

Impax Environmental Markets Plc (the 'Company')
Interim Management Statement
For the three months ended 31st March 2013

This interim management statement covers the period from 1st January 2013 to 31st March 2013 (the "Period"), and is prepared in accordance with the UK Listing Authority's Disclosure and Transparency Rule 4.3.

Investment objective

The Company's objective is to enable investors to benefit from growth in the markets for cleaner or more efficient delivery of basic services of energy, water and waste. Investments are made predominantly in quoted companies which provide, utilise, implement or advise upon technology-based systems, products or services in environmental markets, particularly those of alternative energy and energy efficiency, water treatment and pollution control, and waste technology and resource management.

Performance

Broadly positive economic data in Asia and the US, a smooth leadership transition in China and more positive market sentiment towards European sovereign risk led to strength in equity markets during the Period. The Company's diluted Net Asset Value ("NAV") per Ordinary Share (excluding current year net revenue) rose 16% from 125.0p to 145.1p, ahead of both the MSCI World Index and the FTSE ET50 Index of environmental subsector stocks, which rose 14.7% and 14.5% respectively, but behind the MSCI World Small Cap Index, which rose 17.0% (all capital returns in pounds sterling). Robust performance reflected broad strength in the portfolio across all regions and most subsectors, with energy efficiency, environmental consultants and micro-cap holdings particular highlights.

Discount

During the Period, the Company's share price traded at an average discount to NAV of 17%, representing a small improvement on the average 19% seen during 2012. This reflects improved performance and also share repurchases implemented by the Board to address concerns as to the share rating. During the Period, the Company bought back 10,882,000 Ordinary Shares at an average discount to NAV of 18%. The Board remains mindful of the discount and will continue to utilise its powers to buy back shares when it considers the circumstances to be appropriate. The discount to NAV at the date of publication of this interim management statement is 15%.

Portfolio activity

The Manager remains focussed on bottom-up stock picking and continues to favour energy efficiency as a sub-sector theme. In contrast, the Manager remains cautious on the renewable energy sub-sector, where valuations are attractive but near term challenges of overcapacity and regulatory uncertainty overshadow long term growth prospects.

Portfolio activity during the Period has included profit taking in holdings with strong performance and limited upside to target price and the addition of the first water utility to the portfolio. The top ten positions as at 31 March, 2013 are set out below.

Company	Activity	% of net assets
Clean Harbors	Hazardous waste management, US	2.9%
Regal Beloit	Industrial energy efficiency, US	2.8%
Vacon	Industrial energy efficiency, Finland	2.6%
Pall Corporation	Water treatment equipment, US	2.6%
Pentair	Water infrastructure, US	2.6%
Kingspan	Buildings energy efficiency, Ireland	2.5%
Itron	Power network efficiency, US	2.5%
Nibe	Buildings energy efficiency, Sweden	2.5%
Ensyn	Biofuels, Canada	2.3%
Clarcor	Pollution control solutions, US	2.2%

Outlook

The Manager reiterates its outlook statement from the recently published 2012 annual report:

“Although equity markets are likely to remain volatile, we are optimistic on the outlook for global equities in general and the Company in particular. We see several strong catalysts for continued performance. From a macroeconomic perspective, accelerating infrastructure investment in China and a recovery in US construction markets are favourable. Looking at the micro developments in environmental markets, we see improving fundamentals in multiple subsectors. With a high quality and well balanced portfolio, we believe the Company is well positioned to perform in the coming years.”

26 April 2013