Private Capital for Recycling and Waste Businesses

Presentation to

CT Department of Energy & Environmental Protection

September 23, 2014
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We Love Waste Companies

- Enhanced Capital is a leading provider of capital for companies in CT that are in the waste industry.
  - We are investors in
    - Recycling Company in CT
    - Solar Developer
    - Electronics Recycler
- Resource Recovery Systems – My first company
- Iron Ventures – Invested in waste/environmental projects
SQUEEZABLE

Capital Intensive

Supply Contracts

Commodity Products
## Supply Drives Debt %

<table>
<thead>
<tr>
<th>Supply Contract</th>
<th>Put or Pay/Good Credit/ Covers Debt service/ Maturity Match</th>
<th>Best Efforts/ municipal/Should Cover Debt service/Maturity Match</th>
<th>Multiple suppliers driven by pricing/ unmatched contract maturity</th>
<th>No supply contracts - market driven economics</th>
<th>Unproven technology - Uncommitted supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>60%</td>
<td>40%</td>
<td>20%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Mezzanine</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>20%</td>
<td>40%</td>
<td>60%</td>
<td>80%</td>
<td>100%</td>
</tr>
</tbody>
</table>

- **Bank**: 60% 40% 20% 20% 20%
- **Mezzanine**: 20% 20% 20% 20%
- **Equity**: 20% 40% 60% 80% 100%

- **Enhanced Capital**
Price Contracts for Commodities

- Hard to sustain
- Short term
- Discounted
Commodity Prices Cycle

Iron Ore Fines Price
92.76 USD/T
31 Aug '14

5 years

InfoMine.com
Uncontrollable Market Externatilities

US export of plastic scrap

- Rest of world
- China

$600 million

Data: U.S. Census Bureau
OR...are stable
Subsidy Must Haves

● Predictable Value
● Certain Term
● Stable Pricing
### Environmental Venture Capital

<table>
<thead>
<tr>
<th>Fund</th>
<th>Stage</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emerald Tech Ventures</td>
<td>All</td>
<td>Germany</td>
</tr>
<tr>
<td>Khosla Ventures</td>
<td>Early/Growth</td>
<td>CA</td>
</tr>
<tr>
<td>SJF Ventures</td>
<td>Early/Growth</td>
<td>NY</td>
</tr>
<tr>
<td>Rockport Capital</td>
<td>Early/Growth</td>
<td>MA</td>
</tr>
<tr>
<td>Braemar Capital</td>
<td>Early/Growth</td>
<td>NY</td>
</tr>
<tr>
<td>NGP Energy Tech Partners</td>
<td>Early/Growth</td>
<td>DC</td>
</tr>
</tbody>
</table>
## Find the Right Investors

<table>
<thead>
<tr>
<th>Environmental Private Equity</th>
<th>Fund</th>
<th>Stage</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Global Environment Fund</td>
<td>Growth</td>
<td>DC</td>
</tr>
<tr>
<td></td>
<td>Nautilus Renewables</td>
<td>Early/Growth</td>
<td>NJ, CA</td>
</tr>
<tr>
<td></td>
<td>Mission Point Capital</td>
<td>Growth</td>
<td>CT</td>
</tr>
</tbody>
</table>
# Mezzanine Lenders

<table>
<thead>
<tr>
<th>Fund</th>
<th>Stage</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enhanced Capital</td>
<td>Mezzanine</td>
<td>CT</td>
</tr>
<tr>
<td>IronWood Capital</td>
<td>Mezzanine</td>
<td>CT</td>
</tr>
<tr>
<td>Stonehenge Capital</td>
<td>Mezzanine</td>
<td>CT</td>
</tr>
<tr>
<td>Scully Capital</td>
<td>Mezzanine</td>
<td>DC</td>
</tr>
</tbody>
</table>
## Banks Local and National

<table>
<thead>
<tr>
<th>Banks with Environmental Focus</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Square One Bank</td>
<td>NY</td>
</tr>
<tr>
<td>State Green Banks</td>
<td>NJ, CT</td>
</tr>
<tr>
<td>Webster bank</td>
<td>CT</td>
</tr>
<tr>
<td>First Niagara</td>
<td>CT</td>
</tr>
</tbody>
</table>
Financing Requirements

- Reliable Cash Flow
- Minimized Technology Risk
- Experienced Team
Contact Information

- Liddy Karter, Managing Director
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  - 203-376-7958

- Hitesh Shah, Vice President
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  - 203-614-8771

- Office Address:
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  - 300 Main St, 6th Floor, Stamford, CT 06901
Appendices

- Management Team Detailed Backgrounds
Liddy Karter’s Background

- Liddy is responsible for overseeing investment activity in Connecticut. She brings experience in clean tech venture capital, corporate finance, and early stage company management.

- She was a Managing Partner at IRON Ventures, a venture fund investing in sustainable business ventures enabling symbiotic reuse of energy, industrial material and water.

- She was CEO of Resource Recovery Systems, Inc., a nationwide recycling company based in Essex Ct and CFO of Netkey, Inc., an ecommerce software company based in Branford, CT.

- Prior to that, she was Vice President of the Financial Services Group at Morgan Stanley.

- Liddy founded the CT Angel Investor group as an active Angel Investor. She serves Executive Director of the Connecticut Venture Group, a statewide trade association for venture funds in Connecticut.

- Liddy received an MBA from Yale University and a BA from Columbia University.
Hitesh Shah’s Background

- Hitesh serves as a Vice President at Enhanced Capital and focuses on investment activities in Connecticut.
- Prior to Enhanced Capital, he was an Analyst at Connecticut Center for Advanced Technology’s (CCAT) Entrepreneur Center, a physical and virtual incubator for technology led small businesses.
- Prior to CCAT, he was an Analyst at Connecticut Technology Council’s (CTC) DECD co-sponsored statewide virtual incubation program for small businesses.
- Prior to CTC, he was a Financial Analyst at an export oriented ceramics manufacturing company in India.
- Hitesh graduated with an MBA from University of Hartford and a BS in Accounting from University of Pune.