XLINKS MOROCCO-UK POWER PROJECT

Funding Statement

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Contents

Glossary

Term	Meaning
Development Consent Order (DCO)	An order made under the Planning Act 2008, as amended, granting development consent.
HVDC Cables	The High Voltage Direct Current cables which would bring electricity to the UK converter stations from the Moroccan converter stations.
Planning Inspectorate (PINS)	The agency responsible for operating the planning process for applications for development consent under the Planning Act 2008.
Proposed Development	The element of the Xlinks Morocco-UK Power Project within the UK. The Proposed Development covers all the works required to construct and operate the offshore cables (from the UK Exclusive Economic Zone to Landfall), Landfall, onshore Direct Current and Alternating Current cables, converter stations, and road upgrade works.
Senior Debt	A type of loan that takes priority over other forms of debt and is secured by the company's assets and therefore, considered less risky for lenders compared to subordinated or junior debt.
Xlinks Morocco-UK Power Project	The overall scheme from Morocco to the national grid, including all onshore and offshore elements of the transmission network and the generation site in Morocco (referred to as the 'Project').

Acronyms

Acronym	Meaning
AC	Alternating Current
DC	Direct Current
dDCO	Draft Development Consent Order
DFI	Development Finance Institutions
ECA	Export Credit Agency
EEZ	Exclusive Economic Zone
EIA	Environmental Impact Assessment
ES	Environmental Statement
ESG	Environmental and Social Governance
EU	European Union
EUR	Euros
GB	Great Britain
GBP	Great British Pounds
MAD	Moroccan Dirhams
MDB	Multilateral Development Bank
NGET	National Grid Electricity Transmission
SPV	Special Purpose Vehicle
TW	Territorial Waters
USD	United States Dollars

Units

Units	Meaning
kV	Kilovolt
GW	Gigawatt
GWh	Gigawatt hour
km	Kilometre
km^2	Square kilometre

1 INTRODUCTION

1.1 Overview

1.1.1 This document has been produced to support the DCO (Development Consent Order) application for the UK elements of Xlink's Morocco-UK Power Project (referred to as the 'Proposed Development'). This includes the offshore elements within the UK Exclusive Economic Zone (EEZ) and the onshore elements within the administrative area of Torridge District Council (and Devon County Council at the County level).

1.1.2 The Proposed Development forms part of a wider scheme extending from Morocco to the national grid in Great Britain, including all onshore and offshore elements of the transmission network and the generation site in Morocco (referred to as the 'Project') (see **Plate 1.1**). The Project would be an electricity generation facility entirely powered by solar and wind energy combined with a battery storage facility. Located in Morocco's renewable energy rich region of Guelmim Oued Noun, the Applicant proposes to install 11.5 Gigawatts peak (GWp) generation capacity that would cover an approximate area of 1,500 km^2 and would be connected exclusively to the UK via High Voltage Direct Current (HVDC) sub-sea cables. The Project would include an offshore route of approximately 4,000 km, which would run through Moroccan, Spanish, Portuguese, and French Waters before arriving within the UK Exclusive Economic Zone (EEZ).

1.1.3 The Project proposes to facilitate the import of up to 3.6 Gigawatts (GW) of low carbon electricity into the national grid. Once complete, the Project would be capable of supplying approximately 8 percent[1] (%) of Great Britain's annual electricity needs. This would help enable the UK to diversify its energy supply, increase energy resilience and help support local and national carbon emission reduction targets. Together with the generation infrastructure located in Morocco, it would provide a reliable supply of electricity that seeks to help address the needs of the UK power market, especially during periods of low offshore wind production around the UK. It would also help the UK to meet carbon reduction commitments, by increasing the proportion of electricity supplied by renewable sources.

1.1.4 The Project proposes to use Direct Current (DC) cable infrastructure for the long-distance transmission of electricity as the technology offers significant advantages in comparison with the use of equivalent Alternating Current (AC) systems. HVDC transmission systems provide increased reliability and efficiency when transmitting a significant load of electricity across long distances, as the systems are less susceptible to transmission losses of power compared with equivalent AC systems. Whilst the use of DC systems brings significant benefits, it requires the construction of converter stations at either end of the system to convert from AC to DC at the generation point and then from DC to AC for connection to the national grid.

1.1.5 An overview of the Project is illustrated in **Plate 1.1**. It comprises the generation assets (e.g. solar array, wind turbine array and battery storage), an offshore route for the HVDC sub-sea cable circuits of approximately 4,000 km, together with

[1] Annual Demand in 2023 was 284.6Wh (NESO FES 2024, Table ED1) and the Project would deliver 3.6GW x 24hrs x 365 days x 77% (24.3TWh) = 8.5% of annual system demand.

shorter lengths of onshore electricity transmission routes between proposed converter stations at each end.

1.1.6 The Project includes the following works which are outside of the UK and therefore do not form the Proposed Development for which a Development Consent Order (DCO) is sought, or as presented in the ES. Works outside of the UK include:

- In the Territorial Waters (TW) and EEZ of Morocco, Portugal, Spain, and France[2]
- Cable route of approximately 3,600 km buried in the seabed or laid on the seabed with protection.
- In Morocco (onshore):
  - Generation assets comprising approximately 7.5 GWp solar photovoltaic array, 4 GWp wind turbine array and 22.5 GWh battery storage. In combination and taking into account losses associated with generation plant and transmission, generating 3.6 GW of power for the UK.
- AC cables connecting the generation assets to the converter stations.
- Converter stations to change electricity from AC to DC.

1.1.7 Onshore high voltage DC cables from the converter stations to the western coast of Morocco.

1.1.8 Transition Joint Bays to connect the onshore cables to the subsea cables.

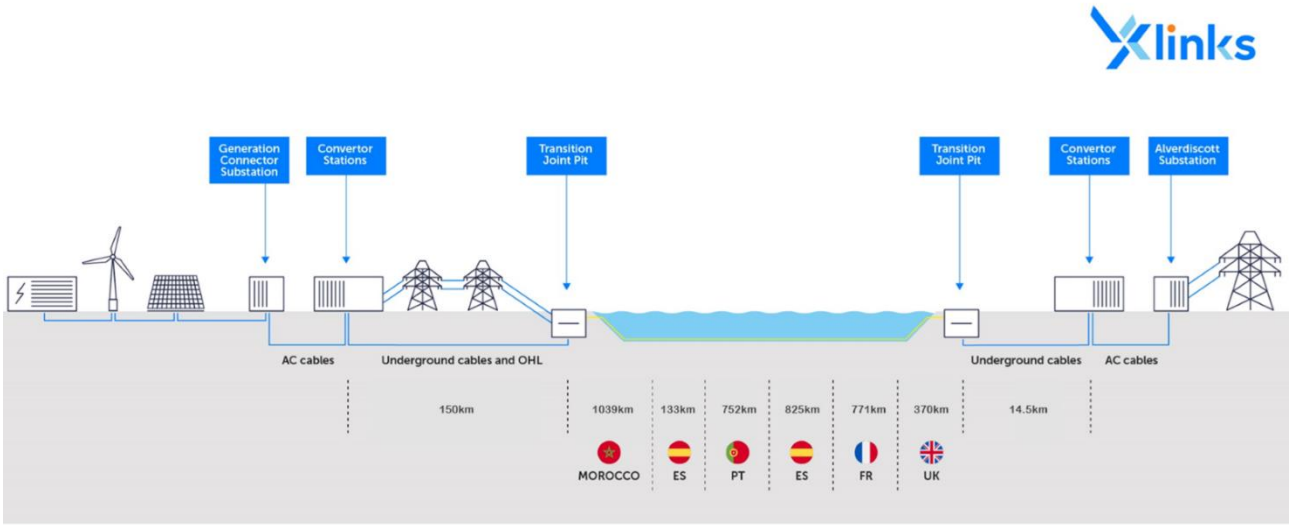

Plate 1.1: Overview of the Xlinks Morocco-UK Power Project

[2] Whilst the Project is routed through the Territorial Waters and Exclusive Economic Zones of Morocco, Portugal, Spain, and France, it would not connect to the Moroccan, French, Portuguese, or Spanish grids.

1.2 Purpose and Structure of this Document

1.2.1 This Funding Statement has been produced to demonstrate that funding will not be an impediment to the delivery of the Proposed Development, or indeed the broader Project, as sufficient funding will be in place at all relevant stages.

1.2.2 The contents of this document demonstrate that adequate funding is likely to be in place to ensure the Compulsory Acquisition powers can be exercised within the statutory time period, and the potential exposure for blight has been considered by the Applicant.

1.2.3 This Funding Statement is required because powers of Compulsory Acquisition have been included in the Draft Development Consent Order (dDCO) (document reference: 3.1) for the Proposed Development and may be relied upon by the wider Project.

1.2.4 This Funding Statement is one of a number of documents, and should be read in conjunction with, inter alia, the Statement of Reasons (document reference: 4.1) which justifies the use of Compulsory Acquisition powers. The Guide to the Application (reference: document reference: 1.2) sets out these other documents.

1.2.5 The structure of the Funding Statement is as follows:

- **Section 1 – Introduction** provides context relevant to this document and explains its purpose
- **Section 2 - Corporate Structure** outlines how the Applicant fits within the broader corporate structure through which funding will be obtained
- **Section 3 - Project Costs** summarises key Project costs
- **Section 4 - Project Funding** explains the high-level funding strategy
- **Section 5 - Funding Claims for Compensation** outlines how compensation will be funded in relation of claims arising in relation to the DCO
- **Section 6 – Conclusion** summarises the key point in relation to the purpose of this document

2 CORPORATE STRUCTURE

2.1 Corporate structure

2.1.1 Xlinks 1 Limited (the Applicant) is a limited liability company incorporated in England with company number 13481017 and registered office at Kingfisher House, Woodbrook Crescent, Billericay, Essex, United Kingdom, CM12 0EQ.

2.1.2 The Applicant is a wholly owned subsidiary of Xlinks First Limited (XLF). XLF is a limited liability company incorporated in England with company number 13604828 and registered office at Kingfisher House, Woodbrook Crescent, Billericay, Essex, United Kingdom, CM12 0EQ.

2.1.3 The Applicant will be the lead project company with all other project companies/Special Purpose Vehicles (SPVs) as subsidiaries, and the primary decision-making entity for the Project.

2.1.4 The project companies are envisaged to include the Applicant, a SPV in Morocco and, if required, a SPV or branch in one or more of the transit countries in the European Union (EU).

2.1.5 Information relating to existing investors can be found in section 4.2 below. In addition to being the Project developer, Xlinks Limited is also an investor in the Project.

2.1.6 Investments into the Project will be structured to meet the relevant regulatory requirements as well as that of investors and lenders to the Project.

2.2 Management team and advisors

2.2.1 The Project is developed by an experienced team with extensive experience and expertise in the development, financing and construction of industry-leading renewable power and HVDC interconnectors projects both in the UK and Morocco.

2.2.2 This Funding Statement has been produced with the support of JP Morgan and Société Générale, who have been appointed as joint financial advisors (Advisor Banks), and the approach to funding has been validated through a successful market sounding process that has introduced the Project to a wide range of potential financiers.

3 PROPOSED DEVELOPMENT'S COST

3.1 Indicative budget estimates

3.1.1 The current Proposed Development's cost estimate as of October 2024 has been put together by the Applicant and its consultants based on benchmarking and recent pricing received during the ongoing procurement and engagement with contractors and suppliers. The cost estimate will be kept up to date, for example by including evolving market prices.

Description	Estimate (£ bn)
Capital expenditure in the UK attributable to the Proposed Development	
Capital expenditure for cables & converters, including installation, protection and civils works	2.6
Owners' costs including G&A, insurance, advisors etc	0.5
Cost of securing land, interests, rights and payments of compensation	0.017
Total Capex	**3.2**

Table 1: Estimated capital costs of the Proposed Development

3.1.2 Cost estimates are projected on a nominal basis and include allowances for inflation and fluctuations in commodity prices and exchange rates.

3.1.3 An estimate of costs related to land acquisition and compensation in the UK has been included in the Capex budget above and is estimated to be £17m including contingency. Costs associated with claim arising from statutory blight claims have been estimated to be £2.3m (less than 2% of the development budget) of the £17m total (less than 0.1% of the construction budget).

3.1.4 The capital costs for the Proposed Development form part of the estimated £22-24bn capex for the Project.

3.1.5 The Project will be funded via a single financing package so the remainder of this funding statement will consider the Project funding which includes funding for the Proposed Development.

4 PROJECT FUNDING

4.1 General

4.1.1 The Project would be project financed through a mixture of equity and debt.

4.1.2 The first objective of the financing strategy for the Project is to provide full funding commitments from both debt and equity investors prior to commencing construction.

4.1.3 The second objective of the financing strategy seeks to minimise the overall cost of funding supporting value for money on the cost of the delivered energy from this capital-intensive project.

4.1.4 The financing strategy is designed to enable timely project completion, sufficient flexibility to address delays and other completion risks, and to support the energy supply security throughout the operating term of the asset.

4.1.5 The Project is currently in discussions with multiple potential project equity and project finance debt providers, has identified a wide range of potential liquidity sources and is considering the advantages and disadvantages of each.

4.2 CfD

4.2.1 As is common practice with other low-carbon generation projects in the UK seeking project finance, it is anticipated that a Contract for Difference (CfD) will be in place to provide revenue security.

4.2.2 The Applicant is currently in discussions with the UK government in relation to a bilaterally agreed CfD.

4.2.3 While the details of discussions between the UK government and the Applicant remain confidential, publicly available information confirms that in November 2023 DESNZ had begun developing an Outline Business Case in line with the Treasury's Green Book Process[3].

4.2.4 The next stage in the Treasuries Green Book Process would be the Full Business Case, and it is currently anticipated that the outcome of this would not result in the signing of a CfD without the Applicant being able to demonstrate that the necessary UK consents (i.e the DCO) have been secured.

4.3 Development investors

4.3.1 The Project has received development investment from a number of leading industry participants including TAQA, TotalEnergies, Octopus Energy, GE Vernova and the Africa Finance Corporation, amongst others. A short summary of these investors is provided below:

- TAQA is the national utility of Abu Dhabi (listed on the Abu Dhabi Securities Exchange (ADX)). It owns and operates 90,000 km of power and 21,000 km of water transmission and distribution infrastructure in the Emirate of Abu Dhabi

[3] Whilst not necessary for the purposes of understanding this document, for further background publicly available confirmation of this can be found in parliamentary response to a written question: https://questions-statements.parliament.uk/written-questions/detail/2023-11-07/192

with regulated asset value exceeding $21bn. The Company also owns c. 30 GW of electricity generation capacity, c. 5 million cubic meters per day of desalination capacity and oil and gas fields with average daily production of 124,000 barrels. TAQA is also the largest electricity generator in Morocco - delivering approximately 40% of Morocco's electricity requirement.

- TotalEnergies, a global energy company that produces and markets oil and biofuels, natural gas and green gases, renewables, and electricity. They are a leading player globally, active in 130 countries with revenues of over $280bn. TotalEnergies is committed to investing in low-carbon technologies, having invested $4bn in low-carbon energies in 2022 and pledged that 1/3 of future investments will be made in low-carbon energies.
- Africa Finance Corporation (AFC), a supra-national organisation focused on investing in high-quality infrastructure assets that provide essential services in the core infrastructure sectors of power, natural resources, heavy industry, transport, and telecommunications in Africa (www.africafc.org). AFC has 43 member countries and has invested US$13 billion since its inception in 2007.
- Octopus Energy, an energy supplier powering homes in the UK, Germany, the USA, Japan, Spain, Italy, France and New Zealand and one of Europe's largest investors in renewables, operating ¬£8bn worth of renewable energy assets and 8 million customers in 27 countries.
- GE Vernova, (NYSE: GEV) is a purpose-built global energy company that includes Power, Wind, and Electrification segments, with more than 80,000 employees across 100+ countries around the world. GEV has deployed sizeable capital into energy projects globally through development financing, direct equity investments, and capital raising from private and public financial institutions.

4.3.2 The investors listed above bring with them significant technical expertise and project development experience along with their strong balance sheets and access to funding.

4.3.3 These investors are expected to support the Project through construction and into operation. To date, TAQA has invested £25m, TotalEnergies £20m, Octopus Energy £5m, GE Vernova £10m, and Africa Finance Corporation $14.1m.

4.4 Equity investors

4.4.1 The Project expects that the opportunity to invest in equity of a project of this scale and transformational nature will be attractive to a broad range of investor types and, in particular, those who need to demonstrate increased investment in low carbon, energy transition and other environmental, social and governance-related projects.

4.4.2 The Project has held discussions with a significant number of leading project equity investors, who have expressed an interest in the Project and remain engaged in the process, including:

- Large energy and other industrial companies;
- International utility companies
- Sovereign wealth funds;

- Infrastructure funds;
- Pension funds and insurance companies;
- Private equity funds; and
- Energy transition funds.

4.5 Project Equity

4.5.1 It is anticipated that equity capital of approximately £10 billion will be raised from existing investors in the Project and new investors, including Octopus, TAQA, TotalEnergies, GE Vernova and AFC who are expected to support the project through construction and into operation.

4.5.2 In the exercise of identifying investors to invest in the development stage Xlinks has had conversations with a number of parties who have expressed potential interest in investing in the Project at a later-stage, i.e. at financial close, conversations will be progressed with these parties along with others.

4.5.3 In selecting additional project equity investment partners, priority will be given to both UK and Moroccan institutional and corporate Investors, a number of which have been identified and initial discussions occurred.

4.5.4 The Project equity is anticipated to be provided via a combination of equity share capital and shareholder loans, reflecting the standard structure used for large infrastructure projects. Equity bridge loans may also be considered for certain investors, where appropriate in the context of the wider financing arrangements.

4.5.5 It is not anticipated that any single investor will have majority control over the Project. However, all the Project equity investors will have voting rights in the Project, including the right to vote on inter alia the appointment of directors and shareholder reserved matters. All investors will be subject to due diligence and Know Your Customer requirements as part of the investment process.

4.6 Debt providers

4.6.1 The range of debt providers for such projects is broad and deep and includes (i) commercial bank lenders including many with specialised project finance teams (ii) institutional investors such as specialist debt providers and credit funds, and (iii) other institutional lenders such ECAs and development finance providers.

4.6.2 Leading debt providers who have expressed a strong interest in the Project and are engaged in the process include:

- Export Credit Agencies (ECAs);
- International development finance institutions (seeking to support renewable power generation in Morocco);
- Commercial and investment banks;
- Sovereign wealth funds;
- Pension funds and insurance companies; and
- Specialist project debt providers and credit funds.

4.6.3 The specific interest from individual categories of debt providers are discussed in further details in section 4.9 below.

4.7 Financing structure

4.7.1 The financing strategy envisaged is the creation of a single credit entity encompassing all of the project SPVs, such that all lenders are in principle enjoying equal rights to potential future enforcement proceeds across the Project assets and cashflows.

4.7.2 The funding requirement is anticipated to be met by (1) Senior Debt, (2) mezzanine debt, if required and (3) shareholder loans and equity investments.

4.8 Green loan strategy

4.8.1 Given the green credentials of the Project as a major provider of renewable electricity, it is expected that the Project will receive substantial interest from the green finance market which aims to facility and support environmentally sustainable economic activity. Based on the planned deployment of renewable energy technology and the work underway to effectively mitigate the Environmental and Social risks relevant to the Project, the project financing is expected to be eligible for marketing under a 'Green Loan' label[4].

4.8.2 A green loan is a loan that is made available to exclusively finance eligible green projects. This is identified through the use of the Green Loan Label which is a set of standards for green loans, established by leading financial institutions, that the Project is expected to be able to demonstrate.

4.8.3 The rationale for marketing debt under a 'Green Loan' label is to maximise access to liquidity and thereby allow the Project to optimise the terms of the financing raised e.g. through reducing the cost or improving the terms and conditions to facilitate successful delivery and operation

4.8.4 This approach taps into increased bank demand for exposure to green lending opportunities as banks seek to meet their own 'balance sheet decarbonisation' targets. For example, JPMorganChase has established a '$2.5 trillion by 2030' sustainable financing commitment, and many other lending institutions have established similar targets. In addition, data platforms such as Bloomberg have started tracking banks' "Green" vs "Brown" lending and underwriting ratios, and this is increasingly a competitive driver for banks who want to maintain and improve this 'Green Finance ratio' to position more effectively with clients who are focused on sustainable energy transition.

4.8.5 To facilitate access to the 'green finance market', the Project would:

- develop a Green Financing Framework with the assistance of Advisor Banks;
- commission a 'Second Party Opinion' on the Green Financing Framework, as recommended by the relevant market standards; and
- build in an additional Scope of Work into the Lenders Environmental and Social Advisor contract to reflect the green label requirements, and ensure that

[4] Based on demonstrated alignment with current Green Finance Market standards including the European Union Taxonomy of Sustainable Activities, and the Loan Market Association's (LMA/APLMA/LSTA) 'Green Loan Principles'

Project procurement activities also reflect the intention to present the financing under a green label.

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4.9 Senior Debt

4.9.1 Based on our financial modelling, it is anticipated Senior Debt will comprise of around 65% to 70% of the total funding requirement and will be split between multiple instruments designed for specific investor pools with security shared between tranches (pro-rated to commitments and structured to mitigate incompatibilities between tranches), in particular:

- ECA finance;
- international development finance;
- commercial bank loans;
- private institutional debt; and
- Islamic finance.

Export credit agencies

4.9.2 The Project anticipates being able to attract a significant portion of the total Senior Debt funding required from export credit agency financing and/or guarantees linked to the supply of key equipment such as HVDC cables, converters, amongst others.

4.9.3 The specific funding packages will be developed as the procurement of the various scope elements are identified.

4.9.4 International commercial banks typically have substantial appetite for “covered” (or ECA-guaranteed) facilities, and blending with “uncovered” facilities is usual in order to bring down the overall cost of such financing, as well as increasing overall liquidity available.

International Development Finance and Multilateral Development Banks

4.9.5 The Project is expected to bring significant benefits to Morocco, particularly in contributing to maximising economical value and net positive resource impact. The Project’s strong green energy transition credentials and sustainable development impact on Morocco sit within the key strategic mandates of leading Development Finance Institutions (DFIs).

4.9.6 Multilateral Development Banks (MDBs) and DFIs are specialized organizations that fund public and/or private sector entities and development projects in low and middle-income countries, typically through lending, guarantees and other financing instruments. They currently have a mandate to do more in climate, local currency financing and the mobilization of private capital – in certain cases, they may be able to credit-enhance deals.

4.9.7 The Project has already been approached by two international DFIs as early as 2023 and has, with the support of the Advisor Banks, embarked on a further round of initial discussions with additional DFIs and MDBs with mandates for providing funding in Morocco, which has been met positively by the agencies involved.

4.9.8 In support of further engagement with the DFIs, the specialist teams within the Advisor Banks are helping to develop and articulate the Sustainable Development Impact of the Project for Morocco as well as the Project’s compliance with both

international frameworks and standards including the IFC performance standards and Equator Principles as well as alignment with the EU Taxonomy.

4.9.9 Key considerations in relation to DFIs/MDBs include inter alia:

- highlighting the development impact for Morocco will be key, given MDBs/DFIs core mandate is the development of emerging and developing economies;
- integration of Environmental, Social and Governance risk and impact throughout project construction and operation; and
- processes are longer due to the nature of the institutions and high-profile sustainability requirements.

Commercial Bank Loans

4.9.10 In addition to the “covered” facilities referenced above, given the exposure to renewable power generation in Morocco, the UK power market and the revenue certainty provided by the Contract for Difference (CfD), significant appetite is expected from international lenders across the globe, but with a specific focus on UK, French, German and Japanese commercial banks as well as the local Moroccan debt market for "uncovered" senior bank loans structured either as floating-rate amortising term facilities or floating-rate soft mini-perms, in both cases with underlying tenors to match the ECA “covered” facilities.

Private Institutional Debt

4.9.11 International pensions funds and insurance companies have appetite for long-dated fixed-rate inflation-linked amortising debt for liability matching purposes. This debt could either be structured as a separate tranche alongside the commercial bank loan tranche above or as a longer-dated instrument tied to the offshore cable assets with interest and principal covered by either an internal concession or lease arrangement between the Applicant and the offshore cable SPVs.

4.9.12 Whilst there is significant potential liquidity in the senior investor market, there are challenges to mobilising such pockets of liquidity including the greenfield nature and complexity of the project as well as the long construction and drawdown period. Xlinks and the Advisor Banks intend to engage a select number of key institutional investors during early 2025 to investigate the appetite of such investors to participate in the Project both pre and post completion.

Islamic Finance

4.9.13 Given the Project’s exposure to Morocco and the high proportion of tangible and moveable assets, it is anticipated that eligible Islamic (or shariah compliant) lenders will have appetite for a proportion of the total Senior Debt finance.

4.9.14 In current market conditions this finance would typically be structured with a tenor of up to 10 years to attract deep pools of liquidity in this sector, with a single repayment funded by a wider Project refinancing, further issuances of Islamic finance, or through ratchets and cash sweeps incentivising refinancing.

4.9.15 Islamic lenders are comfortable with, and indeed have appetite for, renewable projects, and can provide a substantial source of liquidity. In addition, Islamic lenders can have a preference for moveable components, including batteries and panels, where these can be specifically identified within a wider asset pool.

4.9.16 Islamic financing, as typically applied to energy projects, commonly has a separate construction component (istisna or wakala) which then converts to a

lease (ijara) over the remaining term. The murabaha format is also expected to be applicable for most shariah-compliant lenders.

4.9.17 A substantial pool of additional liquidity post-commercial operations date is also expected to be available via the Islamic bond (sukuk) market.

4.10 Mezzanine or HoldCo Debt

4.10.1 If required, it is anticipated subordinated debt of up to £3bn will be raised from specialist project debt providers and infrastructure credit funds either as subordinated mezzanine or structurally subordinated debt at the holding company.

5 FUNDING CLAIMS FOR COMPENSATION

5.1.1 The cost estimate (£17m) of securing land, interests, rights and payments of compensation is reflective of the power of compulsory acquisition outlined in the dDCO.

5.1.2 The land and rights that are being sought are outlined in detail within the Book of Reference (Document Reference: 4.3) and are broadly summarised as:

- Acquisition of all freehold interest over land required for the construction and environmental mitigation of Converter Site and associated infrastructure at the Old Webbery Showground.
- Rights for the installation, operation, and maintenance of 12 HVAC cables between the converter stations and the National Grid Electricity Transmission (NGET) 400kV Alverdiscott substation.
- Rights for the installation, operation, and maintenance of 4 underground HVDC cables and associated infrastructure between the converter stations and the landfall location.
- Rights for the installation, operation, and maintenance of 4 subsea HVDC cables and associated infrastructure between the landfall location and the edge of the UK EEZ, although it is noted that these are not subject to compulsory acquisition powers.
- Acquisition of freehold land required for widening roads to facilitate the operational phase of the Proposed Development.
- Rights for the diversions of existing utility connections away from the proposed converter station site
- Temporary use of land associated with all construction and initial maintenance works including construction compounds necessary to facilitate the construction phase of the Proposed Development.
- Interference with and extinguishment of restrictive covenants and other rights
- Other rights and restrictive covenants to facilitate the Proposed Development

5.1.3 The current status of negotiations with the landowners is set out in Statement of Reasons (document reference: 4.1).

5.1.4 These costs will only be incurred once the Proposed Development progresses to the construction phase, and forms a small portion of the overall Project cost. Therefore, should additional claims for compensation be made in relation to the application, the applicant will have sufficient funds to meet these costs.

6 CONCLUSION

6.1.1 The Applicant has identified costs that may arise as a result of submitting the DCO application, and which will become due at various times following the submission of the application. Resource implications of a possible acquisition resulting from a blight notice following the submission of the DCO applications have been identified.

6.1.2 Further costs, which will be incurred during the construction period of the Project and the Applicant must demonstrate adequate funding is likely to be available prior to a DCO being secured, have also been estimated and form part of the overall construction phase budget which will be funded in the various ways as set out in the Funding Statement following the award of the DCO.

6.1.3 Section 4 of this Funding Statement outlined the sources of financing that is available and intended for both the development and construction phase of the project and the progress we have made to date.

6.1.4 The resource implications and the associated costs that may arise during the development phase (e.g. compensation payment relating to blight) is a small part (less than 2%) of our overall development expenditure.

6.1.5 The applicant is well funded and backed by a number of strategic Development Investors (4.3) with strong balance sheets and proven track record of investing in infrastructure projects.

6.1.6 The resource implications and the associated costs (e.g. land acquisition and compensation costs) that will arise during all phases of the Project is included in the Project's budget, and forms less than 0.1% of the capex budget for the Project. Through provisions of our Shareholders Agreement, existing Development Investors have a mechanism to commit to additional equity investments during the construction phase.

6.1.7 J.P. Morgan and Societe Generale were appointed as debt co-advisors in Q1 2024 and, based on a combination of internal analysis and a recent market engagement, have confirmed confidence that the project is well positioned to secure the required financing subject to satisfactory finalisation of procurement and diligence workstreams.