

As at March 2023

General Overview

Present Status:

Investors: Equitix Fund II and Equitix Fund IV

O&M Contractor: EDS HV Management Limited for Onshore and Topsides (“EDS”)

Subsea O&M Contractor: The OFTO is using a third party to provide support for subsea services as and when required.

O&M Guarantor: James Fisher Marine Services Limited

Security Trustee: Deutsche Trustee Company Limited

Principal Paying Agent: Deutsche Bank London Branch

Technical Adviser: Mott MacDonald Limited

Insurance Adviser: Howden

Ratings by Moodys Investors Services Limited: A3

Outstanding Principal Amount: £205,307k as at 31 March 2023 (after a principal repayment of £7,728k on 31 March 2023). The undrawn PBCE amount as at 31 March 2023 after the senior debt principal payment is £31,955k.

General Performance

The OFTO has achieved an availability over the period at 96.69% against an expected 100%. There has been one planned outage in October 2022 to perform preventative maintenance, and two unplanned outages caused by equipment faults in January and February 2023.

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

Following subsea surveys undertaken in 2017 and 2020, further surveys were undertaken in 2022; a remotely operated vehicle (ROV) survey was completed on the interconnector cable J tube and cable protection system (CPS) on the Galloper platform, and a multibeam echo sounder (MBES) and side scan SONAR (SSS) survey was completed on the export cables.

In September 2022 the ROV survey found no evidence of movement, abrasion or damage to the J tube or its brackets. The bellmouth, where the cable exits the J tube, was found to have no signs of movement or abrasion and the CPS was found to be intact, and centrally located, as designed.

In late November 2022 an unmanned surface vehicle (USV) was used to perform an MBES and SSS survey of the nearshore region of the three export cables where freespanning sections of cable were previously identified. Note that the 2020 survey noted that some seabed variation has occurred in shallow waters closer to the coast. Therefore, to evaluate this further, the OFTO completed a seabed morphology to investigate the likely contribution of the morphological features to the observed seabed to understand the potential underlying cause of variability and the potential for self recovery. The study identified evidence of seabed current and sediment migration along the export cable corridors due to changes to the shape and location of megaripples, sandwaves and sandbanks. This was further confirmed in the 2022 survey as evidence was found that the seabed continues to display

large amounts of sediment mobility, with some areas of the survey differing more than 0.3m in the 8 days between two survey passes.

The data from this USV survey has been provided to the OFTO's expert subsea advisor for their analysis, their initial review, which is ongoing, suggests that the freespans identified on the export cables are continuing to evolve. The number of freespans has increased from 6 in 2017 to possibly 14 in 2022 (to be confirmed by the OFTO's subsea specialist). However, comparative analysis on the location of the freespans, suggests that they are migrating. This is most likely due to the dynamic seabed conditions in the nearshore area, which makes any remediation works problematic. Upon completion of the USV analysis, the OFTO will determine if the current cable integrity risk assessment (CIRA) requires updating. Under the CIRA the OFTO will closely monitor the sections of freespans and undertake surveys at least every two years and where possible more frequently if a vessel of opportunity can be sourced. In the meantime, the risk to the cable is considered minimal (this has been verified by the OFTO's adviser). As further mitigation, agreements have been negotiated with local fishermen to avoid the identified free spanning sections and a notice to mariners has been submitted. The results of these surveys, to be repeated at least every two years, will be included with the expert advice in CIRA.

In early 2018, SCADA services were interrupted by failed optical fibres on the interconnector cable between the Inner Gabbard and Galloper substations. These failures have been traced to a common point very close to the Galloper substation. Given the amount of time since the fibre failure and positive indications from the ROV survey it is unlikely that this failure is indicative of damage to the entire cable assembly. However, industry experience shows that fibre failures can be connected with subsequent cable faults and as such the OFTO remains prudent in monitoring the health of the interconnector cable via an installed DTS (temperature sensing) system. The OFTO's DTS system also has the functionality to monitor the subsea export cables depth of burial as well as identifying hotspots to inform operational decisions related to export cable temperatures. The latest analysis provided by the OFTO's service provider, shows that the cable temperatures are within operating parameters and the depth of burial information is well aligned to survey findings. The OFTO will continue to review the service providers analysis and is currently investigating how the DTS system will provide additional intelligence about status of the migrating freespans. The OFTO has also signed cable repair framework agreements to expedite any repair works required in the future, and is in the process of establishing a Project Execution Plan to further solidify this close working relationship and improve readiness to perform a cable repair if required.

EDS carried out inspections and maintenance campaigns in this period. All maintenance has been completed. This covered, amongst other things, monthly and quarterly inspections. There are assets that have required further work that could potentially impact revenue and monitoring regimes have been put in place since successful repairs have been completed. These are set out and discussed below:

- **Theft of copper earth matting from Leiston substation compound** Following the break-in in April 2022 an electric fence has been installed to the main compound. Unfortunately, prior to this installation in early 2023, there was a second theft of copper earth matting and cabling on the night of the 4th/5th December 2022. During this second incident a smaller quantity of earthing cables was removed and several CCTV cameras were damaged. The site has since been returned to a fully operational condition and a security guard was placed on site at night until the electric fence installation was completed. As a result of evidence provided to the police two individuals have been arrested.
- **Circuit 3 Outage** Works have been completed to restore service following an unplanned outage in January 2023 on circuit three as a result of the failure of an HV spring connection. EDS attended the Inner Gabbard platform with an engineer from the OEM to restore service. This resulted in a loss of availability of circuit 3 (approximately 1/3rd capacity) for 18 days. Liaison with the OEM is ongoing investigating the root cause of the unprecedented fault and planning a complete replacement of the affected parts. The OFTO intends to claim the lost availability through the OFTO's transmission licence.

- **Offshore Transformer Outage loss of circuit 3** Works are ongoing to restore an unplanned transformer outage on the Inner Gabbard platform. The outage occurred on 22 February 23. The cause of the outage was a faulty diverter. A replacement part has been sourced and installed. The OFTO has appointed a transformer specialist to undertake a transformer condition assessment. The OFTO expects to return the transformer to service upon completion of the condition assessment and claim the lost revenue associated with the availability reduction through the OFTO's transmission licence.
- **Bus-duct Fault in October 2022** during unrelated works on the Inner Gabbard platform a bus-duct sleeve was observed to be arcing, investigations to the fault showed potential discharge from the bus-duct. A planned outage was taken to implement a temporary fix with a full rectification planned in late Spring 2023.
- **Onshore cable sheath testing** Following areas of concern being highlighted in August 2022, further testing is scheduled in Spring 2023 to more precisely identify the location of any faults in the cable sheath.
- **Planned outage and offshore campaign** EDS is planning to take two days of outages in May 2023, one partial and one whole system. The main requirement for the outage is to undertake the cable sheath testing mentioned above, however EDS have also proposed a number of other work packages to maximise the benefits achieved while the outage is in place. These include further investigations and repairs to the Duresca bus-ducts, investigation into faults observed on an offshore circuit breaker by the OEM, and transformer maintenance including cooling fan replacement and oil monitoring.
- **LVAC Works** Following faults on the LVAC board at the Leiston onshore substation, works have been proposed and are currently being planned and implemented to restore full functionality. EDS has also made suggestions improvements to the system to increase fault resilience which will be assessed and implemented by Summer 2023.

Other maintenance issues of note include:

Heila Knuckle Boom Crane – Following initial repairs in October 2023 the crane was reassessed and passed its LOLER assessment and was returned to service. In February 2023 the crane was observed to be unable to maintain hydraulic pressure and has been removed from service until the complete repair has taken place. These repairs are scheduled to take place alongside the previously mentioned offshore campaign in May 2023.

Regulatory and business update

1. There have been no new significant regulatory and business and performance developments since the previous Investor Report in September 2022.
2. There have been no significant announcements/publications by the Authority by or relating to the Security Group since the previous Investor Report in September 2022.

Current Hedging Position

3. 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

4. The European Investment Bank (the PBCE Provider) has provided a letter of credit for an amount of £33,119k (the PBCE Letter of Credit) as at 31 March 2023 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 31 March 2023.

Ratios

5. 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: | 1.20x | 1.10x | 2.51x | 1.05x |
| Historic DSCR: | 1.21x | 1.10x | 2.63x | 1.05x |
| Debt Life Cover Ratio: | 1.41x | 1.15x | 1.56x | 1.05x |

6. 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.

7. 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 - 1.20

| | |
|---------------------------------|---------------|
| Net Cash flow (Oct 22 – Sep 23) | <u>29,151</u> |
| Debt Service (Mar 23 – Sep 24) | 24,368 |

Net Cash flow 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 – 1.21

| | |
|---------------------------------|---------------|
| Net Cash flow (Oct 21 – Sep 22) | <u>29,047</u> |
| Debt Service (Oct 21 – Sep 22) | 24,052 |

- (c) Debt Life Cover Ratio (DLCR) – 1.41

| | |
|--|----------------|
| NPV of Net Cash flow plus DSRA, ERA, WCRA plus residual balance of operating account | <u>301,007</u> |
| Senior Debt | 213,036 |

We confirm that:

- (d) There are no defaults in the period;
- (e) the statements set out in this Investor Report are accurate in all material respects; and

- (f) No Restricted Payment has been made since the previous Investor Report in September 2022.

Additional Matter

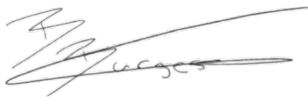
As part of the agreements signed at financial close, Greater Gabbard OFTO plc has an obligation under clause 4.17 of agreement A.1.9 BE Lease Deed of Variation dated 25 November 2013 between EDF and GGOWL for the onshore substation to provide for a bond or an Escrow account for the initial sum of £2,316,000 for the dismantling of the onshore substation.

In accordance with this obligation Greater Gabbard OFTO plc have procured a Surety which has the agreement of EDF and Greater Gabbard OFTO plc.

As per standard industry practice, the Surety provider has requested an indemnity from Greater Gabbard OFTO Holdings Limited. This will effectively be subordinate to any debt service obligations that Greater Gabbard OFTO plc has and therefore does not increase the risk profile of the borrowings given by the Lenders.

Greater Gabbard OFTO plc has considered this matter and has sent a notification to the Security Trustee.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'R. Jones', written over a horizontal line.

Director

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

Date: 31/03/2022