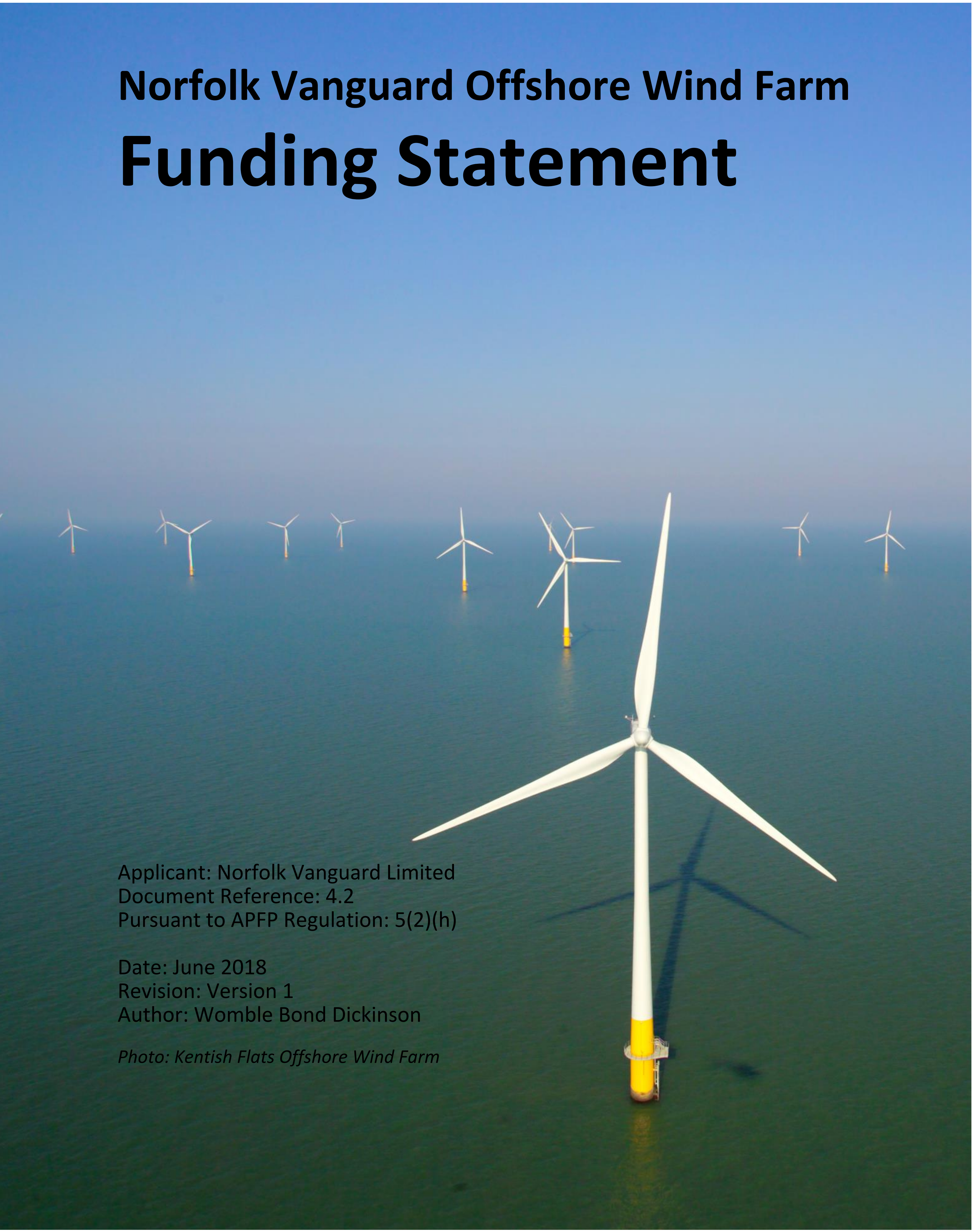

Norfolk Vanguard Offshore Wind Farm

Funding Statement

Applicant: Norfolk Vanguard Limited
Document Reference: 4.2
Pursuant to APFP Regulation: 5(2)(h)

Date: June 2018
Revision: Version 1
Author: Womble Bond Dickinson

Photo: Kentish Flats Offshore Wind Farm

Document Reference: 4.2

June 2018

For and on behalf of Norfolk Vanguard Limited

Approved by: Rebecca Sherwood and Ruari Lean

Signed:

[redacted]

[redacted]

Date: 10/06/2018

Norfolk Vanguard Limited

Norfolk Vanguard Offshore Wind Farm

Funding Statement

Document Reference	4.2
APFP Regulation	5(2)(h)
Author	Womble Bond Dickinson
Date	10 June 2018
Revision	1

TABLE OF CONTENTS

1. INTRODUCTION

1.1 Norfolk Vanguard Limited (the Applicant) (Company Number 08141115), the applicant for the proposed Norfolk Vanguard Offshore Wind Farm Order (the Order) is a wholly owned subsidiary of Vattenfall Wind Power Limited (Company Number 06205750) (the Company). The Company is part of the Vattenfall Group which is Europe's fifth largest generator of electricity and the largest generator of heat.

1.2 The Applicant is a company created specifically for promoting, developing, constructing and operating the proposed offshore wind farm (the Project) for which the Order is sought.

1.3 The Applicant is planning to develop the Norfolk Vanguard Offshore Wind Farm (the Project) with up to 200 turbines and an installed capacity of up to 1,800 MW. The Project would be located approximately 47 km from the coast of Norfolk at its closest point to land, covering an area of approximately 592 km2 over two distinct areas, Norfolk Vanguard East and Norfolk Vanguard West. The Project will connect to the National Grid at Necton, Norfolk.

1.4 As the total installed electricity generating capacity will exceed 100 MW, the Project is deemed to be a Nationally Significant Infrastructure Project (NSIP), and therefore the Applicant is submitting an application to the Secretary of State under Section 37 of the Planning Act 2008 for a Development Consent Order (DCO) for the construction and operation of the Project. The Applicant is defined in the Order as the "undertaker" and will be the corporate body invested with the powers provided for in the Order.

1.5 The application for the Order includes a request that powers of compulsory acquisition be made available to the Applicant. Accordingly a Funding Statement is required to be submitted with the application for development consent, as per Regulation 5(2)(h) of the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 (the APFP Regulations).

1.6 This Statement explains how the Applicant proposes to fund the land and rights to be acquired and also the implementation of the Project. It is part of a suite of DCO application documents and should be read alongside those documents. In particular, this Statement should be read in conjunction with the Statement of Reasons (Document 4.1).

2. THE APPLICANT & THE COMPANY

2.1 The Applicant is a subsidiary of the Company, which is in turn part of the Vattenfall Group which is Europe's fifth largest generator of electricity and the largest generator of heat. The Vattenfall Group works in all parts of the electricity supply and distribution: generation, transmission, distribution and sales, and generates, distributes and sells heat. The Group has approximately 42,000 employees. The Parent Company, Vattenfall AB, is owned by the Swedish state.

2.2 The Company has extensive experience of the construction and operation of offshore wind farms in UK and European waters. In addition to owning and operating the existing Kentish Flats Offshore Wind Farm, the Thanet Offshore Wind Farm and the Ormonde Offshore Wind Farm, the Company completed the construction of the Kentish Flats Extension in 2015 and an application will shortly be made to the Secretary of State for the Thanet Extension. The Company is also exploring the potential to develop further offshore wind farms located in the North Sea, off the coast of Norfolk.

3. FUNDING THE PROJECT

3.1 The consolidated accounts of the Company for the year ended 2016/2017 stated a total fixed assets of £270,162,000. The last published accounts of the Applicant are at Annex 1 to this Statement.

3.2 The Applicant will have the ability to procure the financial resources necessary to fund the works to be authorised by the Order, subject to final Board authority. The Company has the experience and reputation to enable funds to be procured.

3.3 The Applicant intends to secure funding for construction of the Project after certainty is obtained on the planning consent, the tender process is complete for the major construction contracts and the investment case has been satisfied. Once these criteria are met the Applicant will take a final investment decision (FID) which will irrevocably commit funding.

3.4 The Company, working with the Applicant, is incentivised to develop a commercially viable project, given the significant development funds that have already been spent on the Project, which will meet its long term objectives to increase renewable energy generation capacity. This approach is the standard model for development of capital intensive generation assets.

3.5 The Company has been at the forefront of financing renewable energy projects for more than 10 years. In that time, it has been involved in many significant renewable energy transactions and construction projects in the UK. The Company has considerable experience and expertise in financing renewable energy projects.

3.6 The experience of the Company and of the wider industry is that there is no reason to believe that the required funding for the Project would not be available in the period during which compulsory acquisition powers would be available to the Applicant under the Order, if made.

3.7 The Secretary of State can therefore be satisfied that, as a result of the Company's experience and reputation, funds are likely to be available to meet the capital expenditure for:

- The cost of the Project;
- The cost of acquiring the land identified in the Order;
- The cost of compensation otherwise payable in accordance with the Order.

3.8 It should be noted that the Applicant could, by itself, secure the required funding for the Project. This would include all likely compensation liabilities resulting from the exercise of compulsory acquisition powers (set out in more detail in Section 4, and in the draft form of agreement which is attached to this Funding Statement at Annex 2 (the **Agreement**).

3.9 In summary, the Company has substantial net assets as well as a positive track record in the field of renewable energy development. The Company is therefore able to provide the required funding for the Project, including all likely compensation liabilities resulting from the exercise of compulsory acquisition powers.

4. FUNDING CLAIMS FOR COMPENSATION (INCLUDING BLIGHT)

4.1 The development of the Project requires the acquisition of interests in land, rights under and over land, and the temporary use of land. The Applicant has been advised that the total property cost estimates for the acquisition of the required interests in land should not exceed £10,143,000.

4.2 The Applicant and the Company will shortly enter into the Agreement, which will be in substantially the same form as attached to this Funding Statement at Annex 3.

4.3 In clause 4 of the Agreement, the Company undertakes to put the Applicant in funds for the payments of legitimately claimed compensation by a class of persons listed in the Agreement, or to pay the agreed or awarded funds direct to the relevant claimant.

4.4 The Agreement specifically states that the persons of the class specified in the Agreement in Schedule 3 may, through the provisions of the Contracts (Rights of Third Parties) Act 1999 enforce the obligation upon the Company to place the Applicant in funds to pay compensation for expropriation, injurious affection and claims under Part 1 of the Land Compensation Act 1973, if such claims are valid and appropriately made. (It should be noted that the Applicant does not anticipate that any claims under the 1973 Act will arise).

4.5 A Cap on liability of £10,143,000 is included in the Agreement. This cap is subject to indexation and is based on advice received by the Applicant on the likely level of compensation due to claimants for the compulsory acquisition of interests in their land.

4.6 As a result of this mechanism, the Examining Authority and Secretary of State can be assured that sufficient funding for payment of compensation will be available to the Applicant if compulsory acquisition powers are provided in the Order.

4.7 The Applicant has access to sufficient committed funds and resources available to meet:

4.7.1 The compensation arising from all compulsory acquisition of land and rights pursuant to the DCO

4.7.2 Any statutory blight claims that may arise.

4.8 It is not anticipated that claims for statutory blight will arise as a result of the promotion of the Order. Should claims for blight arise as a consequence of the application for the Order being made, and before it is known whether the Project will proceed, the costs of meeting blight claims that are upheld will be met from the capital reserves of the Applicant or the Company. Funding for blight claims made in advance of the making of the Order is provided for in the Agreement between those parties referred to above (see clause 3.1 and Schedule 2 Part 3). For blight claims validly made subsequent to the Order being made the Agreement will also apply.

5. CONCLUSIONS

5.1 Appropriate funding for liabilities for compensation arising from the acquisition of land and rights, the creation of new rights and for statutory blight will be available where compensation is appropriately and reasonably claimed. If the Applicant is unable to pay such compensation then the Company will put the Applicant in funds to enable it so to do, in accordance with the Agreement attached to this statement.

5.2 The Applicant will be able to secure appropriate funds both for compensation to landowners and for the construction of the Project. For this Project, Vattenfall Wind Power Limited will by the party providing the necessary Funding Agreement.

5.3 The Secretary of State can therefore be satisfied both that funding is likely to be available for claims for compensation by landowners and also that the Project is soundly backed and there is no reason to believe that, if the Order is made, the Project will not proceed.

ANNEX 1

Accounts for Vattenfall Wind Power Limited 2016-2017

Registered number: 06205750

VATTENFALL WIND POWER LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

VATTENFALL WIND POWER LIMITED

COMPANY INFORMATION

Directors	Gunnar Groebler Piers Guy Robert Zurawski Jonas Van Mansfeld (appointed 15 February 2016)
Company secretary	S Leece
Registered number	06205750
Registered office	First Floor 1 Tudor Street London EC4Y 0AH
Independent auditors	Ernst & Young 1 More London Place London SE1 2AF

VATTENFALL WIND POWER LIMITED

CONTENTS

VATTENFALL WIND POWER LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

This report provides an overview of the current year performance, position and main issues that have been considered by the directors.

Business review

For each of the six East Anglia Offshore Wind (EAOW) development areas and joint venture assets, agreements concerning progress have been reached. In 2016 Vattenfall has taken 100% ownership of the three areas called 4, 5 and 6 (through its 100% subsidiary undertaking Norfolk Vanguard Ltd) and Scottish Power has taken 100% ownership of three areas called 1, 2 and 3. The assets that remain in EAOW will be still jointly operated through the existing joint venture structure. Assets that contribute to all areas will continue to be jointly owned and operated from within the joint venture. With these transactions, all shareholder loans have been repaid by EAOW to both shareholders.

During the year the Company continued to develop and construct an onshore wind farm at the Ray Wind Farm in England within the United Kingdom. Mid 2017 the wind farm has all turbines producing power, and has taken over from its suppliers in the third quarter of 2017.

On 1 January 2016, the Company sold 49% of their shares in Ormonde Energy Limited, a subsidiary undertaking, to AMF Pensionsförsäkring AB.

In March 2016 a 5MW solar panel park has begun operation next to Vattenfall's Welsh wind farm, Pendine. With this park, Vattenfall shows its ambition to further develop its strategy into the solar panel market.

The ultimate parent undertaking is Vattenfall AB. One of the key focus areas of Vattenfall's strategy is building a more sustainable energy portfolio. Vattenfall has a committed and ambitious strategy for growth in renewable generation and plans to invest more than 50 billion Swedish Krona in new wind farms over the next five years.

In the financial year 2016, Vattenfall Group operated more than 1,000 turbines and had seven wind farms under construction in five countries, two of which were commissioned in 2016 and three of which were in the process of commissioning in 2016. The other wind farms are expected to commence operations in 2018.

The Company made a profit after taxation for the year ended 31 December 2016 of £81,990 thousand (2015: £15,281 thousand) based on turnover of £32,026 thousand (2015: £18,054 thousand).

Management monitors and measures the Company's operational asset performance on the basis of a set of balanced Key Performance Indicators including availability, operational expenses and safety. In relation to the development and construction projects, focus is on time, budget, quality and safety.

Principal risks and uncertainties

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are credit risk, liquidity risk and cash flow risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's Balance Sheet, the only financial risks the directors consider relevant to the Company are credit risk and liquidity risk. These risks are mitigated first with the Company being sufficiently equity funded and, second, by the nature of the balances owed, with these due to other Vattenfall group companies. Credit exposure represents the extent of credit-related losses that the Company may be subject to on amounts to be received from financial assets. The Company, while exposed to credit-related losses in the event of non-performance by counterparties does not expect any counterparties to fail to meet their obligations given their high credit rating.

Operational risks are mitigated by having contractual arrangements in place which result in adequate and timely services taking place when technical difficulties are experienced at the site.

This report was approved by the board and signed on its behalf.

[redacted]

Jonas Van Mansfeld
Director

Date: 7 September 2017

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The Company's principal activities consist of the development, construction and operation of wind energy projects in the United Kingdom. The Company is a private limited company, domiciled in the United Kingdom and incorporated in England and Wales. During the year the Company's immediate parent undertaking was Vattenfall Vindkraft AB, a company registered in Sweden. The ultimate parent undertaking of the Company is Vattenfall AB, the Swedish based international utility company.

Going concern

The Company's cash flows are largely driven by its direct and intermediate parent companies and, as a consequence, the Company depends, in large parts, on the ability of these Vattenfall companies to continue as a going concern. The directors have considered the Company's funding and operational relationships with its direct and intermediate parents to date and have considered available relevant information relating to Vattenfall's ability to continue as a going concern. In addition, the directors have no reason to believe that the respective Vattenfall companies will not continue to fund the Company, should it become necessary, to enable it to continue in operational existence.

On the basis of these considerations, the directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting when preparing the financial statements.

Results and dividends

The profit for the year, after taxation, amounted to £81,990 thousand (2015 - £15,281 thousand).

Dividend paid in the year is £nil (2015: £nil).

Directors

The directors who served during the year were:

Ole Nielsen (resigned 30 April 2017)
Martin Reinholdsson (resigned 1 July 2017)
Gunnar Groebler
Piers Guy
Robert Zurawski
Jonas Van Mansfeld (appointed 15 February 2016)
Peter Tornberg (appointed 6 April 2016, resigned 1 July 2017)
Anthony Wort (appointed 6 April 2016, resigned 1 July 2017)

Political and charitable contributions

During the year the Company made charitable contributions for educational purposes totalling £200 (2015: £7 thousand).

Future developments

The Company is continuously reviewing its business to stay responsive to the challenging energy market conditions and current low energy prices. Management has sourced its operation & maintenance with a service provider which allows for cost management and stability of cash flow. It is our policy to refrain from making any specific statements about expected future results. However, on the basis of risk analysis and adequate operational processes, we have faith that we will be able to tackle the challenges ahead and to stay on top of our operations.

Qualifying third party indemnity provisions

Certain directors benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Ernst & Young, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

[redacted]

Jonas Van Mansfeld
Director [redacted]

Date: 7 September 2017

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VATTENFALL WIND POWER LIMITED

We have audited the financial statements of Vattenfall Wind Power Limited for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VATTENFALL WIND POWER LIMITED (CONTINUED)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

[redacted]

Stuart Darrington (Senior Statutory Auditor)

for and on behalf of
Ernst & Young

London

8 September 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Turnover	4	32,026	18,054
Cost of sales		(47,843)	(13,320)
Gross (loss)/profit		(15,817)	4,734
Administrative expenses		(24,736)	(24,890)
Other operating income	5	29,678	10,961
Operating loss	6	(10,875)	(9,195)
Income from fixed assets investments	9	9,551	13,400
Profit on disposal of investments	14	75,140	-
Interest receivable and similar income	10	12,776	11,849
Interest payable and expenses	11	(7,112)	(447)
Profit before tax		79,480	15,607
Tax on profit	12	2,510	(326)
Profit for the year		81,990	15,281
Total comprehensive income for the year		81,990	15,281

There were no recognised gains and losses for 2016 or 2015 other than those included in the Statement of Comprehensive Income. All amounts relate to continuing operations.

The notes on pages 12 to 31 form part of these financial statements.

VATTENFALL WIND POWER LIMITED
REGISTERED NUMBER:06205750

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note		2016 £000		2015 £000
Tangible assets	13		**270,162**		218,207
Investments	14		**267,095**		341,798
Debtors due after more than 1 year	16		**-**		184,422
			537,257		744,427
Current assets					
Stocks	15	**3,890**		462	
Debtors due within 1 year	16	**621,141**		41,666	
Financial instruments	18	**1,126**		688	
		626,157		42,816	
Creditors: amounts falling due within one year	17	**(349,987)**		(62,480)	
Net current assets/(liabilities)			**276,170**		(19,664)
Total assets less current liabilities			**813,427**		724,763
Provisions for liabilities					
Deferred taxation	19	**(6,145)**		(4,481)	
Other provisions	20	**(12,336)**		(7,326)	
			(18,481)		(11,807)
Net assets			**794,946**		712,956
Capital and reserves					
Called up share capital	21		**682,000**		682,000
Retained earnings			**112,946**		30,956
Total equity			**794,946**		712,956

[redacted]

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

[redacted]

Director

[redacted]

Date: 7 September 2017

The notes on pages 12 to 31 form part of these financial statements.

VATTENFALL WIND POWER LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2016	682,000	30,956	712,956
Comprehensive income for the year			
Profit for the year	-	81,990	81,990
Total comprehensive income for the year	-	81,990	81,990
At 31 December 2016	682,000	112,946	794,946

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2015	682,000	15,675	697,675
Comprehensive income for the year			
Profit for the year	-	15,281	15,281
Total comprehensive income for the year	-	15,281	15,281
At 31 December 2015	682,000	30,956	712,956

The notes on pages 12 to 31 form part of these financial statements.

1. Authorisation of financial statements

The financial statements of Vattenfall Wind Power Limited (the "Company") for the year ended 31 December 2016 were approved by the board and authorised for issue on 7 September 2017 and the Balance Sheet was signed on the board's behalf by J Van Mansfeld. Vattenfall Wind Power Limited is incorporated and domiciled in England and Wales.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The financial statements are prepared using rounding to the nearest thousand of the functional and presentational currency, GBP.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2. Accounting policies (continued)

2.3 Change in accounting policy and disclosures

Unless otherwise stated, the accounting policies and method of computation adopted in the preparation of the financial statements are consistent with those of the previous year.

The following new and amended IFRS and IFRIC interpretations are mandatory as of 1 January 2016 unless otherwise stated and the impact of adoption is described below. There are no other changes to IFRS effective in 2016 which have a material impact on the Company.

IAS 1 Disclosure Initiative - Presentation of Financial Statements
The amendments clarify the materiality requirements in IAS 1, that specific line items in the Statement of Comprehensive Income and the Balance Sheet may be disaggregated and that entities have flexibility as to the order in which they present the notes to the financial statements. These amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement.

New standards and interpretations not yet effective:

The Company has elected not to early adopt the following revised and amended standards, which are not yet mandatory in the EU.

The list below includes only standards and interpretations that could have an impact on the financial statements of the Company.

- IFRS 9 Financial instruments (effective in the EU 1 January 2018)
- IFRS 15 Revenue from contracts with customers (effective in the EU 1 January 2018)
- IFRIC Interpretation 22 Foreign currency transactions and advance consideration (effective in the EU 1 January 2018)
- IFRS 16 Leases (effective in the EU 1 January 2019)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue represents income earned from the sale of electricity, and separate sale of environmental credits, and excludes value added tax. Revenue is recognised or accrued at the time of supply. All revenue originates in the United Kingdom.

2.5 Development expenditure

Development expenditure is capitalised and held as assets under construction when the Company obtains planning consent and the project is expected to become technically and commercially viable such that the project is expected to generate sufficient net cash flow to allow recovery of such expenditure. Otherwise, development expenditure for new wind farm projects is expensed as incurred. On disposal of a project, previously capitalised development expenditure will be transferred to the Statement of Comprehensive Income in the same period in which revenue is recognised.

2. Accounting policies (continued)

2.6 Tangible fixed assets

All tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

Assets under construction are capitalised as separate component of property, plant and equipment. On completion, the cost of construction is transferred to the appropriate category. Assets under construction are not depreciated.

Borrowing costs directly attributable to assets under construction and which meet the recognition criteria in IAS 23 are capitalised as part of the cost of that asset.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- 20 years
Wind farm - gearboxes and generators	- 10 years
Solar farm	- 20 years
Fixtures, fittings & equipment	- 5 years
Wind farm - decommissioning asset	- 20 years
Wind farm - tower, blades, foundations etc	- 20 years

2.7 Leasing

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2. Accounting policies (continued)

2.8 Impairment of fixed assets

Assets that are subject to depreciation are assessed at each Balance Sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that have been previously impaired are reviewed at each Balance Sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.9 Investments

Investments in subsidiaries and joint ventures are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. Accounting policies (continued)

2.13 Borrowing costs

Where material to the Company, general and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.14 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Other than the financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

Fair value through profit or loss
Financial assets at fair value through profit and loss are carried in the Balance Sheet at fair value with changes in fair value recognised in finance revenue or finance expense in the Statement of Comprehensive Income.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less any provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

2. Accounting policies (continued)

2.14 Financial instruments (continued)

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

2.15 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'interest receivable and similar income' for gains or 'interest payable and expenses' for losses.

2.17 Interest expenses

Interest expenses are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.18 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.19 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.20 Decommissioning provision

The Company has provided for the present value of estimated decommissioning costs from the time that the Company has an obligation to dismantle and remove a facility and restore the site on which it is located, and when a reasonable estimate of that provision can be made. The amount recognised is the present value of the estimated future expenditure determined in accordance with the local conditions and requirements. A corresponding tangible fixed asset of an amount equivalent to the provision is also created. This is subsequently depreciated as part of tangible assets.

Each year the decommissioning provision is subject to an unwinding of the discounted value in order to bring the provision up to the latest present value. The charge is included within interest payable in the Statement of Comprehensive Income.

Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. Accounting policies (continued)

2.22 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all temporary differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date as well as revenues and expenses reported during the year.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the Balance Sheet date:

Decommissioning
Significant estimates and assumptions are made in determining this provision as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, regulatory changes, cost increases and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently accounted for. The provision at the Balance Sheet date represents management's best estimate of the present value of the future closure costs required.

Renewable Obligation certificate (ROC)
The Company estimated the value of its entitlement to the ROC (Renewable Obligation Certificate) Buyout Fund in relation to the 2016/2017 administrative year. In estimating the value of its entitlement, the Company estimates the value of the Ofgem Buyout Funds for the appropriate years and the number of ROCs that will be presented for the respective years. In the Company's Balance Sheet, amounts owed by group undertakings include £NIL (2015: £NIL) of accrued income in respect of the Company's share of the Ofgem Buyout Funds.

4. Turnover

The total turnover of the Company has been derived from its principal activity.

5. Other operating income

	2016 £000	2015 £000
Other operating income	**29,678**	10,961

Other operating income relates to costs recharged to other group undertakings.

6. Operating loss

The operating loss is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets	**14,269**	6,531
Impairment of tangible fixed assets	**61**	4,626
Exchange differences	**4,815**	742
Defined contribution pension cost	**1,043**	922
Lease of facilities and rates	**2,444**	1,166

7. Auditors' remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements. No other services are provided to the Company.

	2016 £000	2015 £000
Fees for audit services	**51**	56

8. Employees

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	**12,106**	10,204
Social security costs	**1,394**	1,193
Cost of defined contribution scheme	**1,043**	922
	14,543	12,319

Directors remuneration

The directors of the Company are also directors of the holding company and fellow subsidiaries. The directors remuneration for the year, apportioned to the Company based on the estimated individual director representation for the Company, amounts to £198 thousand (2015: £97 thousand). All of the remuneration was paid by another Vattenfall Group company.

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 *No.*
Employees, of which 7 (2015: 6) are directors	**221**	170

9. Income from investments

	2016 £000	2015 £000
Dividends received	**9,551**	13,400

10. Interest receivable and similar income

	2016 £000	2015 £000
Gain on foreign exchange transactions	**6,003**	6,073
Fair Value Movement on currency derivatives	**321**	235
Interest receivable from group companies	**6,452**	5,541
	12,776	11,849

11. Interest payable and expenses

	2016 £000	2015 £000
Interest payable on loans from group undertakings	**234**	431
Fair Value Movement on currency derivatives	**6,758**	-
Unwinding of discount on decommissioning provision	**120**	16
	7,112	447

12. Taxation

	2016 £000	2015 £000
Corporation tax		
Adjustments in respect of previous periods	**(427)**	363
Group taxation relief	**(3,747)**	(2,468)
Total current tax	**(4,174)**	(2,105)
Deferred tax		
Origination and reversal of timing differences	**2,753**	2,935
Changes to tax rates	**(1,324)**	(534)
Adjustments in respect of previous periods	**235**	30
Total deferred tax	**1,664**	2,431
Taxation on (loss)/profit on ordinary activities	**(2,510)**	326

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	**79,480**	15,607
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	**15,896**	3,161
Effects of:		
Expenses not deductible for tax purposes	**48**	20
Impact of changes in tax laws and rates	**(1,324)**	(534)
Adjustments to tax charge in respect of prior periods	**(192)**	393
Dividends from UK companies	**(1,910)**	(2,714)
Gain on disposal of investments	**(15,028)**	-
Total tax (credit)/charge for the year	**(2,510)**	326

Factors that may affect future tax charges

In the Budget 2016 the UK Government announced that the main rate of corporation tax would be reduced to 19% with effect from 1 April 2017 and to 17% with effect from 1 April 2020. These rates were substantively enacted before the Balance Sheet date and therefore the closing net deferred tax liability has been calculated at the rate applicable for the period in which the underlying temporary difference is expected to unwind.

Also at Budget 2016, the government announced its intention to reform the corporate tax loss relief rules. The key change to the rules is a proposed restriction to the amount of profit that can be offset by carried-forward losses to 50% from 1 April 2017. The proposed legislation would have been included in the 2017 Finance Act but the timetable for enactment needed to be accelerated in light of the general election, and this specific measure was dropped from the Bill. The expectation is that the proposed legislation will return in a new Finance Bill to be published after the general election. As the proposed legislation was not substantively enacted at the Balance Sheet date, the calculation of deferred tax has been performed according to the existing loss relief rules. There would be no material difference between the closing deferred tax liability at the balance sheet date under the new rules compared to the existing law.

Dividend income of £9,551 thousand received from a subsidiary company, Ormonde Energy Limited, was treated as non-taxable due to the application of the UK dividend exemption. Furthermore, a gain arising of £75,140 thousand in respect of the sale of shares in Ormonde Energy Limited and East Anglia Offshore Wind Limited was also treated as non-taxable due to the availability of the Substantial Shareholding Exemption to exempt the disposal from corporation tax.

13. Tangible fixed assets

	Freehold property £000	Wind farm £000	Solar farm £000	Fixture fittings equipme £0
Cost or valuation				
At 1 January 2016	1,351	203,902	-	3,25
Additions	-	-	-	19
Transfers between classes	786	1,384	4,653	49
Adjustment to asset	-	-	-	-
At 31 December 2016	2,137	205,286	4,653	3,94
Depreciation				
At 1 January 2016	6	26,402	-	2,25
Charge for the year on owned assets	93	13,064	232	58
Impairment charge	-	-	-	-
At 31 December 2016	99	39,466	232	2,83
Net book value				
At 31 December 2016	2,038	165,820	4,421	1,11
At 31 December 2015	1,345	177,500	-	1,00

Tangible fixed assets (continued)

The decommissioning asset increased based on updates made to the calculation of the decommissioning provision. The opposite effect is shown in the decommissioning provision (see Note 20).

14. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2016	**341,798**
Additions	**93,100**
Disposals	**(167,803)**
At 31 December 2016	**267,095**
Net book value	
At 31 December 2016	**267,095**
At 31 December 2015	341,798

14. Fixed asset investments (continued)

Additions

During the year the Company subscribed for 15,000,000 Ordinary shares of £1 each in Clashindarroch Wind Farm Limited for total consideration of £15,000 thousand.

During the year the Company provided additional capital to Ourack Wind Farm LLP at a total consideration of £1,000 thousand.

During the year the Company subscribed for 75,000,000 Ordinary shares of £1 each in Aberdeen Offshore Wind Farm Limited for total consideration of £75,000 thousand.

During the year the Company subscribed for 25 Ordinary shares of £1 each in Aberdeen Renewable Energy Group (AREG) for total consideration of £25.

During the year the Company subscribed for 2,100,000 Ordinary shares of £1 each in Aberdeen Renewable Energy Group (AREG) for total consideration of £2,100 thousand.

Disposals

During the year the Company disposed of 49% of their shareholding in Ormonde Energy Limited for total consideration of £162,553 thousand.

During the year the Company disposed of 5,250,000 Ordinary shares of £1 each in East Anglia Offshore Wind Limited for total consideration of £5,250 thousand.

The profit on disposals for the year totalled £75,140 thousand.

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Ormonde Energy Limited	Ordinary	100 %	Power generation
Border Wind Limited	Ordinary	100 %	Dormant
Border Wind Farm Limited	Ordinary	100 %	Dormant
BW Ops Limited	Ordinary	100 %	Dormant
Clashindarroch Wind Farm Limited	Ordinary	100 %	Power generation
Aberdeen Offshore Wind Farm Limited	Ordinary	100 %	Wind farm development
East Anglia Offshore Wind Limited (Joint venture)	Ordinary	50 %	Wind farm development
Aberdeen Wind Deployment Centre Limited	Ordinary	100 %	Dormant
Ourack Wind Farm One Limited	Ordinary	100 %	Dormant
Ourack Wind Farm Two Limited	Ordinary	100 %	Dormant
Ray Wind Farm Limited	Ordinary	100 %	Power generation

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £000	Profit/(loss) £000
Ormonde Energy Limited	**295,940**	**1,052**
Clashindarroch Wind Farm Limited	**16,057**	**(61)**
Aberdeen Offshore Wind Farm Limited	**85,241**	**12,299**
East Anglia Offshore Wind Limited (Joint venture)	**11,900**	**2,300**

15. Stocks

	2016 £000	2015 £000
Spare parts	**3,890**	462

16. Debtors

	2016 £000	2015 £000
Due after more than one year		
Amounts owed by group undertakings	-	184,422
	-	184,422
Due within one year		
Trade debtors	281	202
Amounts owed by group undertakings	286,031	24,970
Other debtors	3,686	3,271
Prepayments and accrued income	331,143	13,223
	621,141	41,666

17. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	14,559	182
Amounts owed to group undertakings	322,389	53,754
Taxation and social security	1,578	348
Other creditors	5,576	1,436
Accruals and deferred income	5,885	6,760
	349,987	62,480

18. Financial instruments

	2016	2015
	£000	£000
Financial assets		
Financial assets measured at fair value through profit or loss	**1,126**	688
Financial assets that are debt instruments measured at amortised cost	**619,275**	220,142
	620,401	220,830
Financial liabilities		
Financial liabilities measured at amortised cost	**(344,093)**	(55,777)
	(344,093)	(55,777)

Financial assets measured at fair value through profit or loss comprise bank balances and forward foreign currency derivative contracts.

Financial assets measured at amortised cost comprise loans and receivables, the majority of which are made up of amounts owed by group companies and accrued income.

Financial liabilities measured at amortised cost comprise mostly of amounts owed to group companies.

19. Deferred taxation

	2016
	£000
At beginning of year	**(4,481)**
Charged to the Statement of Comprehensive Income	**(1,664)**
At end of year	**(6,145)**

The provision for deferred taxation is made up as follows:

	2016	2015
	£000	£000
Accelerated capital allowances	**(9,336)**	(8,228)
Tax losses carried forward	**2,374**	2,779
Short term timing differences	**817**	968
	(6,145)	(4,481)

20. Other provisions

	Decommissioning provision £000
At 1 January 2016	**7,326**
Effect of change in estimate	**4,890**
Unwinding of discount	**120**
At 31 December 2016	**12,336**

Decommissioning provision

Provision has been made for estimated decommissioning costs which are calculated as the present value of estimated decommissioning costs using an average discount rate of 1.73% (2015: 2.55%).

During the year, the estimate for the decommissioning provision has been reviewed in light of current information. Based on this review the assumptions have been further scrutinised, resulting in an adjustment to the best estimate of the decommissioning provision required.

21. Share capital

	2016 £000	2015 £000
Shares classified as equity		
Allotted, called up and fully paid		
682,000,001 Ordinary shares of £1 each	**682,000**	682,000

22. Capital commitments

At 31 December the Company had capital commitments as follows:

	2016 £000	2015 £000
Contracted for but not provided in these financial statements	-	45,686

23. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016	2015
	£000	£000
Not later than 1 year	**318**	318
Later than 1 year and not later than 5 years	**169**	488
	487	806

The operating lease commitments disclosed above relate entirely to the rental of office premises on Tudor Street, London, the registered office of the Company.

In August 2008 the Company entered into a 25 year lease of an area of land where it operates. The operating lease rental charge is based on MWh generation. As such the commitment for the following year cannot be established in advance. The rental cost for the year ended 31 December 2016 was £527 thousand (2015: £190 thousand).

24. Ultimate parent undertaking and controlling party

At 31 December 2016, the immediate parent undertaking is Vattenfall Vindkraft AB, a company registered in Sweden. The Directors regard Vattenfall AB, a company registered in S-162 87 Stockholm, Sweden as the Company's controlling party and ultimate parent undertaking.

The results of Vattenfall Wind Power Limited are included in the consolidated financial statements of Vattenfall AB which are available from the Vattenfall website, http://corporate.vattenfall.com.

ANNEX 2

Proposed Funding Agreement

WOMBLE
BOND
DICKINSON

2018

Agreement
relating to
the proposed Norfolk Vanguard Offshore Wind Farm

Norfolk Vanguard Limited and
Vattenfall Wind Power Limited

Author	Womble Bond Dickinson
Date	10 June 2018
Revision	1

Womble Bond Dickinson (UK) LLP
Tel +44(0)345 415 0000
www.womblebonddickinson.com

CONTENTS

DATED

(1) **Norfolk Vanguard Limited**, a company incorporated in England and Wales (company number 08141115) whose registered office is at 1st Floor, 1 Tudor Street, London EC4Y 0AH (**NV**);

(2) **Vattenfall Wind Power Limited,** a company incorporated in England and Wales (company number 06205750) whose registered office is at 1st Floor, 1 Tudor Street, London EC4Y 0AH (the **Parent Co**).

RECITALS

(A) NV is seeking a DCO to authorise the construction of the Development.

(B) Powers to acquire the Specified Third Party Interests are sought in the Application.

(C) It is necessary for the Specified Third Party Interests to be acquired by NV in order for the Development to be carried out.

(D) The Parent Co, a company incorporated in England and Wales (company number 06205750) whose registered office is at 1st Floor, 1 Tudor Street, London EC4Y 0AH is the sole shareholder of NV.

(E) The Parent Co has agreed to fund 100% (one hundred percent) of the full Compensation and Costs of the acquisition of the Specified Third Party Interests on the terms of this Deed in the event of NV failing to settle a Claim following it being agreed or determined by the Lands Tribunal.

OPERATIVE PROVISIONS

1. DEFINITIONS AND INTERPRETATION

1.1 Unless the contrary intention applies, the following definitions apply:

1990 Act	the Town and Country Planning Act 1990
Affiliate	in relation to any party, an entity which is the ultimate holding company or a parent undertaking of that party or a subsidiary undertaking of such ultimate holding company or parent undertaking and for the purpose of such definition "parent undertaking" and "subsidiary undertaking" shall have the meanings ascribed to them in Section 1162(2) of the Companies Act 2006 as amended provided always that: (i) for the purpose of determining if an entity is a subsidiary undertaking within Section 1162(2), the existence of any security over any shares in an entity which would otherwise be a subsidiary undertaking shall be ignored; and (ii) with regard to NV, its affiliates shall be deemed to include the Parent Co and its respective Affiliates (as hereinbefore defined);
Agreement Period	the period from and including the date of this Deed to and including the later of (a) the day after the Part 1 Claim Limitation Date or (b) the date the last Claim that is made before the

relevant Limitation Date is settled;

Application	the application for the DCO to authorise the construction operation and maintenance of the Development known as the Norfolk Vanguard Offshore Wind Farm;
Blight Notice	any valid blight notice served on NV under the provisions of Sections 149 - 171 of the 1990 Act in respect of any Specified Third Party Interest;
Claim	a valid claim for compensation by a Specified Third Party under one or more of the Relevant Causes of Action in relation to the DCO and/or the Development;
Compensation	the amounts properly due to be paid to a Specified Third Party arising as a result of a successful Claim and determined in accordance with the Compensation Code and including statutory interest thereon calculated with the Compensation Code;
Compensation Code	the statutory regime including (without limitation) the Land Compensation Act 1961, Compulsory Purchase Act 1965, Land Compensation Act 1973, Town and Country Planning Act 1990, Planning and Compensation Act 1991 and Planning and Compulsory Purchase Act 2004 and the case law governing compensation payments, liability to pay, and calculations arising from acquisition of land and/or rights or extinguishment overriding or other interference with rights by or under threat of compulsory acquisition pursuant to the powers contained in the DCO;
Compulsory Acquisition Actions	service of a Notice to Treat and/or the vesting of land pursuant to a Vesting Declaration or the overriding and extinguishment or other interference with rights in land;
Confidential Information	shall mean all analyses, computer files (whether or not reduced to written form), compilations, memoranda, notes, reports, studies, data, drawings, films, information and documentation of all kinds (including, without limitation, copies, extracts and summaries thereof and all other material containing or based in whole or in part on any such information whichever party may have prepared the same) disclosed by the Disclosing Party or its Affiliates in connection with this Deed (the "**Purpose**") in whatsoever form whether written, oral, electronically or otherwise, directly or indirectly to the Receiving Party or which comes into the possession or knowledge of the Receiving Party as a result of the Purpose, or the relationship of the parties hereto arising from this Deed, and whether

	before or after the date of this Deed;
Costs	the costs, liabilities and expenses that reasonably may be included in a Claim as specified in Schedule 1 and which are reasonably and properly incurred by a Specified Third Party;
DCO	the development consent order made pursuant to the Application;
Development	the nationally significant infrastructure project known as the Norfolk Vanguard Offshore Wind Farm;
Disclosing Party	any party who may have disclosed or may further disclose Confidential Information to a Receiving Party;
Index	the Retail Prices Index provided that during any period where no such index exists, the index which replaces the same or is the nearest equivalent thereto (which shall be agreed by the parties to this Deed or, in default of agreement, fixed by the President for the time being of the Law Society on the application of any party) shall be used;
Index Linked	adjusted in proportion to any increase in the Index between the date of this Deed and the date the particular payment is made calculated in accordance with Clause 7.1;
Lands Tribunal	the Lands Chamber of the Upper Tribunal;
Limitation Date	the date on which, if a reference is made to the Lands Tribunal, it could be defended by NV on the ground that the relevant period for such a claim has expired and the Limitation Act 1980 applies so as to time-bar the claim;
Notice to Treat	a notice to acquire land and/or rights served under the powers in the DCO and Section 5 of the Compulsory Purchase Act 1965;
Order Land	the land and rights specified in the book of reference certified as being the Book of Reference relating to the DCO by the order making authority;
Part 1 Claim Limitation Date	the date seven years and one day after the Relevant Date;
Part 1 Claims	claims for compensation for depreciation of land as a result of public works under Part 1 of the Land Compensation Act 1973;

Qualifying Interest	an interest in land affected by the Development as a result of: (a) its inclusion as Order Land in the DCO; (b) its inclusion as Order Land within the Application and subsequently the subject of a Blight Notice; (c) being affected by the use of the Development (for the purposes of this sub-paragraph only) shall mean that part of the Development on the Site and fulfilling the requirements for a Claim under Part 1 of the Land Compensation Act 1973;
Receiving Party	any party to whom a Disclosing Party may have disclosed or may further disclose Confidential Information;
Relevant Cause of Action	the statutory provisions relating to claims listed in Parts 1, 2 and 3 of Schedule 2 that relate to the Order Land;
Relevant Date	the date on which the Development is first used for the purpose of generating electricity for export into the distribution and or transmission network;
Relevant Requirements	all applicable laws, regulations, codes and guidance relating to anti-bribery and anti-corruption, including, but not limited to, the Bribery Act 2010;
Relevant Valuation Date	in relation to each Relevant Cause of Action, the date specified as being the Relevant Valuation Date in the relevant Part of Schedule 2;
Specified Date	The date on which a Claim is made under this Deed by a Specified Third Party;
Specified Third Party	that class of persons holding Specified Third Party Interests at the Relevant Valuation Date and as are further described in Schedule 3;
Specified Third Party Interests	those interests in the Order Land or Part 1 Claims held by Specified Third Parties who have from time to time a Claim in relation to the Development;
Statutory Interest	interest on any compensation calculated in accordance with the Acquisition of Land (Rate of Interest after Entry) Regulations 1995;
Vesting Declaration	a general vesting declaration made under the powers in the DCO and pursuant to the Compulsory Purchase (Vesting Declarations) Act 1981;

Working Days	days on which clearing banks in the City of London are (or would be but for a strike, lock out or other stoppage affecting particular banks or banks generally) open during banking hours, excluding for the avoidance of doubt Saturdays and Sundays and bank or other public holidays.

2. GENERAL INTERPRETATION

Unless there is something in the subject or context which is inconsistent:

2.1 words importing the neuter gender only shall include the masculine or feminine gender (as the case may be) and words importing the masculine gender only shall include the feminine gender and vice versa;

2.2 words importing the singular number only shall include the plural number and vice versa;

2.3 words importing persons shall include firms, companies and corporations and vice versa;

2.4 any reference to a statute (whether or not specifically named in this Deed) shall include any amendment or re-enactment of it for the time being in force and shall include all instruments, orders, plans, regulations, bye-laws, permissions and directions for the time being made issued or given under it or deriving validity from it;

2.5 references to a clause or paragraph or schedule is, unless the context otherwise requires, to a clause or paragraph or schedule in this Deed and the index, the clause, paragraph and schedule titles or headings, and the recitals appearing in this Deed are for reference only and shall not affect the construction of this Deed ; and

2.6 words denoting an obligation on a party to do an act, matter or thing include an obligation to procure that it be done.

3. CONDITIONALITY AND LIMITATION

3.1 The Provisions of Clause 4 as they relate to the Claims described in Part 3 of Schedule 2 shall not be binding on the Parent Co until the Application has first been submitted to the Secretary of State by NV.

3.2 The provisions of Clause 4 as they relate to the Claims described in Part 1 of Schedule 2 shall not be binding on the Parent Co until each of the following has occurred:

3.2.1 the DCO has been made; and

3.2.2 Compulsory Acquisition Actions have been taken by NV.

3.3 The obligations in Clause 4 as they relate to Part 1 Claims shall not bind the Parent Co until each of the following has occurred:

3.3.1 the Relevant Date; and

3.3.2 twelve calendar months have elapsed following the Relevant Date.

3.4 Save for Part 1 Claims (to which the provisions of Clause 3.5 shall instead apply) the obligations in Clause 4 shall not be enforceable against the Parent Co in relation to any Claim after the Limitation Date if such Claim has not been communicated to NV or (if such Claim has been communicated to NV) no reference relating to that Claim has been made to the Lands Tribunal before the day immediately following the Limitation Date.

3.5 The obligations in Clause 4 shall not be enforceable against the Parent Co in relation to any Claim as referred to in Part 2 of Schedule 2 after the Part 1 Claim Limitation Date if such claim has not been communicated to NV or (if such Claim has been communicated to NV) no reference relating to that Claim has been made to the Lands Tribunal before the day immediately following the Part 1 Claim Limitation Date.

4. COVENANTS AS TO COMPENSATION PAYMENTS BY THE PARENT CO TO NV

4.1 If NV agrees in writing or is required (by court order Lands Tribunal award or other legally binding process) to pay an amount to a Specified Third Party in satisfaction of a Claim, the Parent Co shall, within 20 Working Days of receipt of a written demand from NV pay 100% (one hundred percent) of the agreed or assessed amount of the Claim to the Specified Third Party on behalf of NV or, in the absence of a demand from NV, within 20 Working Days of receipt of a valid written demand from the relevant Specified Third Party, pay the sum so due to be paid to it to the Specified Third Party on and subject to the terms of this Deed.

4.2 Statutory Interest shall be payable on any sum due under clause 4.1 in accordance with the Compensation Code.

4.3 The Parent Co shall not be obliged to make any payment pursuant to Clause 4.1 to the extent that the Specified Third Party has previously been paid such amount in respect of the relevant Claim.

4.4 The Parent Co shall not be obliged to make any payment pursuant to Clause 4.1 to the extent that it has previously paid such amounts in respect of any relevant Claims or Costs that in aggregate exceed the sum of (the "**Cap**") (£10,143,000 in total). The Parent Co shall be liable for 100% (one hundred percent) of any payment required to be made pursuant to Clause 4.1 subject to the Cap.

4.5 Save as expressly provided for in this Deed, the Parent Co covenants with NV not to determine its obligations to NV under this Deed during the Agreement Period.

4.6 Save as expressly provided for in this Deed, NV covenants with the Parent Co not to determine or waive the Parent Co's obligations to NV under this Deed during the Agreement Period.

5. THIRD PARTIES

5.1 The provisions of Clause 4 and 6 of this Deed (together with this Clause 5) shall be enforceable by Specified Third Parties pursuant to the Contracts (Rights of Third Parties) Act 1999 (provided always that a Specified Third Party shall only be entitled to enforce the provisions of Clause 4 in relation to Claims against NV by that Specified Third Party).

5.2 Subject to Clause 5.1, a person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 and the parties do not intend that any such third party rights are created by this Deed.

6. ASSIGNMENT AND NOVATION

6.1 Despite the provisions of Section 2(1) of the Contract (Rights of Third Parties) Act 1999, no party shall be required to seek the consent of any Specified Third Party to any assignment, parting with, dealing with or novation of any right or obligation under this Deed where Clause 6.2 applies.

6.2 The parties agree, for the benefit of each other and the Specified Third Parties, that each of the Parent Co and NV shall be entitled to assign their rights under this Deed, in whole or in part (or to novate their rights and obligations under this Deed) if:

6.2.1 in the case of the assignment or novation of this Deed by NV, such assignment is to a person to whom the Secretary of State has provided a consent under the DCO to receive a transfer of the powers in the DCO;

6.2.2 in the case of the assignment or novation of this Deed by the Parent Co, either:

(a) the assignment or novation is to a person (whether within a group company of the Parent Co or otherwise) which is of a broadly equivalent, or better, financial standing to the Parent Co at the time that the assignment or novation is made (and in determining the financial standing of the proposed assignee, regard shall be had to the strength of any relevant parent company support and any credit facilities in place for the benefit of the proposed assignee); or

(b) if not within (a) above in the event that the assignment or novation is to a person which is not of a broadly equivalent, or better, financial standing to the Parent Co at the time that the assignment or novation is made:

(i) the consent of all Specified Third Parties which are identifiable as Specified Third Parties or would qualify as such if the Relevant Valuation Date was (for the purposes of this clause only) deemed to be the date on which the consent of the relevant Specified Third Party interest to the intended assignment or novation is sought (if any) at the date of the proposed assignment or novation has been obtained in writing; or

(ii) a bank guarantee or bond has previously been secured in favour of all of the Specified Third Parties who are identifiable as Specified Third Parties or would qualify as such if the Relevant Valuation Date was (for the purposes of this clause only) deemed to be the date on which the bank guarantee is secured, to cover any outstanding Claims which have been made but not yet settled or which could be validly made at the date that the bank guarantee or bond is secured up to the maximum amount of the Cap and which can be called upon by the Specified Third Parties and in which case no consent of the Specified Third Parties shall be required prior to such assignment or novation taking effect.

7. INDEXATION

7.1 The Cap shall be adjusted by the application of the formula A =B x C/D where:

A is the sum actually payable on the Specified Date;

B is the original Cap mentioned in this Deed;

C is the value of the Index for the month before the Specified Date;

D is the value of the Index for the month before the date of this Deed; and

C/D is equal to or greater than 1.

8. NO WAIVER

No failure or delay on the part of any of the parties hereto to exercise any right or remedy under this Deed shall be construed or operated as a waiver thereof nor shall any single or partial exercise of any right or remedy as the case may be. The rights and remedies provided in this Deed are cumulative and are not exclusive of any rights or remedies provided by law.

9. CONFIDENTIALITY

9.1 The Receiving Party shall:

9.1.1 maintain the Disclosing Party's (and its Affiliates') Confidential Information in confidence and shall exercise in relation thereto no lesser security measures and degree of care than that which the Receiving Party applies to its own confidential information;

9.1.2 not without the prior written consent of the Disclosing Party, which shall not be unreasonably withheld or delayed, disclose the Confidential Information, other than to such of its directors or in board communications, to officers or employees or those of its Affiliates who need to know it for the Purpose, or to the Receiving Party's lawyers, accountants, bankers and other professional advisers or consultants who need to know it for advising in relation to the Purpose and provided that, (a) such disclosure is made under obligations of confidentiality on terms substantially the same as those contained herein, or (b) such employees, officers and directors are obliged by their contracts of employment or service not to disclose the same;

9.1.3 not use or permit the use of the Confidential Information disclosed to it pursuant to this Deed other than for or in connection with the Purpose;

9.1.4 not permit the disclosure and shall use its reasonable endeavours to prevent the disclosure of Confidential Information to or by any third party, without the Disclosing Party's prior consent in writing therefore; and

9.1.5 not copy, reproduce or reduce to writing any material part of the Confidential Information except as may be reasonably necessary for the Purpose.

9.2 The obligations and restrictions provided in Clause 9.1 above shall not apply to Confidential Information that is:

9.2.1 now or becomes public knowledge otherwise than by breach of this Deed by the Receiving Party;

9.2.2 lawfully in the possession of the Receiving Party prior to receipt from the Disclosing Party and was not previously acquired by the Receiving Party from the Disclosing Party under an obligation of confidence;

9.2.3 lawfully disclosed to the Receiving Party by a third party without breach by the Receiving Party or such third party of any obligation of confidentiality or non-use towards the Disclosing Party;

9.2.4 required to be disclosed by order of a court of a competent jurisdiction or to any government department or any governmental or regulatory agency or pursuant to the rules of any recognised stock exchange but only to the extent that disclosure thereto is compellable by law, provided always that wherever possible the Disclosing Party shall be given by the Receiving Party not less than two (2) days’ prior notice of any action which it reasonably believes may result in any such requirement and the Receiving Party shall consult with the Disclosing Party in respect thereof;

9.2.5 required to be disclosed to such extent required for any judicial, arbitration or determinative procedure provided always that wherever possible the Disclosing Party shall be given by the Receiving Party not less than two (2) working days’ notice of the requirement for such disclosure and details of the related procedure, and the Receiving Party shall consult with the Disclosing Party in respect thereof; or

9.2.6 required to be disclosed to such extent required to a Specified Third Party.

9.3 The Disclosing Party reserves all rights in the Confidential Information and no rights or obligations other than those expressly recited herein are granted or to be implied from this Deed. In particular, no licence is hereby granted directly or indirectly under any patent, invention, discovery, copyright or other intellectual or industrial property right now or in the future held, made, obtained or licensable by the Disclosing Party.

9.4 The parties agree to keep the existence and nature of this Deed and the discussions between the parties regarding the Purpose confidential and not to release or make a publicity statement, advertisement or other disclosure with regard to this Deed without the prior written consent of the other Party.

9.5 On termination of this Deed for any reason, the Receiving Party shall on the written request of the Disclosing Party return and/or destroy all Confidential Information and certify in writing to the Disclosing Party that it has complied with such request. Provided, however, that the Receiving Party shall not be required to deliver up or destroy material prepared by or on behalf of the Receiving Party for the Purpose which contains or is based in whole or in part on the Confidential Information, nor to the extent that the making and retention of such Confidential Information is required by law or required as part of the Receiving Party's internal governance procedures, nor to deliver up or to destroy any hard drive, computer system or other electronic media storage device containing Confidential Information.

9.6 The Disclosing Party makes no representation or warranty as to the accuracy or completeness of the Confidential Information which is provided by or on behalf of the Disclosing Party to the Receiving Party and the Disclosing Party shall have no liability to the Receiving Party resulting from the use of such Confidential Information, any such use being at the risk of the Receiving Party.

9.7 Without prejudice to any other rights or remedies that the Disclosing Party may have, the parties acknowledge and agree that damages may not be an adequate remedy for any breach by a party (including, without limitation, its directors, officers, employees, affiliates, lawyers, accountants, bankers and other professional advisors) of the provisions of this Deed. Each party will be entitled to seek the remedies of injunction, specific performance or other equitable relief (or their equivalent in any other jurisdiction) for any threatened or actual breach of the provisions of this Deed by any of the other parties, including, without limitation, its directors, officers, employees, affiliates, lawyers, accountants, bankers and other professional advisors. Any breach of this Deed by the Receiving Party's directors, officers, employees, affiliates, lawyers, accountants, bankers and other professional advisors, shall be deemed to be a breach by the Receiving Party.

10. NOTICES

10.1 Any notice, acknowledgement, approval, consent or other document to be given or sent under this Deed may be delivered personally or sent by first class post or (subject to Clause 10.2) by such other method as (under the law in force at the time) is a proper form and mode of service for formal legal proceedings to the party to be served at that party's address appearing in this Deed or such other address as that party may notify to the other.

10.2 Notwithstanding Clause 10.1, electronic mail or any other similar form of communication (however called) is not a valid form of service or means of formal communication for the purposes of this Deed.

10.3 Any such notice or document shall be deemed to have been served:

10.3.1 if delivered, or faxed (unless notification is received by the sender that the fax has not been transmitted or received by the receiving terminal), at the time of delivery; and

10.3.2 if posted, at the expiration of 48 hours after the envelope containing the notice is put in the post.

10.4 A notice is to be treated as properly given if compliance is made with the provisions of section 196 of the Law of Property Act 1925 (as amended by the Recorded Delivery Service Act 1962).

10.5 A notice to be given under this Deed may be given by the relevant party's solicitors.

11. ANTI-BRIBERY AND ANTI-CORRUPTION

11.1 Each party shall:

11.1.1 comply with all Relevant Requirements; and

11.1.2 have and shall maintain in place throughout the term of this Deed, and enforce where appropriate, its own policies and procedures to comply with the Relevant Requirements, including but not limited to adequate procedures under the Bribery Act 2010.

11.2 For the purpose of this Clause 11, the meaning of adequate procedures shall be determined in accordance with section 7(2) of the Bribery Act 2010 (and any guidance issued under section 9 of that Act).

12. ENTIRE AGREEMENT

12.1 This Deed embodies and sets forth the entire agreement of the parties and supersedes all prior oral or written agreements, representations, warranties, understandings or arrangements relating to the subject matter of this Deed. None of the parties shall be entitled to rely on any agreement, representation, warranty understanding or arrangement which is not expressly set forth in this Deed.

13. SEVERABILITY

13.1 If any provision of this Deed or the application of such provision shall be held to be illegal or unenforceable the remainder of this Deed shall be unaffected thereby.

14. CHOICE OF LAW AND JURISDICTION

14.1 This Deed and any dispute or claim arising out of or in connection with it or its subject matter, existence, negotiation, validity, termination or enforceability (including, but not limited to, any non-contractual disputes or claims) shall be governed by and construed in all respects in accordance with English law. The parties hereby submit to the exclusive jurisdiction of the English courts.

15. COUNTERPARTS

15.1 This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

This Agreement is executed and delivered as a deed on the date first written above

SCHEDULE 1

The Costs

1. Subject to the terms of this Deed, the Costs comprise:

1.1 any costs, fees or expenses which NV is ordered to or otherwise obliged to pay to any Specified Third Party in the course of or as a result of any proceedings relating to the DCO and its implementation, including any costs, fees or expenses awarded by the High Court in any action for judicial review;

1.2 compensation for the acquisition of a Specified Third Party Interest, including the value of the land or rights, severance, injurious affection, disturbance and other matters not directly based on the value of land and as specified in Schedule 2;

1.3 compensation properly payable to a Specified Third Party Interest having the legal benefit of any rights or interests in the Order Land interfered with as a consequence of the exercise of compulsory purchase powers or vesting of land and/or rights in NV;

1.4 compensation for the acquisition of any other land which is acquired by NV following the service of a notice served pursuant to Section 8 of the Compulsory Purchase Act 1965, including the value of the land or rights, severance, injurious affection, disturbance and other matters not directly based on the value of land.

1.5 any advance payments made pursuant to Section 52 of the Land Compensation Act 1973 in respect of any interests referred to in paragraphs 1.2 - 1.4;

1.6 loss payments due pursuant to Part III of the Land Compensation Act 1973;

1.7 disturbance payments made pursuant to Section 37 of the Land Compensation Act 1973;

1.8 compensation pursuant to Section 20 of the Compulsory Purchase Act 1965;

1.9 stamp duty land tax and land registry fees arising out of the acquisition of any interest referred to in paragraphs 1.2-1.4 and the vesting of such interests in NV and stamp duty land tax thereon, if any;

1.10 any costs awarded to any Specified Third Party by the Lands Chamber of the Upper Tribunal;

1.11 any compensation to any Specified Third Party payable pursuant to section 8 of the Human Rights Act 1998;

2. The following provisions shall apply to the Costs:

2.1 Costs counted under one head shall not, to that extent, be counted under another;

2.2 Costs do not include any expenditure which has been incurred or ascertained otherwise than in accordance with the provisions of this Deed;

3. Costs may not be recovered under this Deed if they are capable of being recovered under any other form of agreement order or process.

SCHEDULE 2

Relevant Cause of Action

Part 1

Compulsory Acquisition Claims

A: Land Clauses Consolidation Act 1845

B: Land Compensation Act 1961

C: Compulsory Purchase Act 1965

D: Land Compensation Act 1973 (with the exception of Part 1)

The Relevant Valuation Date for the above Claims shall be determined in accordance with Section 5A of the Land Compensation Act 1961, save for claims under Section 10 of the Compulsory Purchase Act 1965 for which the Relevant Valuation Date shall be the date the right or covenant to which that Claim relates is first breached by NV or extinguished by statutory process.

Part 2

Part 1 Claims

E: Claims pursuant to Part 1 of the Land Compensation Act 1973 for depreciation caused by the use of public works on the Site.

The Relevant Valuation Date for claims under this Part shall be the Relevant Date.

Part 3

F: The Town & Country Planning Act Part 6, Chapter 2 & Schedule 13

The Relevant Valuation Date for such claims shall be the date of the service of a Blight Notice.

G: Human Rights Act 1998, Section 8

The Relevant Valuation Date for such claims shall be the date on which the relevant cause of action first arises.

SCHEDULE 3

THE SPECIFIED THIRD PARTIES

The Specified Third Parties are:

1. In relation to a Relevant Cause of Action listed under Part 1 of Schedule 2 the person who has a Claim as a result of their being a Qualifying Person as defined in Section 12 of the Acquisition of Land Act 1981 and holding an interest in the Order Land on the Relevant Valuation Date; or (in relation to a Claim under Section 10 of the Compulsory Purchase Act 1965) held a right that was extinguished or interfered with on the Relevant Date.

2. In relation to a Relevant Cause of Action under Part 2 of Schedule 2 the person who on the Relevant Date held a Qualifying Interest and also meeting the requirements of a valid claim under Part 1 of the Land Compensation Act 1973.

3. In relation to a Relevant Cause of Action made under Part 3 of Schedule 2 a person holding a Qualifying Interest and satisfying the requirements of a “qualifying interest” pursuant to Section 149(2) of the 1990 Act on the date the blight notice to which the Claim refers was served.

Executed as a Deed by	……………………………………………
Norfolk Vanguard Limited	Director
acting by a director	
	……………………………………………
	Witness

Executed as a Deed by	……………………………………………
Vattenfall Wind Power Limited	Director
acting by a director	
	……………………………………………
	Witness

This page is intentionally blank.