

Press Release

21 August 2014

Shanks Group plc successfully secures funding for 27 year Derby City and Derbyshire PPP Contract

Shanks Group plc ('Shanks') is pleased to announce that Resource Recovery Solutions (Derbyshire) Ltd ('RRS'), a joint venture with Interserve Group plc, has agreed funding terms to begin the construction phase of the 27 year PPP contract with Derby City and Derbyshire County Councils which will generate total estimated revenues of £950m.

RRS has been providing interim waste management services to the residents of Derby and Derbyshire since 2010, working with the Councils to secure planning permission for the new £145m Sinfin Lane facility. Having secured the required funding for the PPP contract today, EPC Contractor Interserve Group plc can now commence construction of a Mechanical Biological Treatment ('MBT') facility and an on-site gasification facility, which Shanks will operate alongside the existing waste management facilities. The new facility is expected to divert up to 98% of residents' residual waste from landfill, while also generating enough green electricity to power approximately 14,000 homes. This electricity will be supplied to the national grid, offsetting the cost of the waste treatment to the Councils.

Funding of up to £195 million is being raised through the UK Green Investment Bank and two leading international banks; BayernLB from Germany and Sumitomo Mitsui Banking Corporation from Japan. As with Shanks' other municipal contracts, this funding will be in the form of non-recourse debt through a Special Purpose Vehicle ('SPV'). The new facility is expected to be completed by April 2017, at which point Shanks will inject £18m of subordinated debt into the SPV.

The contract will see approximately 250 people recruited to work on construction of the new facilities and a further 34 permanent positions created, making a significant contribution to the local economy.

Peter Dilnot, Group Chief Executive of Shanks Group plc said:

"We are delighted to have concluded funding for this 27 year contract with Derby City and Derbyshire County Councils. The Derby contract is an important part of our growth strategy for the UK Municipal Division and the introduction of gasification technology also adds an important dimension to the Group's portfolio of clean waste-to-product technologies. We look forward to working closely with the authorities and local residents to continue to provide them with an excellent service and to make more from the waste they produce."

Councillor Joan Dixon, Derbyshire County Council's Cabinet Member for Jobs, Economy and Transport, said:

"The county council is facing massive budget cuts and our current landfill bill is one we cannot afford in the future. We do not know how much landfill will cost in coming years but it certainly won't cost less than it does now. This waste treatment facility will give us certainty about the cost of managing waste in the future, help us to manage our budgets and protect us from future rises in the cost of landfill - including Landfill Tax which is currently set at £80 a tonne."

For further information:

Brunswick Group

+44 207 404 5959

Mike Smith

Justine McIlroy

Notes to editors

Shanks Group is a leading international waste to product business.

The Group uses a range of cost-effective sustainable technologies to make valuable products from what is thrown away. We produce green energy, recovered fuel, recycled commodities and organic fertiliser.

Shanks meets the growing need from public and private sectors to manage waste sustainably without damaging the environment. Our solutions reduce greenhouse gas emissions, recycle natural resources and limit fossil fuel dependency.

Shanks operates in four divisions that reflect our markets: Solid, Hazardous, Organics and UK Municipal. It has operations in the Netherlands, Belgium, UK and Canada and employs around 3,600 people.

For more information, visit: www.shanksplc.com