

# Senior Term Loan Facility Agreement Assurance Statement for Lenders

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## 1. Trading

Profit and Cash Flow have continued to be highly satisfactory during 2018 in comparison with the Financial Model. Full year forecasts also display a positive outcome.

The Trading conditions in respect of the recycling of paper and plastic noted in the last report continue to prove difficult as a result of the impact of the restrictions that China has imposed on imports of waste material. Positive variances including Electricity Sales continue to offset the negative variance on recycling.

## 2. Loan Repayment

As at the date of this statement Mercia anticipates being able to continue to make payments as per the Loan Agreement.

## 3. Buildings, Plant and other Infrastructure

No material problems exist which would require the Lenders attention at any of Mercia's Facilities. The Energy from Waste Plant has met targets relating to availability, throughput and export of power.

## 4. Compliance with Environmental Conditions and Permits

There are no material matters to report.

## 5. Insurance

All appropriate Policies remain in place. There have been no material claims the Company's claims history remains satisfactory. Renewal work is about to commence for the Policies ending in December. The brokers have confirmed that despite problems with fires at certain facilities elsewhere there is still market capacity for portfolios such as Mercia's.

## 6. Key Staff

There have been no losses of senior personnel since the last report. The Senior Team at the Energy from Waste Plant has a full and experienced complement of individuals after some losses were incurred to the EfW project in Gloucestershire. There are no changes to relevant staff provided by the Shareholder Companies.



J W Haywood