

## Stock Exchange Announcement

### **Serco signs contract for Belmarsh West prison valued at £415m**

**Monday 5 July 2010**

Serco Group plc (Serco), the international service company, announces that its consortium has signed a contract with the Ministry of Justice to provide and operate a new prison at Belmarsh West, London. The contract has a value to Serco of approximately £415m, and will run for 26½ years.

Serco had previously announced its selection, in June 2009, as the preferred bidder to provide and operate two new prisons at Belmarsh West, London and Maghull, Liverpool. It is intended that the contract to provide and operate the prison at Maghull will be signed later this year.

Serco will operate Belmarsh West, a local prison, under a Design, Construct, Manage and Finance contract. The prison, which will be built to Category B standards by Serco's construction partner Skanska, will accommodate 900 adult male prisoners. Construction works will begin immediately, with completion expected in the first half of 2012. Equity and debt finance has been secured from third parties.

This is the first prison contract to be awarded in the UK to an alliance of the private and voluntary sectors. The prison is designed to be highly efficient and, as a local prison with a high remand population, Serco's focus will be to minimise the dislocation that short-term imprisonment can cause. Building on its innovative and successful alliance with leading voluntary sector partners, Turning Point and Catch22, Serco will deploy tried and tested methodologies and best-in-class technology to create an environment that most effectively and efficiently prepares those in our care for release. In conjunction with other providers Serco will also support the effective delivery of prison healthcare and other services, to ensure a safe, secure and decent environment for those in our care.

Christopher Hyman, Chief Executive of Serco Group plc, said:

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"Serco has a strong track record internationally of providing high quality service in the management of prisons, focused on cost effective care and successful rehabilitation. I am delighted that this high level of performance and innovation has been recognised with the award of this contract for Belmarsh West by the Ministry of Justice. Our consortium comprises some outstanding delivery partners, including Skanska, with whom we have worked since 1994 and our third sector partners Catch22 and Turning Point who are renowned for their rehabilitation and resettlement solutions."

Ends

Design images of Belmarsh West are available on request.

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**About Serco**

Serco is a FTSE 100 international service company, which combines commercial know-how with a deep public service ethos.

We improve essential services by managing people, processes, technology and assets more effectively. We advise policy makers, design innovative solutions, integrate systems and - most of all - deliver to the public.

Serco supports governments, agencies and companies around the world who seek a trusted partner with a solid track record of providing assured service excellence. Our people offer operational, management and consulting expertise in the aviation, BPO, defence, education, environmental services, facilities management, health, home affairs, information and communications technology, knowledge services, local government, science, transport, welfare to work and the commercial sectors.

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More information can be found at [www.serco.com](http://www.serco.com)

### **About the Alliance**

Turning Point and Catch 22 have entered into an alliance with Serco to deliver resettlement services for people in prison. Together, Turning Point and Catch 22 have extensive experience in providing support services to young people and people with complex needs. Turning Point is the UK's leading health and social care social business, providing services for people with complex needs, including those affected by drug and alcohol misuse, mental health problems or those with a learning disability. Catch 22 works with 37,000 young people in more than 150 places in England, Wales and Northern Ireland, helping young people to find ways out of tough situations by building strong relationships with them and tackling the problems they face through specialist projects.

### **About Serco in Home Affairs**

This contract represents a further extension of Serco's home affairs business, which is developing strongly. Serco manages four adult prisons in the UK, and the capacity of two of these has recently been increased. Serco also manages a Young Offenders Institution and a Secure Training Centre for young people, as well as providing electronic monitoring and court escort and custody services.

Serco has also successfully transferred its offender management capabilities from the UK into other geographies, notably Australia, where Serco recently won the Operator and Service Excellence Award at Infrastructure Partnerships, Australia's prestigious National Infrastructure Awards, which recognises the high standard of service Serco is providing at Acacia Prison. Serco now manages two prisons in Australia and was awarded in 2009 a contract to transform Australia's immigration centres.

### **Financial Partners**

Debt financing is being provided by Bank of Ireland, Barclays Corporate, Helaba (Landesbank Hessen-Thüringen GZ, London Branch) and The Royal Bank of Scotland PLC. Barclays Infrastructure Funds is the sole provider of the equity finance.