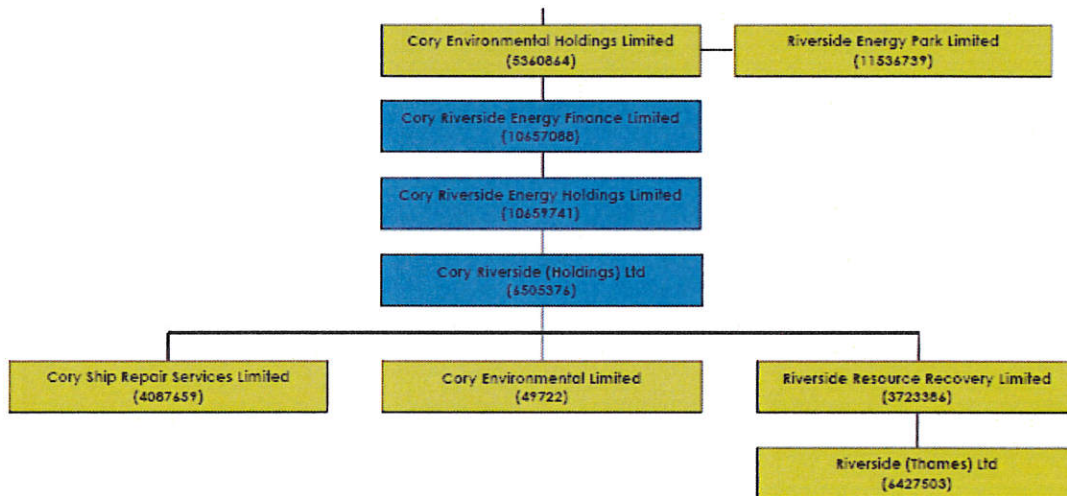


ANNEX 2

SUMMARY OVERVIEW OF THE WASTE MANAGEMENT SERVICES AGREEMENT

1. **Parties:** The parties to the Waste Management Services Agreement (“WMSA”) are (1) Western Riverside Waste Authority (“WRWA” and the “Authority”) and (2) Cory Environmental Limited (“CEL” and the “Contractor”) (p.1). WRWA is a statutory body established under section 10 of the Local Government Act 1985 and the Waste Disposal (Authorities) Order 1985. It is responsible for the disposal of household, commercial and industrial waste delivered to it by the London Boroughs of Hammersmith and Fulham, Lambeth, Wandsworth and the Royal Borough of Kensington and Chelsea (the “Constituent Councils”).

CEL is part of the Cory group of companies, the corporate structure of which is set out below. CEL is a sister company of Riverside Resource Recovery Limited (“RRRL” and the “Efw Operator”) which owns and operates an energy from waste facility at Belvedere, Kent (the “Efw Facility”) on a Site (see **Appendix A**) which is leased to WRWA and leased back to RRRL. It is over part of the Site that RRRL’s holding company Cory Environmental Holdings Limited (“CEHL”) is seeking compulsory acquisition powers to transfer to CEHL’s direct subsidiary, Riverside Energy Park Limited (“REPL”). REPL, CEL and RRRL are all associated companies.



2. **Services provided under the WMSA:** The objective of the WMSA is provision of waste management services to WRWA, primarily comprising (i) the construction and operation of a materials recovery facility at Smugglers Way, Wandsworth; (ii) the operation of WRWA’s civic amenity sites at Smugglers Way and Cringle Dock, together with those of the Constituent Councils at Cremorne Wharf and Vale Street; (iii) the receipt of waste collected by its Constituent Councils at WRWA’s transfer stations at Smugglers Way and Cringle Dock; (iv) the construction and operation of the Efw Facility; (v) the transfer of general waste received onto barges; (vi) the transportation of the general waste down river to the Efw Facility; and (vii) the thermal treatment of the transported general waste at the Efw Facility.
3. **Structure of the WMSA:** The project financing of the Efw Facility in 2008 necessitated the introduction of PFI standard terms for the benefit of RRRL and the splitting of the contract into two severable parts; objectives (i), (ii), (iii) and (v) comprise the Authority Site Services Contract (the “ASS Contract” and the “ASS Services”), whilst objectives (iv), (vi) and (vii) comprise the “Efw Contract” and the “Efw Services”. The Efw Services have been sub-contracted by CEL to RRRL, the owner and operator of both the Efw Facility and the tugs/barges. This summary relates only to the Efw Contract, as the ASS Contract is not directly affected by the proposed riverside energy park.

4. **Term:** To 4 October 2032 (the "**Expiry Date**" Sch.1 p.70). Residual value rights under a Residual Value Agreement ("**RVA**") with RRRL enable the period over which EfW Services can be provided to extend to 11 October 2046 on similar terms. Alternatively, WRWA can opt to take a royalty on tonnage accepted by the EfW Facility.

5. **Contractor Primary Obligations:**

- (a) Provide the services set out in 2(i) to 2(vii) above (clause 14.1 pp.59-60);
- (b) (In appropriate circumstances) pay to WRWA its share of the energy revenue generated (Sch.8 para 6 pp.4-7);
- (c) (In appropriate circumstances) pay to WRWA its share of third party gate fee revenue above a preset threshold (Sch.8 para 9 pp.11-13); and
- (d) (In appropriate circumstances) pay to WRWA its share of any refinancing gain and/or gain arising from any equity restructuring (Sch.15 para 30 pp.62-64).

6. **WRWA Primary Obligations:**

- (a) To direct all the waste under its Power of Direction to the Contractor (clause 13.1.1 p.56);
- (b) To make available to the Contractor all waste delivered to the civic amenity sites (clause 13.1.2 p.56);
- (c) To pay for the services (clause 13.1.3 p.56) on the basis of a gate fee per tonne of waste handled/treated by the Contractor (the rate varying depending on how the waste is handled/treated).

7. **Change in Law:** The Contractor is entitled to a proportionate share of compensation from WRWA (in proportion to WRWA's historic reserved share of tonnage at the EfW Facility over the previous rolling 5 year period) if any of the following ("**EfW Qualifying Changes in Law**") occur and affect the EfW Services (Sch.15 para 8 pp.27-32):

- (a) Discriminatory changes in law (i.e. changes in law that just relate to the project, the Contractor or the EfW Operator, or just to public private partnership contractors);
- (b) Changes in law that relate to: services the same or similar to the EfW Services, or to companies whose main business is the holding of shares in such companies; emissions from industrial facilities; electricity generated specifically from energy from waste facilities; changing Constituent Council boundaries;
- (c) Changes to required performance standards as a result of a best value order made by the Secretary of State;
- (d) General changes in law which involve capital expenditure;
- (e) Legislation giving effect to a list of policies in Schedule 6 to the WMSA;
- (f) Changes to the EfW Facility's environmental permit;
- (g) "An EfW Change in Law which:
 - (i) imposes on a Constituent Council a duty or obligation either:
 - (A) to recycle waste which, but for the EfW Change in Law would have been (as at [31 July 2008]) General Waste, other than by Delivering this at the direction of the Authority;
 - (B) to recycle waste which, but for the EfW Change in Law, would have been (as at [31 July 2008]) General Waste, by

using a technology other than provided for in the Method Statement; or

- (ii) permits a Constituent Council (in relation to disposal only) or imposes on a Constituent Council (in relation to disposal or treatment) a duty or obligation to:

(A) dispose of or treat waste which, but for the EfW Change in Law, would be (as at [31 July 2008]) General Waste, other than by Delivering this at the direction of the Authority;

(B) dispose of or treat waste which, but for the EfW Change in Law, would have been (as at [31 July 2008]) General Waste, by using a technology other than one provided for in the Method Statement; or

- (iii) imposes on the Authority a duty or obligation to recycle, treat or dispose of any waste which, but for the EfW Change in Law, would have been (as at [31 July 2008]) General Waste, by using a technology other than one provided for in the Method Statement;

and in each case this results in a reduction in the total overall tonnage of General Waste and Authority Waste (A) Directed and made Available by the Authority to the Contractor and (B) Delivered by the Constituent Councils to the Contractor (to the extent not Directed by the Authority pursuant to (A));”

8. **Change in Law Mitigation for WRWA:** Pursuant to paragraph 6.1A of Schedule 15 (p.18), WRWA is afforded rights over the unused section of the Site which is leased to WRWA and leased back to RRRL:

6.1A “The Contractor shall procure that the EfW Operator makes available land within the EfW Operator’s ownership at the Belvedere Site for the purposes of an EfW Authority Change in respect of paragraph (g) of the definition of EfW Qualifying Change in Law to the extent so requested by the Authority pursuant to the relevant EfW Authority Notice of Change.”

This contrasts with the treatment of the Belvedere Surplus Land (see below) in relation to which no such restrictions apply, which serves to highlight the importance WRWA places on maintaining spare footprint capacity at the Site to mitigate its future needs.

9. **Belvedere Surplus Land:** Pursuant to paragraph 26.1 of Schedule 15 (p.55), the EfW Operator is at liberty to dispose of the surplus land (edged blue and lying to the south of the Site – see Appendix A to this summary overview and WMSA Sch.1 p.20), as long as the net proceeds of sale are applied to prepay the senior debt:

26.1 “The Contractor shall procure that the EfW Operator, upon any sale of the Belvedere Surplus Land:

26.1.1 applies the net proceeds of sale in the prepayment of the Senior Debt (and the permanent prepayment of the 2017 Senior Debt for the purposes of the Base Case) as soon as reasonably practicable following receipt of such proceeds unless and until the 2017 Senior Debt in the Base Case is reduced to zero; and

26.1.2 notifies the Authority in writing once this has been done.”

10. **EfW Authority Defaults** (Sch.1 pp.43-44): These events entitle CEL to terminate the WMSA and comprise: material non-payment; breaches of contract which substantially frustrate the provision of the EfW Services for 2 months; expropriation of the EfW Operator’s assets and/or the transfer station(s) which substantially frustrate the provision of the EfW Services for 2 months; expropriation of the Contractor’s or EfW Operator’s shares; enactment of legislation which frustrates or makes it unlawful for WRWA to perform its obligations under the EfW

Contract; failure(s) of WRWA to direct or make available waste which result in the Contractor suffering a significant reduction in tonnage over an extended period of time (50% over 2 years or 38% over 3 years) (Sch.15 para 9 p,32).

11. **EfW Force Majeure Events** (Sch.1 pp.52-53): These relieve the Contractor from its obligations under the WMSA for the duration of the event, and comprise:

- (a) "war, civil war, armed conflict or terrorism;
- (b) nuclear, chemical or biological contamination unless the source or cause of the contamination is the result of actions or breach of the Contractor or its subcontractors of any tier, except where such actions of the Contractor constitute solely the receipt or treatment by the Contractor of General Waste (containing nuclear, chemical or biological contamination) in accordance with the EfW Contract;
- (c) pressure waves caused by devices travelling at supersonic speeds;
- (d) the suspension of both the Lighterage Business and the EfW Business due to the occurrence of an Economically Unviable Insurance Proposition;"

Either party may terminate the EfW Contract if the EfW Force Majeure Event extends for a period of more than 180 days (Sch.15 para 14.5 p.36). Either party may also terminate the EfW Contract if a Force Majeure Event under the ASS Contract continues for 6 months and as a result the EfW Facility has ceased to be economically viable (Sch.15 para 14.6 p.36).

12. **Corrupt Gifts and Fraud** (clause 44 pp.149-151): Corrupt gifts and fraud on the part of the Contractor or its sub-contractors entitle WRWA to terminate.

13. **Breach of Refinancing and Equity Restructuring Provisions** (Sch.15 para 13 p.35): WRWA is entitled to a share of the gain accruing from refinancings and equity restructurings. If these are not paid, WRWA is entitled to terminate.

14. **EfW Contractor Defaults** (Sch.1 pp.49-50): These events entitle WRWA to terminate the WMSA and include the insolvency of either the Contractor or the EfW Operator, unauthorised assignment, abandonment, and significant performance failures. (Sch.15 para 10 p.32).

15. **Compensation on Termination:** Compensation is payable by WRWA in return for the EfW Operator's assets/shares as follows:

Authority Default Termination (Sch.15 para 18 pp.41-43)	Senior debt (adjusted); plus Redundancy costs; plus Sub-contractor breakage costs; plus Market value of share capital and subordinated debt
EfW Force Majeure Termination (Sch.15 para 20 pp.50-52)	Senior debt (adjusted); plus Redundancy costs; plus Sub-contractor breakage costs
Corrupt Gifts and Fraud Termination (Sch.15 para 21 p.52)	Senior debt (adjusted); less Additional permitted borrowing distributions
Breach of Refinancing/Equity Restructuring Provisions Termination	Senior debt (adjusted); less Additional permitted borrowing distributions

(Sch.15 para 22 p.52)	
Contractor Default Termination (Sch.15 para 19 pp.43-50)	Market value of EfW Operator's shares/undertaking (in conjunction with the provision by WRWA of a New EfW Contract on similar terms to the terminated EfW Contract for the remainder of the contract term to 4 October 2032) net of costs (either actually determined through a tender process or estimated by expert)

16. **Sub-Lease Restrictions:** Under clause 4.7(b) (p.9) of the sub-lease from WRWA (Landlord) back to RRRL (Tenant), RRRL is specifically prohibited from assigning any part of the Site (defined in the sub-lease as the "**Premises**") (see Appendix A edged red). Further, RRRL may not knowingly permit or suffer any such assignment by a third party (clause 2.5 p.7).

4.7 Dealings

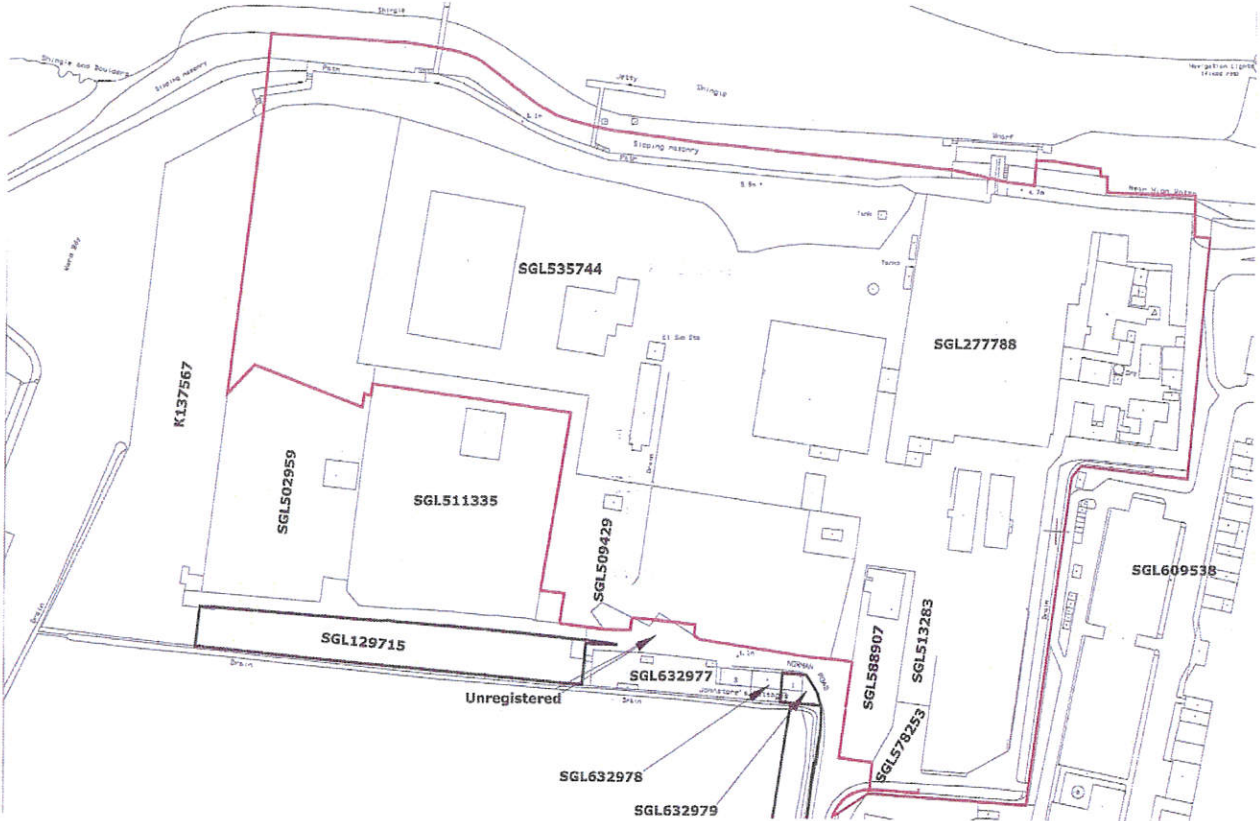
- (a) In this clause 4.4 "**Assignment**" means:
- (i) in the case of a registered lease the execution of a transfer whether or not that transfer is subsequently registered at the Land Registry and
 - (ii) in the case of any other lease the execution of a deed of assignment of it
- and "**Assign**" shall be construed accordingly
- (b) Not to Assign or charge a part (as distinct from the whole) of the Premises
- (c) Not to Assign the whole of the Premises except:
- (i) in accordance with the provisions of the Direct Agreement; or
 - (ii) to the Security Trustee (or to a Suitable Substitute Contractor in accordance with the provisions of the Direct Agreement) as security for the Senior Debt for the Finance Parties under the Facility Agreement; or
 - (iii) (otherwise only) with the prior written consent of the Landlord (which consent may be withheld by the Landlord in its absolute discretion)
- (d) Not to charge the whole of the Premises without the consent of the Landlord (such consent not to be unreasonably withheld or delayed) provided that no consent shall be required in respect of any charge relating to the Senior Debt
- (e) Within twenty Business Days of any Assignment or any transmission or other devolution relating to the Premises to give written notice thereof to the Landlord's and Superior Landlord's solicitors together with two certified copies of the relevant document and to pay the Landlord's and Superior Landlord's solicitors' reasonable charges not exceeding £50 for the registration of every such document plus Value Added Tax

- 2.5 Any covenants by the Tenant not to do an act or thing shall be deemed to include an obligation not to knowingly permit or suffer such act or thing to be done

17 May 2019
Shakespeare Martineau LLP (JVC)

APPENDIX A

"SITE", "BELVEDERE SITE" and "PREMISES" (EDGED RED)



"BELVEDERE SURPLUS LAND" (EDGED BLUE)

