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ENERGY
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AE / PL / UK / 2026

UK Plastic Recycling

Deal structure overview – Site Host Agreement, Project Company, Peppercorn Lease and the profit waterfall

Arkhitekton Energy Ltd · Developer and Distribution Agent
CMEC (China Machinery Engineering Corporation) · EPC contractor
Prepared for discussion – subject to contract


Conceptual visualisation – CMEC

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A permanent plastic recycling plant on waste company land

Arkhitekton Energy partners with UK licensed waste companies to build a CMEC fixed-site plant on their land – turning plastic they pay to dispose of into PRNs, recycled material and a long-term, multi-revenue business.

80,000 t

plastic waste a year – committed for 12 years

1 ha

of host land on a £1 peppercorn lease

50 / 50

ownership and profit – host and Arkhitekton Energy

50%

of the spot disposal price – the host's tipping fee

Base case: £18.3m revenue a year, £7.6m distributable profit – £3.8m each to the host and Arkhitekton Energy – plus a £4.4m disposal saving for the host.

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Three documents, one commercial structure



Site Host Agreement

AE/PL/UK/2026/001 · Host ↔ Arkhitekton Energy ↔ Project Company

- 80,000 t/yr waste stream for 12 years
- Tipping fee = 50% of the daily spot price
- 50/50 Project Company, 2+2 board
- CMEC appointed EPC contractor



Peppercorn Lease

AE/PL/UK/2026/002 · Host (Landlord) → Project Company (Tenant)

- ≥1 ha for 15 years at £1 a year
- Lender step-in, 90-day cure period
- Plant remains the tenant's property
- Decommissioning reserve from year 7



Revenue Sharing Agreement

AE/PL/UK/2026/003 · Host ↔ Arkhitekton Energy ↔ Project Company

- PRNs and all revenue into the SPV
- Fixed waterfall, quarterly payments
- 50% Host · 50% ARKHITEKTON ENERGY LTD
- Open-book reporting and audit rights

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Three roles, one project team



Host Waste Company

Site host and waste stream supplier

Licensed waste operator with 1 ha+ of land. Grants the peppercorn lease, supplies 80,000 t/yr for 12 years and pays 50% of the spot price.

50% shareholder



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Developer, Distribution Agent and Proposing Company

Structures and finances the project, appoints CMEC, secures permits and PRN accreditation, sells PRNs and product, and pays distributions.

50% shareholder



CMEC

EPC contractor

Designs, manufactures, supplies, installs and commissions the plant on a turnkey basis with performance guarantees. Paid under the EPC Contract – not a shareholder.

Fixed-price EPC Contract

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CMEC: a listed international EPC contractor

国机集团 SINOMACH

China Machinery Engineering Corporation
Design unit for this project: CMEC SUZHOU

1978
founded

1829.HK
listed in Hong Kong since Dec 2012

150+
countries and regions in its network

Part of Sinomach

A subsidiary of China National Machinery Industry Corporation, one of China's largest state-owned machinery and engineering groups.

International turnkey EPC

More than 30 years delivering one-stop, integrated turnkey projects in power, transport, telecoms and industry.

Single point of responsibility

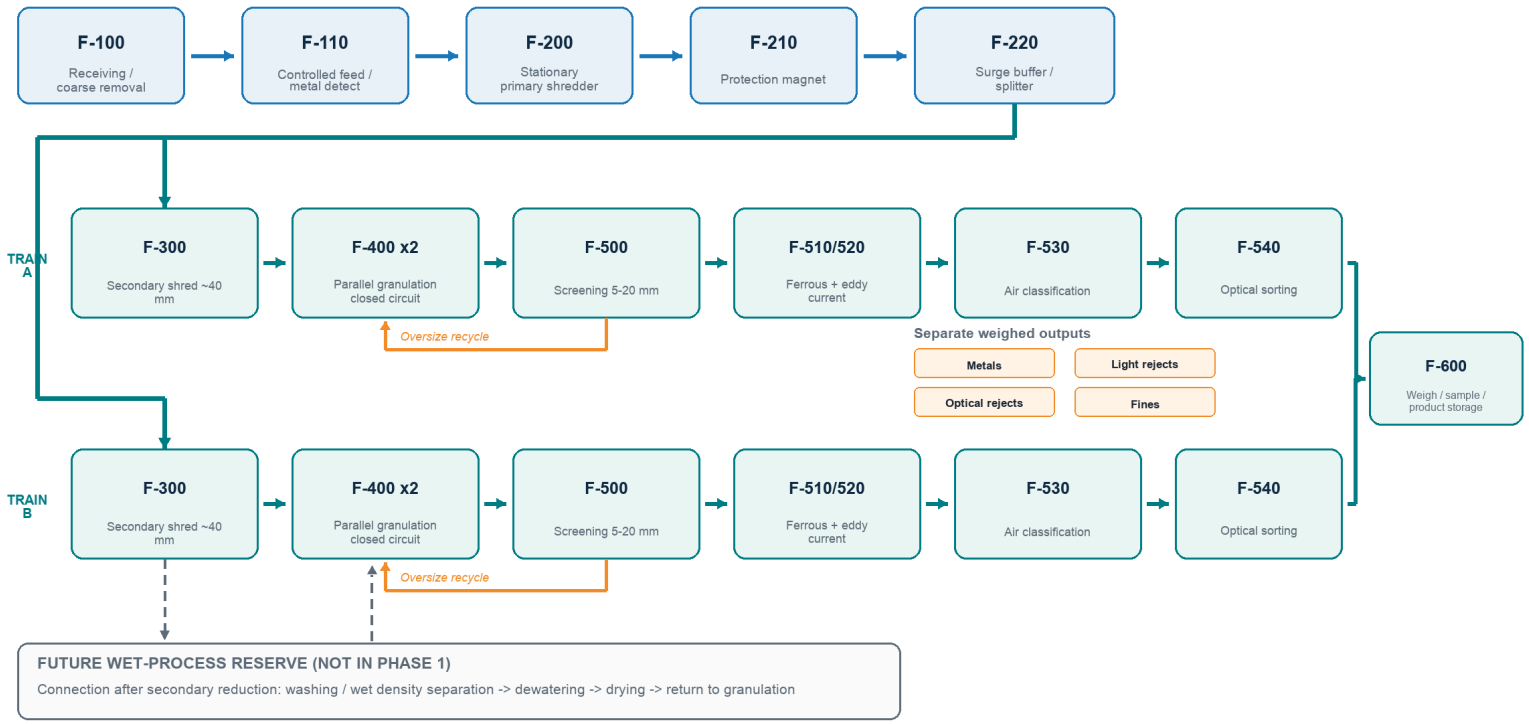
CMEC SUZHOU leads engineering, manufacturing, supply, specialist-package integration, QA, delivery and commissioning.

Bankable package

Fixed-price turnkey offer after design freeze, factory acceptance testing and performance guarantees against an agreed feed.

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CMEC fixed-site design: one front end, two finishing trains



Process flow – CMEC SUZHOU preliminary design (not to scale)

Phase 1 is a dry process; a wet-process (washing) connection is reserved if concrete trials require a cleaner product.

80,000 t/yr
design basis · 250 t/d

20 t/h
nominal feed · 25 t/h front-end check

85%
planning recovery to product

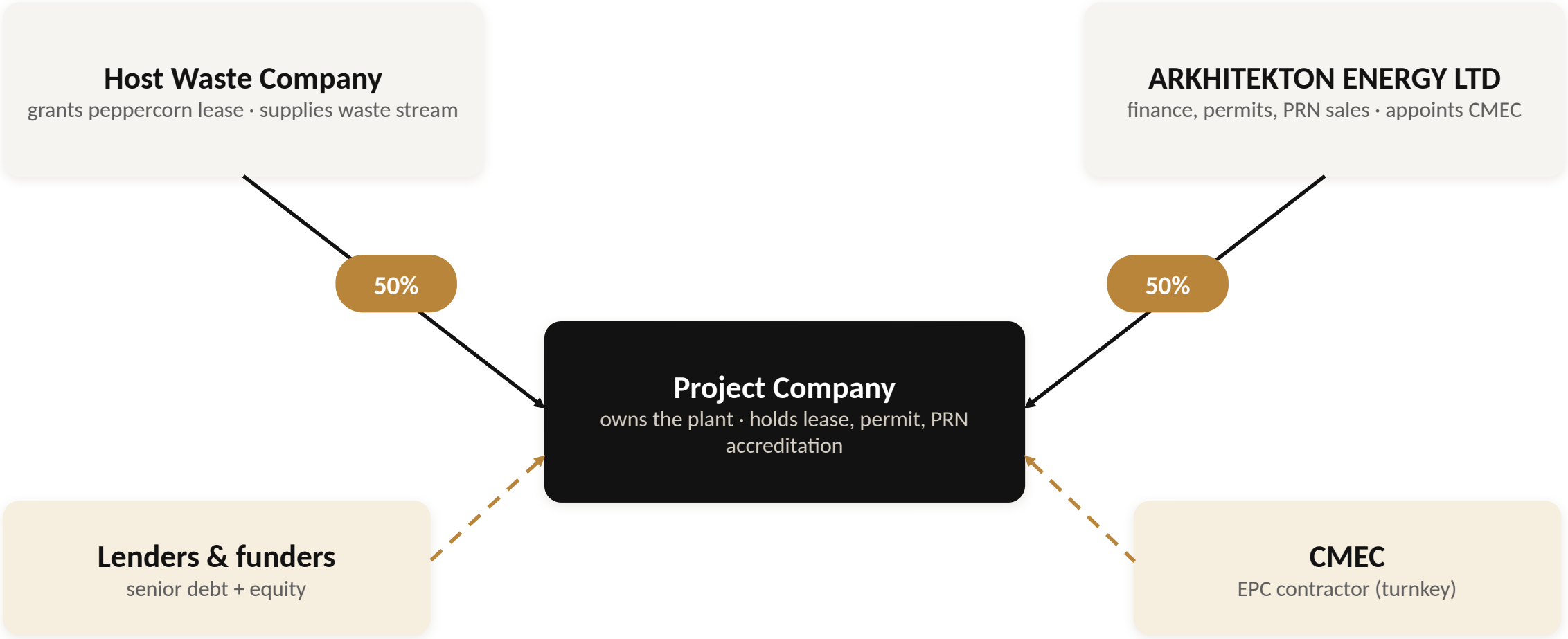
5–20 mm
recycled polymer fraction for concrete

2.27 MW
connected load · 2.5 MVA transformer

72 × 30 m
enclosed hall on a ~120 × 80 m plot

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The Project Company: a 50/50 joint venture



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The peppercorn lease – land, not headline rent

£1

rent a year, only if demanded

15 yrs

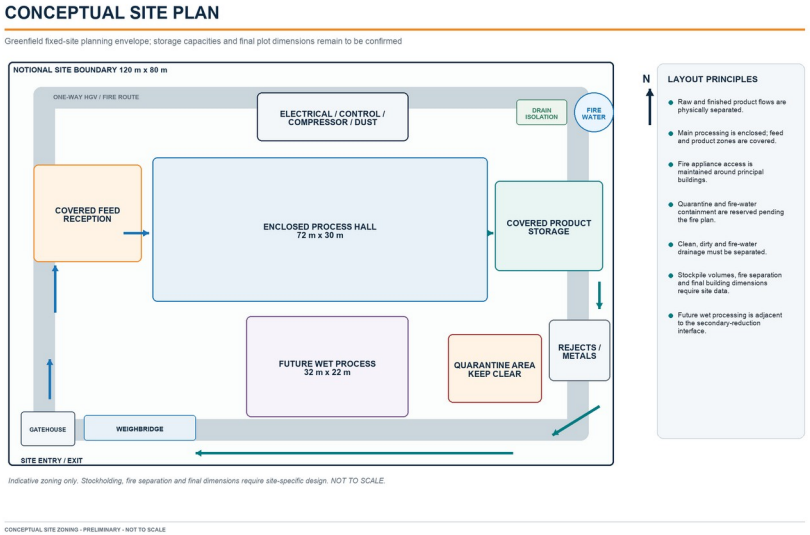
term – covers build, 12-year waste stream and decommissioning

1 ha+

about 2.5 acres – CMEC plot ~120 × 80 m

90 days

lender cure period before any forfeiture



Why the rent is nominal

- The host is rewarded through its 50% shareholding, its share of profit and the 50% saving on disposal – not through rent.
- All other lease terms are arm's-length: repair, insurance, alienation and reinstatement apply in full.
- The plant stays the tenant's property; the landlord may buy it at fair value at the end of the term.
- Decommissioning reserve or bond from year 7; security of tenure excluded under the 1954 Act.

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Four revenue lines feed the Project Company

PRN Revenue

£11.9m

Packaging Recycling Notes on 40,800 t/yr of reprocessed packaging at £300/t

Tipping Fees

£4.4m

Host pays 50% of a £110/t spot price on 80,000 t/yr

Concrete Mix Offtake

£1.7m

68,000 t/yr of 5–20 mm recycled polymer fraction at £25/t

Carbon Credits

£0.3m

30,000 tCO2e/yr of verified avoided emissions at £10/t

£18.3m a year in the base case. PRNs are about 65% of revenue; plastic PRNs traded at £575–725/t in September 2026, against annual averages of £121/t (2024) and £188/t (2025).

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Qualifying plastic packaging waste streams

The plant is configured to reprocess packaging categories that can generate PRNs (UK reprocessing) or PERNs (export) under the Producer Responsibility Obligations (Packaging and Packaging Waste) Regulations 2024:

- **PET**
  Bottles, food and drink containers, trays
- **HDPE**
  Bottles, containers, closures, rigid packs
- **LDPE / LLDPE film**
  Flexible film, carrier bags, pallet wrap
- **PP**
  Tubs, closures, crates, moulded items
- **PS / EPS**
  Rigid and foamed protective packaging
- **Mixed rigid plastics**
  Co-mingled rigid packaging for sorting

To earn PRNs the Project Company must: register each material at the site, be accredited by the regulator, use an approved Sampling and Inspection Plan for mixed loads, reprocess to the point where no further reprocessing is needed and the end-of-waste test is met, report monthly and keep records for 7 years. CMEC's PLC/SCADA is designed to be PRN-ready.

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The host pays half the spot price – and keeps the other half

	Per tonne	80,000 t a year
Host's spot disposal price (EfW / RDF export)	£110	£8.8m
Host pays the Project Company (50%)	£55	£4.4m
Host saves (50%)	**£55**	**£4.4m**

Value to the host each year (base case)

£3.8m profit share + £4.4m saving = £8.2m

Daily spot price

What the host would actually pay its normal outlet that day – shown by invoices, or a published index if there is no contract.

Each waste category

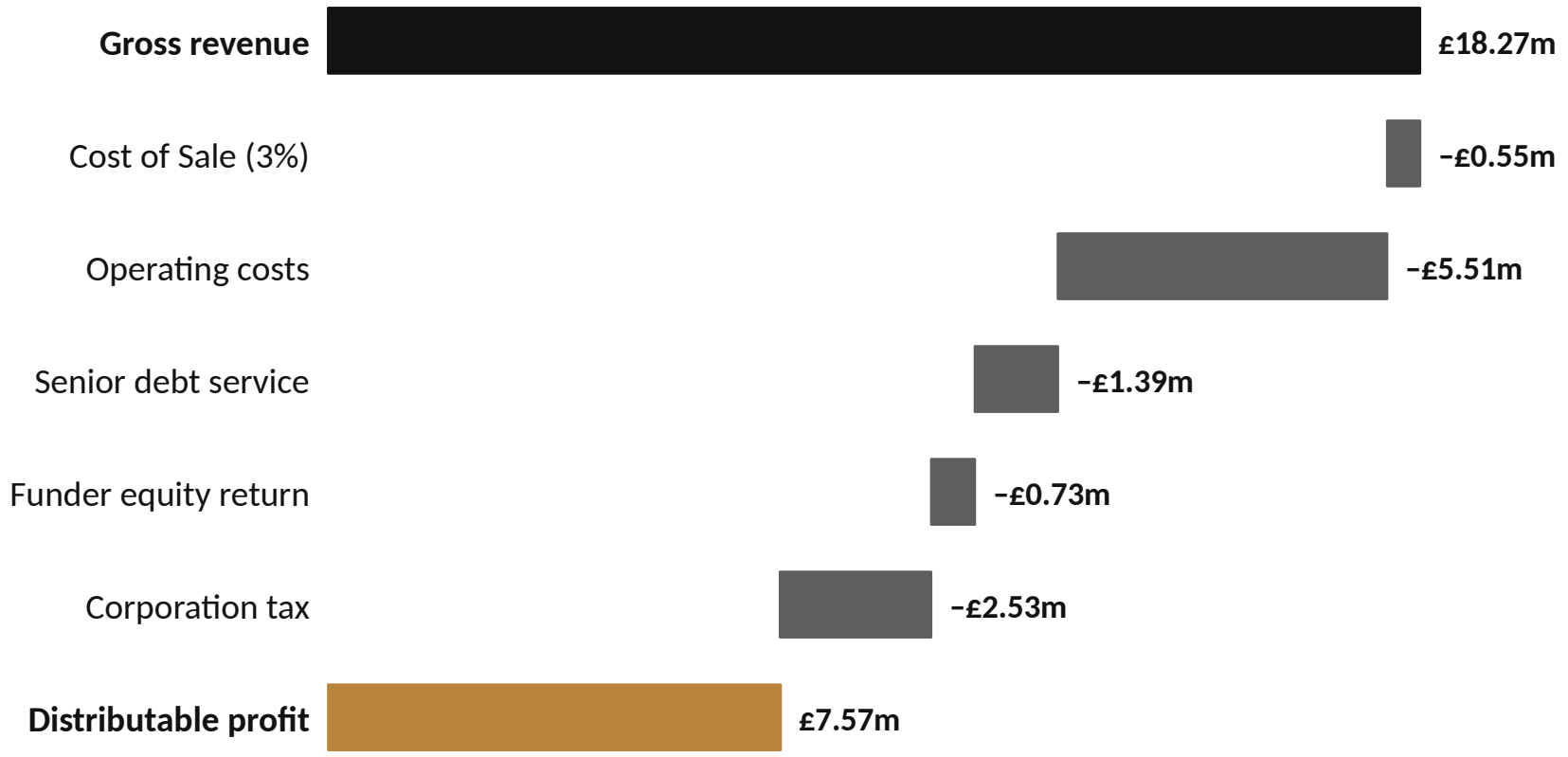
Mixed packaging, film and rigids each have their own spot price and tipping fee.

If plastic has value

When high PRN prices give a stream a positive value, no tipping fee is charged and a purchase price is agreed.

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From £18.3m of revenue to £7.6m to share



Host
£3.78m
50% a year

Arkhitekton Energy
£3.78m
50% a year

Illustrative base case – not contractual · rounded

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PRN price and accreditation drive the result

£m a year	Downside	Base	Upside
Plastic in / product out (kt)	70 / 56	80 / 68	87 / 77
PRN price (£/t)	120	300	600
Gross revenue	6.5	18.3	43.1
EBITDA	(0.5)	12.2	37.2
Distributable profit	**Nil**	**7.6**	**26.6**
Each shareholder (50%)	**Nil**	**3.8**	**13.3**

What moves the numbers

- PRN price: £120 / £300 / £600 per tonne
- Packaging share of feed: 50% / 60% / 70%
- Recovery: 80% / 85% / 88%
- Polymer fraction price: £0 / £25 / £60 per tonne
- Capex: £20m / £15m / £12m (Arkhitekton Energy estimate)

Over 12 years the base case pays about £51m to each shareholder.

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Structured for project finance from day one

Lender step-in rights

Direct agreements and a 90-day cure period under the lease before any forfeiture.

Reserved matters

Budget, EPC Contract, offtakes, borrowing, new shares and the wet-process upgrade need both shareholders.

Equal control

Two directors each, rotating chair, no casting vote; deadlock escalation then CEDR and LCIA.

Turnkey EPC with CMEC

Fixed price after design freeze; FAT, performance guarantees and liquidated damages.

Conditions first

Feed trials, planning, permit and fire plan, reprocessor registration, EPC and finance before build.

Decommissioning security

Reserve or bond from year 7; plant removed or bought by the host at fair value.

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About 22 months from signature to commercial operation



Based on CMEC's indicative programme (54–84 weeks from design freeze to performance test). Planning, permitting and grid connection may set the critical path. Long-stop: 15 months to satisfy all conditions.

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ONE STRUCTURE, THREE DOCUMENTS

Ready for host engagement and lender review

1. Approach licensed waste companies with 1 ha+ of land and 80,000 t/yr of plastic
2. Site visit, waste data and a 5–10 t sample lot for CMEC feed trials
3. Heads of terms: Site Host Agreement, Peppercorn Lease and revenue split
4. Incorporate the Project Company; planning, permit and PRN registration
5. CMEC turnkey offer, lender due diligence and financial close

ARKHITEKTON ENERGY LIMITED · Company number 16859110 · For discussion only, subject to contract; not legal, tax or financial advice. Figures are illustrative estimates based on public market data as at October 2026 and CMEC's preliminary technical proposal; CMEC has not yet issued a binding price and capex is an Arkhitekton Energy estimate.

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