

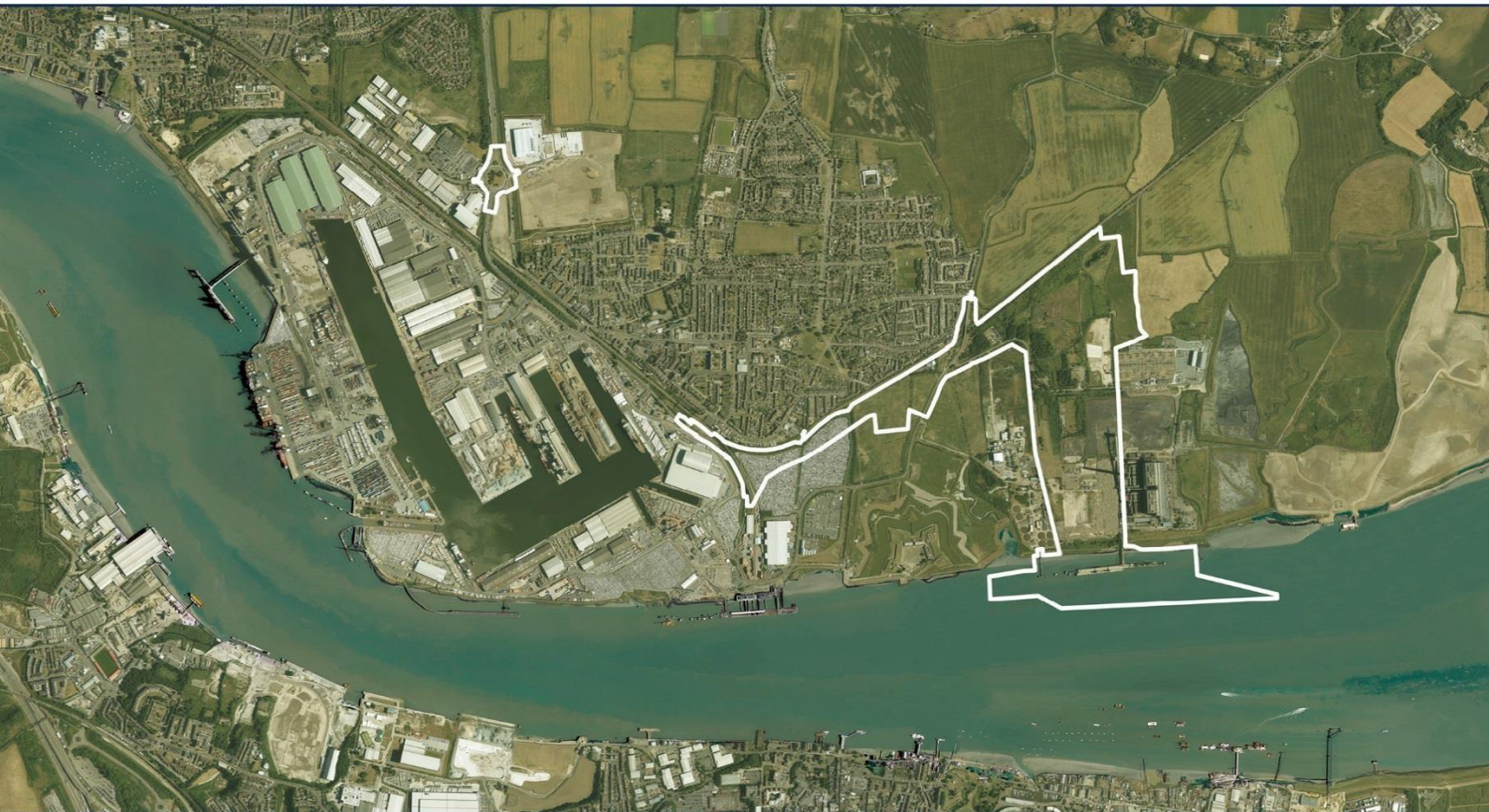
PROPOSED PORT TERMINAL AT FORMER TILBURY
POWER STATION

TILBURY2

TR030003

LETTER FROM FORTH PORTS' DIRECTOR OF FINANCE IN
RELATION TO RINGFENCING OF COMPULSORY
ACQUISITION FUNDING

TILBURY2 DOCUMENT REF: P0TLL/T2/EX/90



FORTH PORTS LIMITED



1 PRINCE OF WALES DOCK, EDINBURGH. EH6 7DX
Telephone 0131 555 8700 Facsimile 0131 553 7462

Our ref. PoTLL/T2/EX/90
Your ref.

26 April 2018

The Examining Authority
The Planning Inspectorate
National Infrastructure
Temple Quay House
Temple Quay
Bristol
BS1 6PN

Dear Sirs,

TILBURY 2 - FUNDING POSITION

As outlined in the Funding Statement, Port of Tilbury London Limited is a wholly owned subsidiary of Forth Ports Limited. These are well established and substantial companies in their own right. They were both incorporated as companies in 1991 at the time of the transfer schemes made under the Ports Act 1991 but of course the underlying port undertakings existed well before then. In the case of Tilbury it was part of the Port of London Authority and in the case of Forth Ports Limited it was the Forth Ports Authority now in its 50th year.

The Forth Ports Group generates substantial revenue from its statutory and commercial activities and is adequately funded to meet the costs of compulsory acquisition should this be required. The Group is funded primarily by its two institutional shareholders, through a mix of equity and shareholder loans, and external debt. The Group has benefited from over £840,000,000 of capital raised through the issue of shares and equity based facilities. This demonstrates the confidence of funders.

The Group has also benefitted from the receipt of borrowings secured over its shares from institutional lenders. It has in place the usual sources of funding for a project of this nature, including debt facilities, with committed facilities in place of £650,000,000, of which £59,000,000 is undrawn which includes debt financing to meet the construction and other related costs for the Tilbury 2 Project. This is in addition to the annual cash generation of over £60m. These facilities are already in place and available for draw down as required. These debt facilities are a mix of lending from UK banks (£320m term loan and revolving facility) and Institutional lenders (£330m loan notes secured for between 10 and 18 years).

Port of Tilbury London Limited will continue to be funded by intra-company arrangements with Forth or other members of the Forth Ports Group to ensure that there is adequate financial resources to meet the costs of the development including any compulsory acquisition liabilities.

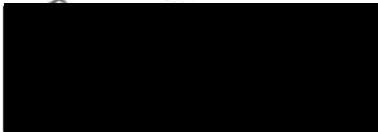
The Group and its directors manage the business so that adequate financial resources are maintained to meet obligations as they fall due. The finances of the business are tightly managed by the directors through internal control procedures, budgeting and planning systems. Funds allocated to meet the liability of compulsory acquisition will be managed and maintained as with other such liabilities so that the funds are available to meet the liabilities when they fall due.

26 April 2018

Company Law requires Directors to prepare financial statements which give a true and fair view of the state of affairs of the company, which includes transactions arising which result in the recognition of future liabilities. Therefore, an accrual will be recognised for the potential CPO obligations at the time these powers are granted. This liability cannot be released until the obligations are extinguished. Additionally, International Accounting Standard 1 requires that the Directors make an assessment of going concern in preparing the financial statements which takes into account an assessment of how the company intends to meet its liabilities for a period of at least 12 months from the date of approval of the accounts.

If compulsory acquisition powers are included in the DCO, then the sum required to meet the related obligations will be accrued for in the accounts of Port of Tilbury London Limited and will only be released once those powers have been exercised and all resulting compensation payments made, or in the event that the interests in and rights over the land concerned are acquired by Port of Tilbury London Limited without having to use those powers.

Yours faithfully,

A large black rectangular redaction box covering the signature of Carole Cran.

Carole Cran
CHIEF FINANCIAL OFFICER