



Press release

14 November 2011

Kedco plc

("Kedco" or the "Company")

Binding loan facilities up to £9.44 million agreed for Newry plant

Kedco plc, (AIM:KED) the waste to energy group focusing on the production of clean energy in the UK and Ireland, is pleased to confirm that its joint venture, Best Kedco Limited ("BKL") which was established to develop a biomass electricity and heat generating plant in Newry, Northern Ireland has signed a binding facilities agreement with Ulster Bank Group ("Ulster Bank"), a subsidiary of the Royal Bank of Scotland plc (the "Facilities").

Pursuant to the agreement, which is subject to certain conditions precedent, Ulster Bank will advance up to £9.44 million to enable the completion of construction, installation and commissioning of the 4MW plant. To date Kedco has spent approximately £6.1 million on construction of the plant.

The Facilities include a construction facility of £7.94 million, of which £4 million will be made available to complete an initial 2MW of generating capacity. The remaining £3.94 million will be made available upon the successful commissioning of the initial 2MW. The directors of Kedco estimate the initial commissioning will complete in Q2 2012.

The Facilities will be secured on the assets of BKL and guaranteed by Kedco as the main EPC (engineer, procure and construct) contractor and its major shareholder, Farmer Business Developments plc ("FBD").

In addition to providing security for the Facilities, FBD has agreed to become the Company's joint venture partner in respect of BKL, wholly replacing Kedco's previous partner. FBD, which is investing on identical terms to those of the previous partner, will acquire a 50 per cent. equity interest in BKL although its rights to a share of the profits

generated by BKL will be limited to how much capital it contributes to the project (initially approximately eight per cent.).

Kedco has also granted FBD an option to purchase up to 50 per cent. of the issued loan notes in BKL, currently held by a subsidiary of Kedco. The loan notes may be acquired at par value plus interest of eight per cent. per annum. To the extent that FBD exercises its option, its entitlement to profits from BKL will increase proportionate to its resultant aggregate capital contribution.

By virtue of FBD's existing shareholding in the Company, the arrangements are being treated as a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies. The directors of Kedco consider, having consulted with Deloitte (the Company's nominated adviser), that the terms of the arrangements are fair and reasonable insofar as the Company's other shareholders are concerned.

Gerard Madden CEO of Kedco commented: "This is a milestone event for the Company. We now have access to the financing to complete our Newry Plant. We estimate that the plant, once commissioned in full, will sell approximately 29 million Kwh per annum of renewable energy to the electricity grid in Northern Ireland.

"The UK Secretary of State for Energy and Climate Change recently stated that renewable energy technologies will deliver a third industrial revolution whose impact will be every bit as profound as the first two. He argued that the revolution has already begun. Kedco aims to be a part of this revolution.

"The signing of banking facilities for a biomass gasification plant is an endorsement of the Company's strategy to build, own and operate biomass energy plants in the UK and we will now aggressively pursue other opportunities in our project pipeline.

"I would like to thank Farmer Business Developments plc, our main shareholder, for their continued and strong support for our business strategy."

Eddie Cullen, Head of Corporate and Institutional Banking at Ulster Bank said: "Ulster Bank is delighted to sign this binding facilities agreement with Kedco plc for the construction of their Newry Biomass plant. The project is an important milestone for the company and we look forward to its successful commissioning in 2012. Ulster Bank is

proud to continue to support the renewable energy sector on the Island and looks forward to working with the company in the future."

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