

INVESTOR REPORT FOR GREATER GABBARD OFTO Plc

As at SEPTEMBER 2014

General Overview

Present Status:

Investors: AMP Capital Investors UK Cable Limited, Balfour Beatty OFTO Holdings Limited and Equitix Transmission 2 Limited

O&M Contractor: Balfour Beatty Balfour Beatty Utility Solutions Limited

O&M Guarantor: Balfour Beatty Group Limited

Security Trustee: Deutsche Trustee Company Limited

Principal Paying Agent: Deutsche Bank London Branch

Technical Adviser: Mott MacDonald Limited

Insurance Adviser: Willis Limited

Ratings by Moodys Investors Services Limited: A3

Outstanding Principal Amount: £297,963,521 as at 30 September 2014 (after a principal repayment of £2,193,597 on 30 September 2014). The undrawn PBCE amount as at 30 September 2014 is £45,023,550.

General Performance

The OFTO has achieved very good availability over the period, recording 99.98% availability in the calendar year to date and 100% in the six months since March 2014.

The management system in place is adequate for current contract arrangements. Audits completed in last six months have been satisfactory. Interfaces with Galloper and Sizewell C are being managed appropriately.

There are a number of outstanding technical issues relating to the SVC HVAC, offshore fire systems and upgrade of engineering records that are being addressed; these are being managed and progressing in line with expectations.

The planned offshore inspections and maintenance campaign was completed successfully. Onshore maintenance works scheduled for September were postponed due to unavailability of sufficient resource from Siemens, and the OFTO now plans to conduct this maintenance in October 2014. The OFTO has proposed measures to reduce dependence on Siemens in the long term.

Most of the works that the Developer was required to complete after FC, as set out in the SPA, have been completed to the OFTO's satisfaction.

Spares procurement is progressing slower than expected, however detailed specifications have been compiled. The order for phase 1 spares will be placed soon.

The expenditure on reactive maintenance this year has been higher than expected due to one off costs to avoid future problems but overall monitored operating costs are very close to budget. SSE is providing the HSE management protocols for the OFTO assets. HSE performance to date has been good; few incidents have been recorded and follow up has been in accordance with expectations. An internal HSEQ audit has also returned positive results.

The OFTO is managing and discharging its obligations under the Marine Licence successfully and is taking appropriate action to mitigate risks associated with proximal developments, including East Anglia Three Wind Farm (at the planning stage) and Galloper Wind Farm (under construction).

Regulatory and business update

1. There have been no new significant regulatory and business and performance developments since the previous Investor Report in March 2014.
2. There have been no significant announcements/publications by the Authority by or relating to the Security Group since the previous Investor Report in March 2014.
3. There has been one change to the Board of Directors and no changes to senior management since the previous Investor Report in March 2014. Mr Hugh Crossley has been replaced by Mr Sion Jones.

Current Hedging Position

4. A hedging agreement is in place to swap c64% of revenue over the life of the senior debt term on a pari passu basis to mitigate risks associated with lower than expected RPI.

Current availability / drawn amounts under the PBCE

5. The European Investment Bank (the PBCE Provider) has provided a letter of credit for an amount of £45,023,550 (the PBCE Letter of Credit) as at 30 September 2014 as a form of subordinated credit enhancement for the Issuer in relation to the bonds and the hedging arrangements. No amounts have been drawn from the letter of credit as at 30 September 2014.

Ratios

6. We confirm that the ratios (together the Ratios) are as detailed in the tables below:

Ratio	Ratio for Relevant Period/Date (excluding undrawn PBCE)	Lock-Up Ratio Level (excluding undrawn PBCE)	Ratio for Relevant Period/Date (including undrawn PBCE)	Default Ratio Level (includes undrawn PBCE)
Projected DSCR:	1.17x	1.10x	3.50x	1.05x
Historic DSCR:	1.39x	1.10x	3.99x	1.05x
Debt Life Cover Ratio:	1.34x	1.15x	1.49x	1.10x

7. We confirm that the Ratios have been calculated using the most recently available financial information required to be provided by the Obligors under Schedule 2 (Obligor Covenants) of the Common Terms Agreement.

8. We set out below the computation of the Ratios for your information:

The numerator excludes the PBCE letter of credit facility

Senior Debt excludes mark-to-market liabilities under hedging agreements

(a) Projected DSCR - 1.17

Net Cashflow (Oct 14-Sep 15) 22,382

Debt Service (Oct 14-Sep 15) 19,167

Net Cashflow is comprised of Gross Revenue less Operating Costs, Capital Costs and Taxes

Gross Revenue is net of RPI swap payments and movements in and out of the Emergency Reserve Account (ERA), Decommissioning Reserve Account (DRA) and Working Capital Reserve Account (WCRA)

Debt Service includes all scheduled payments of interest and principal payable in respect of senior debt and any termination payments then due and payable under any hedging agreement

(b) Historic DSCR - 1.39

Net Cash flow (November 13-Sept 14) 24,476

Debt Service (November 13-Sept 14) 17,615

(c) Debt Life Cover Ratio (DLCR) - 1.34

NPV of Net Cash flow plus DSRA, ERA, WCRA 398,344
plus residual balance of operating account

Senior Debt 297,964

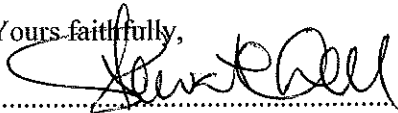
We confirm that:

(d) No Default has occurred and is continuing,

(e) the statements set out in this Investor Report are accurate in all material respects;

(f) No Restricted Payment has been made since the previous Investor Report in March 2014.

Yours faithfully,


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Director

Signing without personal liability, for and on behalf of **Greater Gabbard OFTO Plc** for and on behalf of each Obligor

Date... 2/10/14...