project continues to develop in line with our expectations and we expect the main work to begin in the autumn.

- Maintain monthly communication with onsite project manager
- Document any changes to the investment expectations
- Monitor the financial reporting, cash flows and accounts



IV. Latest Developments

Latest Actions

The New Jersey waste water plant should be receiving cash for its SRECs produced in the last year at the end of May as per the terms of the PPA agreement.

A due diligence process is currently underway for a small hydro opportunity in Pennsylvania. The process will take several weeks. The pipeline continues to remain strong with various opportunities presenting themselves in various States.

The Canadian PPP team are scheduled to meet Signina in the coming weeks to discuss current situation and outlook for the remainder of 2017 and beyond.

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