



Investor Report

for the period from 1 July 2024 to 31 December 2024 (“the Period”)

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

From: Eversholt Rail Limited (as Security Group Agent)

17 April 2025

This Investor Report details the key announcements and developments since the issue of the previous Investor Report and is issued by Eversholt Rail Limited on behalf of the Security Group of Eversholt UK Rails (Holding) Limited (“the Group”).

General Overview

Developments in the UK Rail industry

In July, the UK Government announced that it would introduce legislation to establish a new body, Great British Railways (“GBR”) and for previously franchised rail passenger services to be taken back into public ownership. GBR will bring together the management of the network and the delivery of passenger services into a single public body. The Passenger Railway Services (Public Ownership) Act 2024 was passed on 28 November 2024. In December 2024 it was announced that South Western Railways would be the first operator to be nationalised under the new legislation, in May 2025.

In September 2024, the Secretary of State instructed the CEO of Network Rail, the Director General for Rail Services in the Department for Transport (“DfT”), and the CEO of DfT OLR Holdings Ltd (later renamed DfT Operator Limited) to establish a Shadow Great British Railways (“Shadow GBR”) ahead of the legislation to create GBR.

In March 2025 The Office of Rail and Road (“ORR”) set out its plans to carry out a review of the Rolling Stock Leasing Market Investigation Order 2009 (“the Transparency Order”), in a similar exercise to one it concluded in April 2020. Over the coming months, we will engage with the ORR as part of this exercise.

UK Government policy continues to recognise the role of privately financed rolling stock leasing companies. We continue to monitor developments and engage with industry stakeholders regarding the establishment of GBR.

Eversholt Rail Limited

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Historic Business Developments

Business review

During the Period, the Group focused on delivering heavy maintenance programmes, upgrades to existing fleets and completing the last remaining final acceptance milestone of its recent new build rolling stock programme.

Heavy maintenance

The Group provides services in relation to the procurement and management of heavy maintenance of rolling stock on behalf of its customers in relation to certain fleets.

During the Period the Group managed contracts delivering heavy maintenance projects on three of its fleets, including mileage-based overhauls on our Class 318 and Class 320/4 fleets. We also managed the procurement of two time-based overhaul projects on the Class 334 and Class 320/4 fleets. The Group spent £6.7m during the Period on maintenance related activity.

Investment in existing fleets

The Group undertakes strategic upgrades to rolling stock to ensure that its fleets continue to meet regulatory requirements and the current and future demands of customers. Several upgrade projects were progressed during the Period including interior refresh and energy monitoring modifications agreed as part of leases for Class 375 and Class 395 fleets, and continued work on minor improvements to C331 and C195 fleets. In the Period the mid-life refresh programme on the C376 fleet was contracted.

Total expenditure on modification and refurbishment projects totalled £1.4m during the Period.

The Group continues to explore how its self-powered rolling stock fleets can be adapted to support decarbonisation and the delivery of low and/or zero-emissions railway operations. During the period the Group continued to progress the design and Class 222 First in Class trial of intelligent engine management with the objective of improving fuel efficiency and emissions

New rolling stock

During the Period the Group has not acquired any new rolling stock assets. We made the final £3.2m acceptance payment on our Class 331 fleet in the Period.

The Group, in close collaboration with Transport Design International (“TDI”), continues to develop the Revolution Very Light Rail (“RVLR”) vehicle. The Group is working with train operators and regional transport bodies to develop trial opportunities and finalise the detailed specification of the Pre-Series vehicles.

The Group is continuing to work with operators on the feasibility of deploying hydrogen, battery and diesel-battery hybrid powered vehicles on non-electrified routes. The Group continues to identify and, where appropriate, tender for these and other new trains opportunities to acquire new trains and interests in existing fleets in the UK.

New leases and lease extensions

During the Period, the Group concluded the following extensions:

- On 24 October 2024 the Northam depot lease with South Western Railway was extended to 25 May 2025;
- On 5 December 2024 the lease of five Class 66 locomotive vehicles with GB Railfreight was extended until February 2030; and
- In March 2025, ten-year lease extensions to March 2035 were agreed with Northern for the C195 and C331 fleets. The C158 lease was extended to 2032 with options for further extensions.

Fleet

The average age of the Group's fleet is 20.2 years. Ages of individual fleets vary from older vehicles, introduced into service in 1986 (Class 318), to the newest fleets introduced into passenger service during 2018, 2019 and 2020 (Class 802, Class 397, Class 331 and Class 195). The weighted average age by income in the Period is 16.8 years.

Eversholt Rail (365) Limited

Since the June 2024 report, the position regarding Eversholt Rail (365) Limited is unchanged. We continue to work with the liquidator, PWC, to conclude the liquidation.

Corporate Structure and Directorships

There were no statutory directorship changes in the Period.

Historic Regulatory Developments

No member of the Group is regulated.

Historic Capital Expenditure

The total capital investment on existing and new fleets during the Period was £4.6m.

Historic Financing

The Group issued no new debt during the six-month period, however, the option to extend the maturity of the revolving credit facility by one year to November 2029 was exercised on £405m of the £450m facility.

In August 2024, a scheduled loan repayment of £14.3m was made in respect of the 24-year amortising bond maturing in February 2035.

In December 2024, a scheduled loan repayment of £12.8m was made in respect of the 20-year amortising bond maturing in June 2040; and an unscheduled repayment of £3.5m in respect to the 15-year bond maturing in 2025.

As at 31 December 2024, the £450m revolving credit facility was undrawn and the Group had unrestricted cash and deposits of £430.1m.

Unrestricted cash and deposits includes £111.7m on deposit with repayment terms either in excess of 90 days or requiring notice to be served. In accordance with the Finance Documents this has been excluded from Net Debt in the calculations presented in the Compliance Certificate.

The contractual amounts of senior debt outstanding (excluding accrued interest) was:

<u>Current Facilities</u>	<u>£m</u>
Bond 15 years (2025)	267.9
Bond 24 years (amortising 2023-2035)	300.0
Private Placement (amortising 2029-2036)	100.0
Private Placement (2030)	90.0
Private Placement (amortising 2029-2036)	50.0
Private Placement (2026-2031)	100.0
Private Placement (2037)	100.0
Bond 25 years (amortising 2034-2042)	400.0
Bond 20 years (amortising 2023-2040)	<u>397.4</u>
Total	<u>1,805.3</u>

Credit Ratings

The Group is committed to maintaining its investment grade credit ratings. Moody's Investor Services in November 2024 affirmed their rating for the Group and its debt issued under the Group's MTN programme at Baa2 with a Stable Outlook. Fitch Ratings in October 2024 affirmed their rating for the Group at BBB and the bonds issued under its MTN programme at BBB+ with Stable Outlooks.

Audited financial statements

The Group has published on the Investors area of the Eversholt Rail website the audited financial statements for the year ended 31 December 2024 for Eversholt UK Rails (Holding) Limited (Security Group) and Eversholt Rail Leasing Limited.

The 2024 financial statements for Security Group feature adjustments to prior years to reflect a strict application of IAS 12 Income Taxes to deferred tax on an intra group transfer of assets that occurred in 2015. The adjustments result in a decrease in deferred tax liabilities and an improvement in shareholders' funds. There are no consequences to previously reported or forecast: EBITDA; net interest; profit before tax; tax payable; cash; net debt; or cashflows. Further details can be found in note 2 to the financial statements.

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 Limited
Security Group Agent



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Eversholt Rail Limited
Security Group Agent