

## INVESTOR REPORT FOR GREATER GABBARD OFTO Plc

As at SEPTEMBER 2015

### 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 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: £291,057,552.90 as at 30 September 2015 (after a principal repayment of £3,750,884.92 on 30 September 2015). The undrawn PBCE amount as at 30 September 2015 after the senior debt principal payment is £43,658,633.

### General Performance

The OFTO has achieved excellent availability over the period, recording 100.0% availability in the six months since March 2015.

The planned onshore and offshore inspections and maintenance activities have been completed successfully. The next planned outages (i.e. those affecting availability) are scheduled for 2016 as part of the planned maintenance activities.

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. Variations are being agreed at present as both parties agree that it is not necessary to operate a helideck on both platforms, and OFTO will be reimbursed for costs to complete some painting work offshore before the end of 2015.

A list of strategic spares has been compiled and procurement is expected to be completed before year end.

Expenditure on projects to improve performance has been deferred until 2016, in order to give time for detailed evaluation of costs and benefits.

Monitored Operating Costs remain between the 80% and 120% band as required by the project agreements.

SSE continues to provide 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. SSE conducted an emergency response exercise in November 2014; the exercise was very positive and the results have been shared with the OFTO.

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. The OFTO has

made a request to re-join the Sizewell shoreline user group (SSUG), this request is currently being considered. Membership of the SSUG is not essential, however it would support the OFTO's obligations under the Marine Licence to monitor beach levels; there is also the fringe benefit of being able to engage with other stakeholders in the area.

#### **Regulatory and business update**

1. There have been no new significant regulatory and business and performance developments since the previous Investor Report in March 2015.
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 2015.
3. There has been one change to the Board of Directors and one change to senior management since the previous Investor Report in March 2015. Mr Stewart Orrell has been replaced as Director by Mr Sean McLachlan and Mr Robert Reid has been replaced as OFTO Representative by Mr John Sinclair.

#### **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 £43,658,633 (the PBCE Letter of Credit) as at 30 September 2015 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 2015.

## Ratios

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

<b>Ratio</b>	<b>Ratio for Relevant Period/Date (excluding undrawn PBCE)</b>	<b>Lock-Up Ratio Level (excluding undrawn PBCE)</b>	<b>Ratio for Relevant Period/Date (including undrawn PBCE)</b>	<b>Default Ratio Level (includes undrawn PBCE)</b>
Projected DSCR:	1.21x	1.10x	3.38x	1.05x
Historic DSCR:	1.18x	1.10x	3.52x	1.05x
Debt Life Cover Ratio:	1.36x	1.15x	1.51x	1.10x

7. We confirm that the Ratios have been calculated using the most recently available financial information required to be provided by the Obligor 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 - 1.21

<u>Net Cashflow (Oct 15 – Sept 16)</u>	24,153
Debt Service (Oct 15 – Sept 16)	20,034

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 – 1.18

Net Cash flow (Oct 14 – Sept 15)	22,538
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Debt Service (Oct 14 – Sept 15)	19,096
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(c) Debt Life Cover Ratio (DLCR) – 1.36

NPV of Net Cash flow plus DSRA, ERA, WCRA plus residual balance of operating account	395,410
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Senior Debt	291,057
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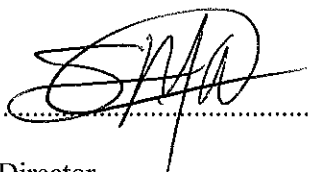
We confirm that:

(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 2015.

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 28/09/15