



## Investor Report for the period from 1 July to 31 December 2014

To: Security Trustee, Eversholt Funding plc (Finco), Bond Trustee and each Rating Agency

From: Security Group Agent

25 February 2015

### General Overview

This overview deals with key announcements and developments since the issue of the previous Investor Report and is issued by Eversholt Rail (UK) Limited on behalf of the Security Group of Eversholt Investment Limited.

### **Franchising**

The key announcements and events for this period are:

- In October, Transport Scotland (TS) awarded the 10-year ScotRail franchise to Abellio and new operations will commence on the 1 April 2015.
- In November, Department for Transport (DfT) awarded an eight-year contract to operate the Inter-City East Coast franchise to Inter City Railways, a joint venture of Stagecoach (90%) and Virgin (10%). The contract will run from 1 March 2015 to 31 March 2023 and covers the operation of services from London King's Cross to Leeds, Newcastle, Edinburgh, Aberdeen and Inverness.
- DfT also launched the TransPennine Express (TPE), Northern and East Anglia refranchising competitions. TPE and Northern bids are due to be submitted during Q2 2015. Eversholt Rail is currently in discussion with bidders, DfT, TS, and Transport for London with regard to all of these franchises. We also engaged with incumbent Train Operating Companies in respect of potential directly-awarded extensions of the East Midlands and Great Western franchises.

### Business Update

#### **Debt management**

Eversholt Rail's bonds are rated by Fitch and S&P and the ratings remain unchanged at the year end at A- and BBB respectively. Eversholt Rail expects to maintain credit metrics commensurate with these ratings in 2015.

## **Lease Extensions**

In June, Eversholt Rail signed an Single Tender Action (STA) lease extension with Abellio Greater Anglia to keep our fleets of 61 Class 315s and 94 Class 321s on lease until October 2016.

In October, Eversholt Rail signed an STA lease extension with London South Eastern Railway to keep our fleets of 112 Class 375s, 36 Class 376s, 29 Class 395s and 97 Class 465s on lease until June 2018.

## **Financing**

In November 2014, Eversholt Rail successfully negotiated a one-year extension to its existing Revolving Credit facility ('RCF'). The RCF is now due to mature in 2019. In addition, the business also negotiated improved terms and conditions on this facility.

## **Supplier Contracts**

Currently, Eversholt Rail has substantial rolling stock maintenance contracts in place with most of the key suppliers, including; Wabtec, Bombardier, Alstom, Hitachi, and Siemens.

## **Fleet Utilisation**

100% of passenger fleet was on lease during the period.

## **Historic Business Developments**

Since the date of the last report there has been one change to the directorships of Eversholt Rail Group companies during the period of this report. David Stickland has joined the Group as Chief Financial Officer and was appointed a director of each of the company listed below, on the following dates:

Eversholt Rail (UK) Ltd	12 November 2014
Eversholt Finance Holdings Ltd	12 November2014
Eversholt Funding plc	12 November2014
Eversholt Rail Holdings (UK) Ltd	12 November2014
European Rail Finance (GB) Ltd	10 November2014
Eversholt Rail (380) Ltd	12 November2014
Eversholt Depot Finance (UK) Ltd	12 November2014
Eversholt Rail (365) Ltd	12 November2014

## **Historic Regulatory Developments**

No member of the Group is regulated.

## **Historic Capital Expenditure**

The Group has not entered into any contracts for acquisition of any new rolling stock during the period of this report but continues to invest in enhancing its existing fleet during the course of the relevant period. The total capital investment for the Obligor Group in the period across all assets was £9m.

## **Historic Financing**

In the period the business made no net movements on its £500m revolving credit facility, leaving £465m undrawn as at 31 December 2014.

Senior debt outstanding (excluding accrued interest) as at 31 December 2014 is now as follows:

<u>Current Facilities</u>	<u>£m</u>
Facility A 5 year term loan	100
Facility B 5+1 year revolving credit facility	35
Bond A 10 years	300
Bond B 15 years	400
Bond C 24 years (amortising)	400
Bond D 24 years (amortising)	150
Total	<u>1,385</u>

## **Confirmation of Accuracy**

We confirm that to the best of our knowledge, having made due and careful enquiry, this Investor Report is accurate in all material respects.

No personal liability shall attach to or be incurred by any director of the Security Group Agent in respect of the giving of this Investor Report.



Director  
Eversholt Rail (UK) Ltd  
Security Group Agent



Director  
Eversholt Rail (UK) Ltd  
Security Group Agent

