



Awel y Môr Offshore Wind Farm

Category 4: Compulsory Acquisition

Funding Statement

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www.awelymor.cymru

RWE Renewables UK
Swindon Limited

Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire SN5 6PB
T +44 (0)8456 720 090
www.rwe.com

Registered office:
RWE Renewables UK
Swindon Limited
Windmill Hill Business Park
Whitehill Way
Swindon

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Glossary of terms

TERM	DEFINITION
AyM	The Awel y Môr Offshore Wind Farm project.
Export Cable Corridor (ECC)	The area(s) where the export cables will be located.
Development Consent Order (DCO)	An order made under the Planning Act 2008 granting development consent for a Nationally Significant Infrastructure Project (NSIP) from the Secretary of State (SoS).

Abbreviations and acronyms

TERM	DEFINITION
AyM	Awel y Môr Offshore Wind Farm
AyMOWFL	Awel y Môr Offshore Wind Farm Limited
BEIS	Department for Business, Energy, and Industrial Strategy
DCO	Development Consent Order
DM	Dalcour McLaren
ECCs	Export cable corridors
GyM	Gwynt y Môr offshore wind farm
HVAC	High voltage alternating current
NRW	National Resources Wales
NSIP	Nationally Significant Infrastructure project
OnSS	Onshore Substation
OSPs	Offshore Substation Platforms
RD	Rotor Diameter
SOS	Secretary of State
WTG	Wind Turbine Generator

Units

UNIT	DEFINITION
km	Kilometers
kV	Kilovolts

UNIT	DEFINITION
m	meters
MW	Megawatts

1 Introduction

- 1 This Funding Statement has been prepared by and on behalf of Awel y Môr Offshore Wind Farm Limited (AyMOWFL) (the Applicant). This Funding Statement is one of a series of documents which accompanies the application to the Secretary of State for a Development Consent Order (DCO) submitted in accordance with Section 37 of the Planning Act 2008 and Regulations 5 and 6 of the Infrastructure Planning (Application: Prescribed Forms and Procedures) Regulations 2009 (the Application). This Funding Statement should be read in conjunction with the full suite of Application documents.

2 Purpose of Document

- 2 The proposed Awel y Môr project (AyM) will comprise an array of offshore Wind Turbine Generators (WTGs) located in Welsh waters with an overall capacity greater than 350 Megawatts (MW) and therefore constitutes a Nationally Significant Infrastructure Project (NSIP) under Sections 14 and 15(3B) of the Planning Act 2008. Such projects require a DCO to be granted by the relevant UK Secretary of State (SoS); in this case, the SoS for Business, Energy and Industrial Strategy (BEIS).
- 3 Marine planning is a matter which is devolved to the Welsh Ministers, and therefore separate marine licence(s) are also required under the Marine and Coastal Access Act 2009. Parallel applications are being made to the SoS for BEIS and Natural Resources Wales (NRW) on behalf of the Welsh Ministers, respectively. Further information about the process of these applications can be found in Volume 1, Chapter 2: Policy and Legislation of the Environmental Statement (application ref: 6.1.2).
- 4 The purpose of this Funding Statement is to demonstrate that the development of AyM will be adequately funded and therefore that funding is not an impediment to the delivery of AyM.
- 5 Additionally, as it will be necessary to compulsorily acquire land and rights over land for the purposes of developing AyM, and such powers have been included in the draft DCO, this Funding Statement explains how the Applicant will provide for the payment of compensation to those affected by compulsory acquisition, temporary possession, or blight claims.
- 6 This Funding Statement has been prepared in accordance with the requirements of Regulation 5(2)(h) of the Infrastructure Planning (Applications: Prescribed Forms and Procedure) Regulations 2009 (APFP Regulations) and the Department for Communities and Local Government (now the Department for Levelling Up, Housing and Communities) guidance 'Planning Act 2008: Guidance related to procedures for compulsory acquisition' (September 2013).

3 Project Description

- 7 AyM is a proposed sister project to the operational Gwynt y Môr Offshore Wind Farm (GyM) which is located off the coast of north Wales. GyM has been operational since 2015. RWE has invested £90m in Wales during construction, and has since created more than 100 long-term, skilled jobs at the Port of Mostyn in Flintshire, Wales.
- 8 AyM will comprise up to 50 WTGs and all associated infrastructure required to transmit the electricity generated to shore where it will be transmitted by the onshore infrastructure to the existing National Grid Bodelwyddan substation, as well as all infrastructure required to operate and maintain the wind farm. The transmission voltage will be up to 400 kV, with a maximum of two export circuits, and will use High Voltage Alternating Current (HVAC) technology.
- 9 At AyM, offshore WTGs will be connected via subsea cables to Offshore Substation Platforms (OSPs) that will transform the voltage and transmit the power generated via subsea cables within the offshore Export Cable Corridor (ECC) to shore east of Rhyl.
- 10 At this stage in the AyM development process, decisions on exact locations of infrastructure and the precise technologies and construction methods employed cannot be made. Therefore, a design envelope approach (often referred to as the 'Rochdale Envelope') has been used to provide certainty that the final project as built will not exceed these parameters, whilst providing the necessary flexibility to accommodate further project refinement during the detailed design phase post-consent.
- 11 Two indicative WTG scenarios are considered. These scenarios are based on the physical dimensions of individual WTGs at either end of the design envelope.
 - ✦ Larger WTG: The largest WTGs within the design envelope. For the purposes of assessment this is assumed to be up to 34 of the largest possible WTGs with a Rotor Diameter (RD) of up to 306 m; and
 - ✦ Smaller WTG: The greatest number of WTGs within the design envelope. For the purposes of assessment this is assumed to be up to 50 smaller WTGs with a RD of up to 250 m.

- 12 For onshore aspects, flexibility is required in terms of options for the number of export circuits, layout and technology requirements for the proposed Onshore Substation (OnSS), precise siting of onshore infrastructure and construction methods.
- 13 Connection to the National Grid will be made at Bodelwyddan in Denbighshire via onshore export cables installed underground between the landfall and the grid connection. The onshore export cable configuration will include up to two cable circuits connecting the offshore substation to the proposed OnSS and existing National Grid Bodelwyddan substations via a Landfall to the east of Rhyl and underground cables within an onshore ECC.
- 14 The Landfall denotes the location where the offshore export cables are brought ashore and jointed to the onshore export cables in Transition Joint Bays. The AyM Landfall location is within Ffrith beach, located to the east of Rhyl and adjacent to Rhyl Golf Club, extending to an area to the south of the North Wales Coast Line railway.
- 15 One OnSS (HVAC) will be required for AyM and will be sited to the west of St Asaph Business Park in order to facilitate ease of connection to the National Grid.
- 16 The onshore cable corridor will be approximately 12 km in length from the Transition Joint Bays to the existing National Grid Bodelwyddan substation.
- 17 More information on the project design and location figures can be found in Volume 2, Chapter 1: Offshore Project Description (application ref: 6.2.1) and Volume 3, Chapter 1: Onshore Project Description of the Environmental Statement (application ref: 6.3.1).

4 The Project Companies

4.1 The Applicant and the DCO undertakers

4.1.1 The Applicant

18 Awel y Môr Offshore Windfarm Limited (incorporated under company number 12270928 and having its registered office at Windmill Hill Business Park, Whitehill Way, Swindon, Wiltshire, United Kingdom, SN5 6PB) is the "Applicant" for the purposes of the Application and this Funding Statement. The Applicant has signed an Agreement for Lease with The Crown Estate as the owner of the seabed in order to develop AyM.

19 The Applicant is owned by three entities:

- ▲ Siemens Project Ventures GmbH (10%)
 - Siemens Project Ventures GmbH is registered in Erlangen, Germany (Fuerth commercial register number HRB 5812)
 - Siemens Project Ventures GmbH is ultimately owned by Siemens AG, a company incorporated in Germany with registered offices in Berlin (registry number HRB 12300) and Munich (registry number HRB 6684).
- ▲ SWM UK Wind ONE Limited (30%)
 - SWM UK Wind ONE Limited is registered in the UK with company number 07110700.
 - SWM UK Wind ONE Limited is owned by Stadtwerke München GmbH, a company established in Munich, Germany, registered with the commercial register of the local court in Munich under HRB 121920. Its ultimate parent is Landeshauptstadt München (City of Munich).
- ▲ RWE Renewables UK Swindon Limited (60%)
 - RWE Renewables UK Swindon Limited is registered in the UK with company number 02550622.
 - RWE Renewables UK Swindon Limited is ultimately owned by RWE Aktiengesellschaft which is registered in Germany with company number HRB 14525.

- 20 RWE Renewables UK Swindon Limited has substantial financial resources in its own right, plus, as a wholly owned subsidiary, it has the financial backing of RWE AG. RWE AG is one of Europe's five leading electricity and gas companies, with significant expertise in oil, gas and lignite production, in electricity generation from gas, coal, nuclear and renewables, and in energy trading as well as electricity and gas distribution and supply. Moody's and Fitch rated RWE AG as Baa2 and BBB+ respectively as at 11 May 2021, with a stable outlook across both ratings agencies. As at 31 October 2021 RWE AG had total assets of €145.6billion (Interim statement on the first three quarters of 2021 - see Appendix 1).
- 21 Siemens Project Ventures GmbH is a global investor in infrastructure projects with a significant asset base and adequate financial resources at its disposal. Siemens Project Ventures GmbH, as a 100% subsidiary of Siemens AG, also enjoys strong financial and liquidity support from its parent. Siemens AG is one of the largest global technology conglomerates with a focus on energy, healthcare, mobility and infrastructure sectors. Siemens AG is rated as A1 and A+ by Moody's and S&P respectively with a Stable outlook by both agencies. As at 30 September 2021, Siemens AG had total assets of €140 billion with cash and cash equivalents of €9.5 billion.
- 22 SWM UK Wind One Limited has substantial financial resources, plus, as a wholly owned subsidiary, it has the vast financial backing of Stadtwerke München GmbH. Stadtwerke München GmbH is one of the largest municipal companies in Germany and manages its business across all segments of the value chain: Energy - subdivided into Generation, Networks, Sales, and Trade -, Water, Mobility, Telecommunications, and Public Pools. As at 31 December 2020 SMW GmbH had total assets of €10.7billion
- 23 The Applicant will also be the undertaker (as defined in Article 2 of the DCO; application document 3.1) for the purposes of exercising the compulsory purchase powers under the DCO.

5 Funding

- 24 There will be funding available to meet the costs associated with compulsory acquisition for AyM.
- 25 As explained above, the Applicant is a joint venture indirectly owned by three large companies, each with a sound financial standing: RWE AG listed in Germany, Siemens AG listed in Germany and Stadtwerke München GmbH.
- 26 The Applicant has taken professional advice regarding the estimated cost of acquiring the land and interests required to deliver AyM and is satisfied that the requisite amount of funding is available to meet this cost.
- 27 The funding required in relation to land assembly will be provided by the Applicant. It will not be necessary to obtain any third party funding in respect of the land assembly requirements of AyM. This is because as RWE AG, Siemens AG and Stadtwerke München GmbH have made allowances for these costs, as they would with any large infrastructure project they undertake, and will ensure that the necessary funds will be available when they are due.
- 28 As such, barring any unprecedented and currently unforeseen circumstances, no funding shortfalls are anticipated. The possibility of either Siemens AG, Stadtwerke München GmbH or RWE AG being unable to meet its financial commitments in respect of land assembly is extremely remote as demonstrated by the sound credit ratings of the companies.
- 29 The Applicant has included in Article 31 of the DCO a provision which requires the Applicant to refrain from exercising the powers of compulsory acquisition granted by the DCO until guarantees or alternative forms of security in respect of the liability of the undertakers to pay compensation are in place. The form of guarantee or security and the amount of these must be approved by the Secretary of State. It will be for the SoS to satisfy himself/herself that the guarantee or security provided is sufficient to cover the compensation liabilities.

- 30 The Applicant is confident that AyM will be commercially viable based on the assessments it has undertaken. The SoS can be confident that funding will be available to meet the compulsory acquisition costs as they fall due.

6 Estimated Project Cost

- 31 The current cost estimate for AyM is approximately £1.81bn. This includes the costs of construction, development, project management, financing, land acquisition and operation.

7 Compensation Claims

- 32 The DCO will grant the Applicant powers to acquire land and interests over land as necessary to develop AyM. These can be used in the event it has not been possible to acquire the necessary interests and rights by agreement.
- 33 The Applicant has sought advice from Dalcour McLaren (DM) who are expert chartered surveyors with experience of OWF development. DM have provided possible heads of liability for:
- ▲ compulsory acquisition of land and rights,
 - ▲ compensation arising out of temporary works,
 - ▲ blight,
 - ▲ severance,
 - ▲ injurious affection,
 - ▲ claims arising under Part 1 of the Land Compensation Act 1973,
 - ▲ Business Loss Claims,
 - ▲ Part 1 claims and
 - ▲ Third Party Professional Fees.
- 34 See further details at Appendix 2.
- 35 DM have considered blight in relation to AyM and have concluded that the project will not blight any properties so the quantum of liability under this head of claim is £0. See further details at Appendix 2.
- 36 Overall DM estimate the costs associated with compulsory acquisition and potential compensation claims to be in the region of £11.2m.
- 37 Article 31 of the DCO provides that the Applicant may not exercise a number of powers until it has put in place a guarantee or security equal to its potential liability to compensation payable under the DCO. The guarantee or security must be approved by the SoS.

8 Conclusions

- 38 The Applicant will be responsible for providing funding to cover the costs of the delivery of and the compulsory acquisition associated with AyM. This funding will be provided by the project partners: Siemens Project Ventures GmbH, SWM UK Wind ONE Limited and RWE Renewables UK Swindon Limited with the backing from their parent companies Siemens AG, Stadtwerke München GmbH and RWE AG (respectively). Each of these companies have substantial assets in their own right and considerable experience in infrastructure development.
- 39 The DCO secures that powers of compulsory acquisition cannot be exercised unless and until the SoS is satisfied that funding for the potential liability for compensation has been secured.
- 40 The SoS can accordingly be satisfied that sufficient funding will be available to develop AyM and any liability arising from the exercise of compulsory acquisition powers under the DCO will be met.



RWE Renewables UK
Swindon Limited

Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire SN5 6PB
T +44 (0)8456 720 090
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Whitehill Way
Swindon



Interim statement on the first three quarters of 2021

Group adjusted EBITDA 6 % higher year on year // Exceptional energy trading performance // Earnings forecast for fiscal 2021 confirmed: Group adjusted EBITDA of €3.0 billion to €3.4 billion expected // RWE secures sites for two new North Sea wind farms

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At a glance

RWE Group – key figures ¹		Jan – Sep 2021	Jan – Sep 2020	+/-	Jan – Dec 2020
Power generation	GWh	118,691	101,529	17,162	146,775
External revenue (excluding natural gas tax/ electricity tax)	€ million	13,253	9,392	3,861	13,688
Adjusted EBITDA	€ million	2,397	2,261	136	3,286
Adjusted EBIT	€ million	1,339	1,182	157	1,823
Income from continuing operations before tax	€ million	3,459	1,948	1,511	1,265
Net income	€ million	2,808	1,597	1,211	1,051
Adjusted net income	€ million	1,026	794	232	1,257
Cash flows from operating activities of continuing operations	€ million	3,421	1,768	1,653	4,125
Capital expenditure	€ million	2,800	1,662	1,138	3,358
Property, plant and equipment and intangible assets	€ million	2,763	1,562	1,201	2,285
Financial assets	€ million	37	100	-63	1,073
Free cash flow	€ million	1,213	427	786	1,132
Number of shares outstanding (average)	thousands	676,220	624,308	51,912	637,286
Earnings per share	€	4.15	2.56	1.59	1.65
Adjusted net income per share	€	1.52	1.27	0.25	1.97
		30 Sep 2021	31 Dec 2020		
Net debt	€ million	2,866	4,432	-1,566	
Workforce ²		18,902	19,498	-596	

1 Some prior-year figures restated due to a change in the recognition of renewable energy tax benefits in the USA (see commentary on page 6).

2 Converted to full-time positions.

Major events

In the period under review

RWE secures two locations for new wind farms in German North Sea. In an invitation to tender by the German Network Agency in September, RWE placed the winning bid for a site in the North Sea, officially called N-3.7. This allows us to build a wind farm with an installed capacity of 225 MW. We made a zero-cent bid to secure the area, which means that we will sell the electricity generated there without a minimum price guaranteed by the state. N-3.8, a second North Sea area earmarked for a 433 MW wind farm, was also auctioned off in the tender process. The winning bid was placed by French energy group EDF, but it had to pass on the location to a joint venture between Northland Power and RWE. This is because together with our Canadian partner, we had pre-developed the site and therefore had a step-in right. Now we must deliver the project at the conditions in EDF's winning bid; the company submitted a zero-cent bid.

Partial sale of Texan wind farm West Raymond completed. In July, our new Texan wind farm West Raymond put its net installed capacity of 240 MW into commercial operation. Shortly thereafter, we sold shares accounting for a total of 75% of the wind farm. The purchasers were a subsidiary of the Canadian energy utility Algonquin Power & Utilities and the UK investor Greencoat, which acquired stakes of 51% and 24%, respectively. A corresponding contract was concluded in December 2020. The agreement also stipulated that Algonquin and Greencoat receive interests of 51% and 24% in the Texan onshore wind farms Stella (201 MW), Cranell (220 MW) and East Raymond (200 MW). These transactions were concluded in January 2021. As we retain a shareholding of just 25% in the wind farms, they are no longer fully consolidated and are accounted for using the equity method instead. However, RWE remains the operator of the wind farms.

US wind farm Cassadaga starts commercial operation. This past summer, we completed yet another large-scale onshore wind farm called Cassadaga, which is located in the US state of New York. The 37 turbines have been running commercially since August and account for a combined capacity of 125 MW. Cassadaga is our 29th onshore wind farm in the USA. Our capital expenditure on the project exceeded US\$200 million.

RWE sells small hydropower plants to KELAG. Austrian energy utility KELAG acquired twelve French and seven Portuguese hydro assets from us, which have a total installed capacity of 62 MW (RWE's pro-rata share). We also sold a number of wind turbines in Portugal with a combined capacity of 3 MW to KELAG. A corresponding agreement was reached at the end of last year. We transferred the French plants in April 2021, and the Portuguese assets followed in September. KELAG is a leading hydropower producer. We currently hold a 37.9% stake in the company.

Frimmersdorf lignite-fired power station shut down for good. The Frimmersdorf lignite power plant in Grevenbroich (near Cologne) has been shut down for good. The last two units P and Q, with a net installed capacity of 284 MW and 278 MW, were on stand-by until 30 September this year. As of 1 October 2017, they had been designated as operating reserve for a period of four years, during which they were unable to participate in the market, as their capacity had to remain available to ensure security of supply when necessary. This obligation has since expired. The approximately 30 affected employees now work for the adjacent Neurath power station or have retired. Three of RWE's lignite blocks are still on security stand-by: Niederaussem E and F (until 30 September 2022) as well as Neurath C (until 30 September 2023).

Major events occurring in the period from January to July 2021 were presented in the interim report on the first half of 2021.

After the period under review

RWE sets the stage to expand renewable energy in Greece. In early October, we set up a joint venture with energy group Public Power Corporation (PPC) to realise solar projects in Greece. We and PPC own 51 % and 49 % of the new company, respectively. Our partner is the country's largest power utility and will contribute photovoltaic projects with up to 940 MW of capacity to the joint venture. RWE will bring a project pipeline of a similar size to the table. The undertakings are in various stages of development. Based on current plans, the first farms will be commissioned in 2023.

Memorandum of Understanding signed to partner with Shell on hydrogen projects.

RWE and Shell are stepping up their collaborative efforts to build a European hydrogen economy. Representatives from both companies recently signed a corresponding Memorandum of Understanding (MoU). It envisages us jointly developing projects to produce, use and sell hydrogen. RWE and the British-Dutch energy group are already working together in this area. The companies are partners in consortiums implementing trailblazing hydrogen projects: AquaVentus in Germany and North2 in the Netherlands, on which we provide commentary on pages 31 et seq. of the 2020 Annual Report. RWE and Shell intend to take the next step and initiate large-scale projects in the United Kingdom for the production of green hydrogen using offshore wind energy. The MoU also encompasses measures to decarbonise gas and biomass-fired power stations within the RWE Group. To this end, we will explore carbon capture and storage as well as electricity generation using hydrogen.

Commentary on reporting

Group structure features five segments. In our financial reporting, we divide the RWE Group into the five following segments: (1) Offshore Wind, (2) Onshore Wind / Solar, (3) Hydro / Biomass / Gas, (4) Supply & Trading and (5) Coal / Nuclear. Segments (1) to (4) represent our core business. This is where we want to grow. In (5), we have pooled our German power generation from coal and nuclear fuel, which will lose importance due to exit roadmaps established by the government.

The individual segments comprise the following activities:

- Offshore Wind: We present our business relating to offshore wind here. It is overseen by our Group company RWE Renewables.
- Onshore Wind / Solar: This is the segment in which we pool our onshore wind and solar business as well as parts of our battery storage activities. Here again, operating responsibility lies with RWE Renewables.
- Hydro / Biomass / Gas: Our business involving our run-of-river, pumped storage, biomass and gas power stations is pooled here. The segment also includes the Dutch Amer 9 and Eemshaven power plants, which run on biomass and hard coal, some battery storage systems, as well as the project management and engineering consulting company RWE Technology International. These activities are overseen by RWE Generation. In addition, since the beginning of 2021, the company has been responsible for the design and implementation of our hydrogen strategy. Our 37.9% stake in Austrian energy utility KELAG is also assigned to this segment.
- Supply & Trading: The main activity of this segment is proprietary trading of energy commodities, which is managed by RWE Supply & Trading. The company also acts as an intermediary for gas, supplies key accounts with energy, and undertakes a number of additional trading-related activities. Our German and Czech gas storage facilities also form part of this segment.
- Coal / Nuclear: Our German electricity generation from coal and nuclear fuel as well as our lignite production in the Rhenish mining region to the west of Cologne are subsumed here. This is also where we report our investments in Dutch nuclear power plant operator EPZ (30%) and Germany-based URANIT (50%), which holds a 33% stake in uranium enrichment specialist Urenco. Most of the aforementioned activities and investments are overseen by RWE Power. Our German hard coal-fired power plants were operated by RWE Generation; the last two stations were shut down this year.

Group companies with cross-segment tasks, such as the Group holding company RWE AG, are stated as part of the core business under the 'other, consolidation' line item. This also applies to our stakes of 25.1% in German transmission system operator Amprion and 15% in E.ON. However, the dividends we receive from E.ON are recognised in the financial result. Furthermore, 'other, consolidation' contains consolidation effects.

Changed recognition of tax benefits in the USA. At the start of this fiscal year, we changed the way in which we account for tax benefits we receive for US wind and solar projects. As set out on page 37 of the 2020 Annual Report, renewable energy is subsidised via tax credits in the USA. Furthermore, plant operators can benefit from accelerated depreciation, referred to as tax benefits. Until 2020, we recognised them in taxes on income. By contrast, the benefits of tax credits are considered in other operating income. For the sake of consistency, we have now also applied this approach to tax benefits. It has a positive impact on adjusted EBITDA. To ensure comparability, we restated the prior-year figures. More information can be found on pages 35 et seqq. of the interim report on the first half of 2021.

Forward-looking statements. This interim statement contains forward-looking statements regarding the future development of the RWE Group and its companies as well as economic and political developments. These statements are assessments that we have made based on information available to us at the time this document was prepared. Despite this, actual developments can deviate from the developments expected at present, for instance if underlying assumptions do not materialise or unforeseen risks arise. Therefore, we cannot assume responsibility for the correctness of forward-looking statements.

Business performance

Power generation January – September	Renewables		Pumped storage, batteries		Gas		Lignite		Hard coal		Nuclear		Total ¹	
GWh	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Offshore Wind	4,683	4,998	–	–	–	–	–	–	–	–	–	–	4,683	4,998
Onshore Wind / Solar	11,823	12,107	–	–	–	–	–	–	–	–	–	–	11,823	12,107
Hydro / Biomass / Gas	5,673	4,216	1,291	1,502	39,367	34,904	–	–	5,110	2,244	–	–	51,569	43,033
of which:														
Germany ²	1,445	1,415	1,291	1,502	4,573	6,313	–	–	–	–	–	–	7,439	9,396
United Kingdom	367	388	–	–	25,905	17,047	–	–	–	–	–	–	26,272	17,435
Netherlands	3,824	2,396	–	–	5,867	8,470	–	–	5,110	2,244	–	–	14,801	13,110
Turkey	–	–	–	–	3,022	3,074	–	–	–	–	–	–	3,022	3,074
Coal / Nuclear ²	15	14	–	–	96	599	32,133	23,434	1,109	1,893	17,126	15,579	50,616	41,391
RWE Group	22,194	21,335	1,291	1,502	39,463	35,503	32,133	23,434	6,219	4,137	17,126	15,579	118,691	101,529

¹ Including production volumes not attributable to any of the energy sources mentioned (e.g. electricity from waste-to-energy plants).

² Including electricity purchased on the basis of long-term agreements from generation assets not majority-owned by RWE. In the first three quarters of 2021, these purchases amounted to 1,409 GWh in the Hydro / Biomass / Gas segment and 980 GWh in the Coal / Nuclear segment.

Electricity generation up 17 %. In the first three quarters of 2021, we produced 118,691 GWh of electricity, 17 % more than in the same period last year. The biggest gain was recorded by our German lignite-fired power plants, which benefited from favourable market conditions. One contributing factor was the resurgence of electricity consumption following the coronavirus pandemic and a decline in wind energy volumes caused by the weather. This explains why our UK gas power stations were also used more than in 2020 despite a substantial increase in fuel prices, whereas gas-fired production dropped in Germany and in the Netherlands. Our Dutch power plants Amer 9 and Eemshaven, which run on biomass and hard coal, nearly doubled output. At Eemshaven, this was in part due to the station's return to full availability after being damaged in a fire last year. Our German nuclear power plants also posted a rise thanks to a reduction in maintenance outages.

Volumes were adversely affected by the discontinuation of the commercial operation of the Ibbenbüren B (794 MW) and Westfalen E (764 MW) hard coal-fired power stations and the shutdown of the Niederaussem D (297 MW) lignite unit at the end of 2020. Electricity generation from our wind turbines declined by 5 %. Unfavourable wind conditions in Northern and Central Europe as well as in parts of the USA were the main reason. A positive effect was felt from the increase in our stake in the Rampion offshore wind farm (400 MW) in the UK from 30.1 % to 50.1 % as of 1 April 2021, resulting in its full consolidation in our accounts. Moreover, we commissioned a number of large onshore wind farms in the USA and started putting electricity into the grid from the Triton Knoll offshore wind farm (857 MW) in the UK, which is still under construction.

Power generation from renewables January – September	Offshore wind		Onshore wind		Solar		Hydro		Biomass		Total	
GWh	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Germany	1,213	1,438	646	851	2	2	1,445	1,352	-	3	3,306	3,646
United Kingdom	3,333	3,383	1,093	1,554	-	-	114	135	253	253	4,793	5,325
Netherlands	-	-	504	554	15	7	19	9	3,805	2,387	4,343	2,957
Poland	-	-	748	717	1	1	-	-	-	-	749	718
Spain	-	-	661	611	80	36	26	24	-	-	767	671
Italy	-	-	693	654	-	-	-	-	-	-	693	654
Sweden	137	177	201	259	-	-	-	-	-	-	338	436
USA	-	-	6,642	6,522	252	214	-	-	-	-	6,894	6,736
Australia	-	-	-	-	153	22	-	-	-	-	153	22
Rest of the world	-	-	16	21	72	32	70	117	-	-	158	170
RWE Group	4,683	4,998	11,204	11,743	575	314	1,674	1,637	4,058	2,643	22,194	21,335

External revenue 41 % up year on year. Our external revenue grew by 41 % to €13,253 million (excluding natural gas tax / electricity tax). Revenue from our main product, electricity, totalled €11,103 million. This 35 % year-on-year increase was due to the rise in generation volumes and higher realised prices. Given that electricity from our power stations is largely sold externally by RWE Supply & Trading, the aforementioned factors were mainly reflected in revenue of the Supply & Trading segment. Our gas revenue more than tripled to €1,007 million. The main driver was the rise in wholesale gas prices to record levels during the year. Higher demand for gas in our key European markets driven by the economy and weather came to bear here. In addition, strong growth in demand for energy in Asia made imports of liquefied natural gas (LNG) to Europe much more expensive.

The percentage of consolidated revenue accounted for by coal-fired generation and other coal products is a key figure increasingly considered by sustainable investors. In the reporting period, this quota was 21 % (previous year: 24 %).

External revenue € million	Jan – Sep 2021	Jan – Sep 2020	+/-	Jan – Dec 2020
Offshore Wind	383	234	149	332
Onshore Wind / Solar	1,672	1,325	347	1,855
Hydro / Biomass / Gas	879	754	125	1,056
Supply & Trading	9,664	6,494	3,170	9,597
Other	3	8	-5	9
Core business	12,601	8,815	3,786	12,849
Coal / Nuclear	652	577	75	839
RWE Group (excluding natural gas tax / electricity tax)	13,253	9,392	3,861	13,688
Natural gas tax / electricity tax	177	150	27	208
RWE Group	13,430	9,542	3,888	13,896

1
Combined review of operations
Business performance

2
Interim consolidated financial statements
(condensed)

3
Financial calendar 2021/2022

External revenue by product € million	Jan – Sep 2021	Jan – Sep 2020	+/-	Jan – Dec 2020
Electricity revenue	11,103	8,195	2,908	11,701
of which:				
Offshore Wind	382	234	148	332
Onshore Wind / Solar	1,538	1,222	316	1,676
Hydro / Biomass / Gas	577	484	93	684
Supply & Trading	8,405	6,084	2,321	8,775
Core business	10,902	8,024	2,878	11,468
Coal / Nuclear	201	171	30	233
Gas revenue	1,007	317	690	534
of which: Supply & Trading	1,006	313	693	529
Other revenue	1,143	880	263	1,453
RWE Group (excluding natural gas tax / electricity tax)	13,253	9,392	3,861	13,688

Internal revenue € million	Jan – Sep 2021	Jan – Sep 2020	+/-	Jan – Dec 2020
Offshore Wind	538	683	-145	959
Onshore Wind / Solar	186	206	-20	304
Hydro / Biomass / Gas	3,310	2,187	1,123	3,144
Supply & Trading	3,429	2,105	1,324	2,778
Other, consolidation	-6,789	-4,852	-1,937	-6,803
Core business	674	329	345	382
Coal / Nuclear	2,910	2,135	775	3,075

Adjusted EBITDA ¹ € million	Jan – Sep 2021	Jan – Sep 2020	+/-	Jan – Dec 2020
Offshore Wind	656	738	-82	1,069
Onshore Wind / Solar	36	373	-337	523
Hydro / Biomass / Gas	430	382	48	621
Supply & Trading	609	399	210	539
Other, consolidation	-54	-12	-42	-25
Core business	1,677	1,880	-203	2,727
Coal / Nuclear	720	381	339	559
RWE Group	2,397	2,261	136	3,286

1 Some prior-year figures restated due to a change in the recognition of renewable energy tax benefits in the USA (see commentary on page 6).

Adjusted EBITDA up 6 % to €2.4 billion. In the first three quarters of 2021, we registered adjusted earnings before income taxes, depreciation and amortisation (adjusted EBITDA) of €2,397 million (previous year: €2,261 million). €1,677 million of this was attributable to our core business (previous year: €1,880 million) with the remaining €720 million coming from the Coal / Nuclear segment (previous year: €381 million). Adjusted EBITDA rose by 6 % compared to the first nine months of 2020. This was primarily due to the exceptional trading performance by RWE Supply & Trading. Moreover, we benefited from improved margins in power production from lignite and nuclear fuel. This was contrasted by significant one-off charges in the Onshore Wind / Solar segment due to an extreme cold snap in Texas this February, which resulted in unscheduled plant outages and forced us to fulfil existing electricity supply obligations through expensive purchases on the market.

The following is a breakdown of earnings by segment:

- Offshore Wind: At €656 million, adjusted EBITDA posted here was markedly down on 2020 (€738 million) mainly because wind speeds in Northern and Central Europe were much lower than the high level witnessed a year before. A positive effect was felt from our acquisition of a majority interest in the Rampion offshore wind farm in the UK as of 1 April 2021 and its full consolidation since then. Furthermore, we benefited from the first feed-ins from the Triton Knoll offshore wind farm, which is scheduled for completion in early 2022.
- Onshore Wind / Solar: Adjusted EBITDA in this segment declined to €36 million (previous year: €373 million). The main reason was an extreme cold front in parts of the USA in February, which caused substantial supply outages. Winter storms and sleet forced some RWE wind farms in Texas to go offline for several days. We had sold forward a portion of the generation of these assets and therefore had to buy electricity in order to meet our supply obligations. Due to the tight supply situation and statutory price regulations, we had to pay up to US\$9,000 / MWh for these purchases. This reduced earnings by approximately €400 million. Further burdens stemmed from lower overall wind speeds. Conversely, we benefited from the commissioning of new generation assets and the capital gain on the sale of stakes in the US wind farms Stella, Cranell, East Raymond and West Raymond (see page 3).
- Hydro / Biomass / Gas: Here, adjusted EBITDA totalled €430 million, surpassing last year's comparable figure (€382 million). Two driving factors were increased payments we received from the British capacity market and additional income from the commercial optimisation of power plant deployment. A counteracting effect was felt from the divestment of wood pellet manufacturer Georgia Biomass in mid-2020, at which point the company stopped contributing to the Group's earnings. Another negative effect came from the fact that earnings from electricity produced through biomass firing in the Netherlands fluctuate during the year due to the subsidy scheme and were thus unusually low in the period under review. We anticipate higher income from biomass usage for the year as a whole.
- Supply & Trading: Adjusted EBITDA posted by this segment amounted to €609 million, clearly exceeding the high level achieved in the same period last year (€399 million). Our exceptional trading performance and improved earnings in the gas business were the main reasons for this.
- Coal / Nuclear: Adjusted EBITDA recorded here improved to €720 million (previous year: €381 million). Increased wholesale margins on electricity from our lignite and nuclear power stations compared to 2020 were the main driver. We had sold forward nearly all of the generation of these assets in earlier years. The improved availability of our nuclear power plants also had a positive effect. This was contrasted by earnings shortfalls caused by unscheduled outages at our lignite-fired power stations. Furthermore, the implementation of the German Coal Phaseout Act weighed on earnings.

Adjusted EBIT¹ € million	Jan – Sep 2021	Jan – Sep 2020	+/-	Jan – Dec 2020
Offshore Wind	325	461	-136	697
Onshore Wind / Solar	-258	87	-345	138
Hydro / Biomass / Gas	202	134	68	283
Supply & Trading	574	367	207	496
Other, consolidation	-53	-13	-40	-25
Core business	790	1,036	-246	1,589
Coal / Nuclear	549	146	403	234
RWE Group	1,339	1,182	157	1,823

1 Some prior-year figures restated due to a change in the recognition of renewable energy tax benefits in the USA (see commentary on page 6).

Adjusted EBIT 13% up on prior year. The Group's adjusted EBIT advanced by 13% to €1,339 million (previous year: €1,182 million). This figure differs from adjusted EBITDA in that it does not include operating depreciation and amortisation, which amounted to €1,058 million in the period under review (previous year: €1,079 million).

Reconciliation to net income¹ € million	Jan – Sep 2021	Jan – Sep 2020	+/-	Jan – Dec 2020
Adjusted EBITDA	2,397	2,261	136	3,286
Operating depreciation, amortisation and impairment losses	-1,058	-1,079	21	-1,463
Adjusted EBIT	1,339	1,182	157	1,823
Non-operating result	2,050	1,161	889	-104
Financial result	70	-395	465	-454
Income from continuing operations before tax	3,459	1,948	1,511	1,265
Taxes on income	-632	-524	-108	-376
Income from continuing operations	2,827	1,424	1,403	889
Income from discontinued operations	-	221	-221	221
Income	2,827	1,645	1,182	1,110
of which:				
Non-controlling interests	19	48	-29	59
Net income / income attributable to RWE AG shareholders	2,808	1,597	1,211	1,051

1 Some prior-year figures restated due to a change in the recognition of renewable energy tax benefits in the USA (see commentary on page 6).

Reconciliation to net income: exceptional effects eclipse operating performance.

The reconciliation from adjusted EBIT to net income was characterised by one-off effects, which had a positive net impact. We have presented the development of the items in the reconciliation statement in the following passages.

Non-operating result¹ € million	Jan – Sep 2021	Jan – Sep 2020	+/-	Jan – Dec 2020
Disposal result	21	24	-3	13
Effects on income from the valuation of derivatives and inventories	2,142	1,271	871	1,886
Other	-113	-134	21	-2,003
Non-operating result	2,050	1,161	889	-104

1 Some prior-year figures restated due to a change in the recognition of renewable energy tax benefits in the USA (see commentary on page 6).

The non-operating result, in which we recognise factors which are not related to operations or the period being reviewed, amounted to €2,050 million compared to €1,161 million in the same period last year. Its components developed as follows:

- Income from the disposal of investments and assets was immaterial, totalling €21 million. It primarily stemmed from the sale of small run-of-river power plants in France and Portugal (see page 3).
- At €2,142 million, effects on income from the valuation of derivatives and inventories were much stronger than last year (€1,271 million). Such effects are temporary. They are mainly due to the fact that, pursuant to IFRS, financial instruments used to hedge price risks are accounted for at fair value at the corresponding balance-sheet date, whereas the hedged underlying transactions are only recognised as a profit or loss when they are realised.
- Income reported in the 'other' line item totalled -€113 million (previous year: -€134 million). This reflected the inclusion of the statutory compensation claim of €880 million granted to us by the government for the German nuclear phaseout in our figures and the recognition of an impairment loss of €780 million for the lignite business on which we provide more detailed information on page 40 of the interim report on the first half of 2021.

Financial result € million	Jan – Sep 2021	Jan – Sep 2020	+/-	Jan – Dec 2020
Interest income	238	266	-28	283
of which: E.ON dividend	186	182	4	182
Interest expenses	-244	-231	-13	-296
Net interest	-6	35	-41	-13
Interest accretion to non-current provisions	-100	-186	86	-255
of which: interest accretion to mining provisions	-76	-143	67	-186
Other financial result	176	-244	420	-186
Financial result	70	-395	465	-454

Our financial result improved by €465 million to €70 million. In detail, the following changes occurred:

- Net interest decreased by €41 million to -€6 million in part due to a rise in interest expenses in relation to currency hedges and higher costs incurred to pledge collateral in commodity trading. Net interest includes the dividend on our 15 % stake in E.ON, which amounted to €186 million (previous year: €182 million).
- The interest accretion to non-current provisions reduced income by €100 million. The charges in the first nine months of 2020 were higher (-€186 million) because we had lowered the discount rate used to calculate mining provisions and recognised the resulting increase in the present value of the obligations in part as an expense in the interest accretion. There was no material effect of this kind in the first three quarters of 2021.

- The 'other financial result' increased by €420 million to €176 million, mainly due to interest claims relating to a tax refund for earlier assessment periods. Moreover, last year's result was curtailed by a one-off effect: during the turmoil on the financial markets caused by the coronavirus pandemic, we suffered significant losses on investments in securities in March 2020.

Income from continuing operations before tax grew by €1,511 million to €3,459 million. Our effective tax rate dropped by 9 percentage points to 18% predominantly due to the aforementioned tax refund for earlier years. A counteracting effect was felt from an increase in our deferred tax liabilities caused by the UK Parliament adopting a higher corporation tax rate with effect from 2023.

There was no income from discontinued operations in the current fiscal year. For the first nine months of last year, we disclosed an amount of €221 million, which came from our stake in Slovak energy utility VSE. The shareholding was sold to E.ON in August 2020.

Non-controlling interests in income decreased to €19 million (previous year: €48 million). The sale of our shareholding in VSE played a major role here as well: last year, the company's co-owners were allocated a profit of €34 million.

The RWE Group's net income totalled €2,808 million (previous year: €1,597 million). This corresponds to earnings per share of €4.15 (previous year: €2.56). The number of RWE shares outstanding, which is the basis for calculating this key figure, was 676.2 million. It rose by 61.5 million as a result of our capital increase in August 2020. In the first three quarters of last year, the average number of shares totalled 624.3 million.

Reconciliation to adjusted net income January – September 2021	Original figures	Adjustment	Adjusted figures
€ million			
Adjusted EBIT	1,339	-	1,339
Non-operating result	2,050	-2,050	-
Financial result	70	-179	-109
Taxes on income	-632	447	-185
Income	2,827	-1,782	1,045
of which:			
Non-controlling interests	19	-	19
Net income / income attributable to RWE AG shareholders	2,808	-1,782	1,026

Adjusted net income grows to €1,026 million. Adjusted net income amounted to €1,026 million (previous year: €794 million). It is calculated by deducting the non-operating result as well as major special items in the financial result from net income according to IFRS. Instead of the actual tax rate, we applied a rate of 15%, which is oriented towards the expected medium-term tax burden. The positive development of adjusted net income resulted in part from the good operating earnings. Another factor was the significant improvement of the adjusted financial result compared to last year's figure (- €231 million).

Capital expenditure on property, plant and equipment and on intangible assets ¹ € million	Jan – Sep 2021	Jan – Sep 2020	+/-	Jan – Dec 2020
Offshore Wind	1,459	473	986	756
Onshore Wind / Solar	1,003	845	158	1,154
Hydro / Biomass / Gas	137	95	42	153
Supply & Trading	29	32	-3	43
Other, consolidation	-	-1	1	-
Core business	2,628	1,444	1,184	2,106
Coal / Nuclear	135	118	17	183
RWE Group	2,763	1,562	1,201	2,285²

1 Table only shows cash investments.

2 Including a –€4 million consolidation effect between the core business and the Coal / Nuclear segment.

Capital expenditure on financial assets ¹ € million	Jan – Sep 2021	Jan – Sep 2020	+/-	Jan – Dec 2020
Offshore Wind	-2	34	-36	520
Onshore Wind / Solar	14	24	-10	408
Hydro / Biomass / Gas	6	115	-109	115
Supply & Trading	19	15	4	18
Other, consolidation	-	-90	90	11
Core business	37	98	-61	1,072
Coal / Nuclear	-	2	-2	1
RWE Group	37	100	-63	1,073

1 Table only shows cash investments.

Capital expenditure much higher than in 2020. The RWE Group invested €2,800 million in the period under review (previous year: €1,662 million). A total of 88% of this capital spending was dedicated to the Offshore Wind and Onshore Wind / Solar segments. We spent €2,763 million on property, plant and equipment as well as intangible assets, 77 % more than in the same period last year (€1,562 million). The single-largest capex project was the construction of the Triton Knoll wind farm in the UK North Sea with a capacity of 857 MW, which will start operating commercially in 2022. Substantial funds also went into the new offshore wind farms Kaskasi near Heligoland (342 MW) and Sofia off the east coast of England (1,400 MW), which are scheduled to be completed by 2022 and 2026, respectively. In addition, in February 2021, we secured the rights to develop new offshore wind areas in the UK North Sea, for which we had to make an advance payment to the relevant administrative authority (see page 8 of the interim report on the first half of 2021). Our capital expenditure on financial assets totalled €37 million and was thus of minor significance (previous year: €100 million).

Operating cash flow improved substantially. At €3,421 million, our cash flows from operating activities were much higher than last year's reference figure (€1,768 million). This development was driven by a recent steep rise in the price of electricity, fuel and CO₂ certificates. RWE typically concludes a large volume of forward transactions with these commodities in order to reduce earnings risks. We have to pay an initial margin for exchange-traded derivatives. On top of that, we receive or pay variation margins during the contractual period, depending on how the market values of the derivatives change. However, collateral must be pledged for over-the-counter derivative transactions. In the period being reviewed, we received substantial variation margins, which are recognised in our operating cash flow. This was contrasted by significant cash outflows for initial margins and collateral, which have been considered in cash flows from financing activities.

Cash flow statement¹ € million	Jan – Sep 2021	Jan – Sep 2020	+/-	Jan – Dec 2020
Funds from operations	6,532	1,823	4,709	4,108
Change in working capital	-3,111	-55	-3,056	17
Cash flows from operating activities of continuing operations	3,421	1,768	1,653	4,125
Cash flows from investing activities of continuing operations	-2,446	-1,962	-484	-4,278
Cash flows from financing activities of continuing operations	-2,201	1,119	-3,320	1,769
Effects of changes in foreign exchange rates and other changes in value on cash and cash equivalents	45	-23	68	-34
Total net changes in cash and cash equivalents	-1,181²	902	-2,083	1,582
Cash flows from operating activities of continuing operations	3,421	1,768	1,653	4,125
Minus capital expenditure	-2,800	-1,662	-1,138	-3,358
Plus proceeds from divestitures/ asset disposals	592	321	271	365
Free cash flow	1,213	427	786	1,132

1 All items solely relate to continuing operations; some prior-year figures restated due to a change in the recognition of renewable energy tax benefits in the USA (see commentary on page 6).

2 Including €17 million in cash and cash equivalents attributable to an asset group that is held for sale and is thus not considered in net debt.

Investing activities of our continuing operations resulted in cash outflows of €2,446 million (previous year: €1,962 million). This was primarily attributable to our capital expenditure on property, plant and equipment as well as on financial assets. Furthermore, we made an extraordinary addition to plan assets used to meet pension obligations of €1,091 million. This was contrasted by proceeds from the sale of marketable securities. Additional cash inflows came from the disposal of stakes in the US wind farms Stella, Cranell, East Raymond and West Raymond as well as of small run-of-river power stations in France and Portugal.

Financing activities of continuing operations led to a cash outflow of €2,201 million (previous year: €1,119 million). As mentioned earlier, we had to provide security by way of initial margins and collateral in the period under review. In addition, we paid €575 million and €119 million in dividends to shareholders of RWE AG and minority shareholders. This was contrasted by bank loans taken out and commercial paper issued. Furthermore, we placed a €500 million green bond in June.

Due to the presented cash flows from operating, investing and financing activities, our cash and cash equivalents dropped by €1,181 million.

Deducting capital expenditure from cash flows from operating activities and adding to it proceeds from divestitures and asset disposals results in free cash flow. At €1,213 million, this figure was far above last year's level (€427 million).

Net debt € million	30 Sep 2021	31 Dec 2020	+/-
Cash and cash equivalents	3,576	4,774	- 1,198
Marketable securities ¹	3,799	4,517	- 718
Other financial assets	10,453	2,507	7,946
Financial assets	17,828	11,798	6,030
Bonds, other notes payable, bank debt, commercial paper	4,300	2,160	2,140
Hedging of bond currency risk	15	31	- 16
Other financial liabilities	7,621	3,038	4,583
Financial liabilities	11,936	5,229	6,707
Minus 50% of the hybrid capital recognised as debt	- 283	- 278	- 5
Net financial assets (including correction of hybrid capital)	6,175	6,847	- 672
Provisions for pensions and similar obligations	2,131	3,864	- 1,733
Surplus of plan assets over benefit obligations	- 348	- 172	- 176
Provisions for nuclear waste management	6,119	6,451	- 332
Provisions for dismantling wind farms	1,139	1,136	3
Net debt	2,866	4,432	- 1,566

1 Excludes our 15% stake in E.ON because our mining provisions and the assets covering them are disregarded when calculating net debt.

Significant drop in net debt. As of 30 September 2021, our net debt totalled €2,866 million. This was €1,566 million less than the amount on our books at the close of last year. The high level of free cash flow was the main reason. Another debt-reducing effect came from a market-driven increase in the discount rates we use to calculate the present value of pension obligations because it resulted in a decline in provisions for pensions. The extraordinary funding of the plan assets we use to meet pension obligations did not affect net debt because this caused our provisions for pensions and our financial assets to decrease to the same extent. Conversely, profit distributions of €694 million had a debt-increasing effect.

Outlook for 2021

Forecast € million	2020 actual ¹	Current outlook
Adjusted EBITDA	3,286	3,000 – 3,400
of which:		
Core business	2,727	2,150 – 2,550
of which:		
Offshore Wind	1,069	1,050 – 1,250
Onshore Wind / Solar	523	50 – 250
Hydro / Biomass / Gas	621	500 – 600
Supply & Trading	539	Significantly above 350
Coal / Nuclear	559	800 – 900
Adjusted EBIT	1,823	1,500 – 1,900
Adjusted net income	1,257	1,050 – 1,400

¹ Some figures restated due to a change in the recognition of renewable energy tax benefits in the USA (see commentary on page 6).

RWE confirms earnings forecast. Our outlook on earnings for the current fiscal year is identical to the one we published in mid-August on page 25 of the interim report on the first half of 2021. Therefore, we still expect to outperform our March forecast (see pages 67 et seq. of the 2020 Annual Report). We anticipate that the Group will post adjusted EBITDA of between €3,000 million and €3,400 million, with €2,150 million to €2,550 million coming from the core business. Our earnings forecast is summarised in the table above.

Capital expenditure on property, plant and equipment up on 2020. We also uphold our forecast in relation to capital spending. Capital expenditure on property, plant and equipment and intangible assets will be much higher than in 2020 (€2,285 million). Focal points of investment are wind and solar projects in the USA and Europe. We plan to invest €200 million to €300 million outside the core business in the Coal / Nuclear segment. This expenditure has primarily been earmarked to maintain our power plants and opencast mines.

Leverage factor: RWE will remain below 3.0 cap. An important indicator of our financial strength is the ratio of net debt to the adjusted EBITDA of our core business, also referred to as the leverage factor. We set the upper limit for this key figure at 3.0, which we also expect to comply with in 2021.

Dividend target: €0.90 per share. The Executive Board of RWE AG aims to pay a dividend of €0.90 per share for fiscal 2021. This represents an increase of €0.05 relative to the dividend for 2020, reflecting the bright earnings prospects of our core business.

Interim consolidated financial statements (condensed)

Income statement

€ million	Jul – Sep 2021	Jul – Sep 2020 ¹	Jan – Sep 2021	Jan – Sep 2020 ¹
Revenue (including natural gas tax / electricity tax)	4,855	2,963	13,430	9,542
Natural gas tax / electricity tax	-50	-46	-177	-150
Revenue²	4,805	2,917	13,253	9,392
Cost of materials	-3,909	-1,615	-10,239	-5,262
Staff costs	-656	-517	-1,872	-1,647
Depreciation, amortisation and impairment losses	-362	-388	-1,872	-1,122
Other operating result	2,114	92	3,767	712
Income from investments accounted for using the equity method	60	76	200	256
Other income from investments	-36	3	152	14
Financial income	167	622	1,314	1,584
Finance costs	-246	-713	-1,244	-1,979
Income from continuing operations before tax	1,937	477	3,459	1,948
Taxes on income	-529	-53	-632	-524
Income from continuing operations	1,408	424	2,827	1,424
Income from discontinued operations		171		221
Income	1,408	595	2,827	1,645
of which: non-controlling interests	32	11	19	48
of which: net income / income attributable to RWE AG shareholders	1,376	584	2,808	1,597
Basic and diluted earnings per share in €	2.03	0.91	4.15	2.56
of which: from continuing operations in €	2.03	0.65	4.15	2.26
of which: from discontinued operations in €		0.26		0.30

1 Some prior-year figures restated due to a retroactive change in the recognition of renewable energy tax benefits in the USA (see commentary on page 6).

2 A presentation of revenue by product and segment can be found on pages 8 et seq.

Statement of comprehensive income

Amounts after tax – € million	Jul – Sep 2021	Jul – Sep 2020 ¹	Jan – Sep 2021	Jan – Sep 2020 ¹
Income	1,408	595	2,827	1,645
Actuarial gains and losses of defined benefit pension plans and similar obligations	22	- 479	827	- 376
Income and expenses of investments accounted for using the equity method (pro rata)		- 1	- 2	- 27
Fair valuation of equity instruments	309	- 91	609	21
Income and expenses recognised in equity, not to be reclassified through profit or loss	331	- 571	1,434	- 382
Currency translation adjustment	- 15	84	86	- 439
Fair valuation of debt instruments	- 5	10	- 17	7
Fair valuation of financial instruments used for hedging purposes	- 6,226	- 424	- 5,142	- 146
Income and expenses of investments accounted for using the equity method (pro rata)	2		13	- 2
Income and expenses recognised in equity, to be reclassified through profit or loss in the future	- 6,244	- 330	- 5,060	- 580
Other comprehensive income	- 5,913	- 901	- 3,626	- 962
Total comprehensive income	- 4,505	- 306	- 799	683
of which: attributable to RWE AG shareholders	- 4,540	- 317	- 883	671
of which: attributable to non-controlling interests	35	11	84	12

1. Some prior-year figures restated due to a retroactive change in the recognition of renewable energy tax benefits in the USA (see commentary on page 6).

Balance sheet

Assets	30 Sep 2021	31 Dec 2020 ¹	1 Jan 2020 ²
€ million			
Non-current assets			
Intangible assets	5,840	4,899	4,777
Property, plant and equipment	19,832	17,902	19,016
Investments accounted for using the equity method	2,881	3,276	3,252
Other non-current financial assets	4,964	4,237	4,337
Receivables and other assets	3,968	3,707	3,668
Deferred taxes	702	397	680
	38,187	34,418	35,730
Current assets			
Inventories	5,564	1,632	1,585
Trade accounts receivable	4,485	3,007	3,621
Receivables and other assets	89,878	12,531	15,310
Marketable securities	3,506	4,219	3,258
Cash and cash equivalents	3,576	4,774	3,192
Assets held for sale	427	1,061	1,274
	107,436	27,224	28,240
	145,623	61,642	63,970

1 Some prior-year figures restated due to a retroactive change in the recognition of renewable energy tax benefits in the USA (see commentary on page 6) and retroactive adjustments to the first-time consolidation of operations which RWE acquired from Nordex in 2020; information on the transaction with Nordex is presented on pages 43 and 110 of the 2020 Annual Report.

2 Some prior-year figures restated due to a retroactive change in the recognition of renewable energy tax benefits in the USA (see commentary on page 6) and retroactive adjustments to the first-time consolidation of the acquired E.ON operations (see commentary on pages 108 et seq. of the 2020 Annual Report).

Equity and liabilities € million	30 Sep 2021	31 Dec 2020 ¹	1 Jan 2020 ²
Equity			
RWE AG shareholders' interest	14,836	16,916	16,617
Non-controlling interests	1,822	790	502
	16,658	17,706	17,119
Non-current liabilities			
Provisions	17,087	19,470	18,937
Financial liabilities	5,214	3,951	3,924
Other liabilities	2,279	2,152	2,144
Deferred taxes	1,249	1,862	2,197
	25,829	27,435	27,202
Current liabilities			
Provisions	3,531	3,004	2,638
Financial liabilities	6,707	1,247	1,689
Trade accounts payable	3,698	2,387	2,987
Other liabilities	89,108	9,282	11,825
Liabilities held for sale	92	581	510
	103,136	16,501	19,649
	145,623	61,642	63,970

1 Some prior-year figures restated due to a retroactive change in the recognition of renewable energy tax benefits in the USA (see commentary on page 6) and retroactive adjustments to the first-time consolidation of operations which RWE acquired from Nordex in 2020; information on the transaction with Nordex is presented on pages 43 and 110 of the 2020 Annual Report.

2 Some prior-year figures restated due to a retroactive change in the recognition of renewable energy tax benefits in the USA (see commentary on page 6) and retroactive adjustments to the first-time consolidation of the acquired E.ON operations (see commentary on pages 108 et seq. of the 2020 Annual Report).

Cash flow statement

€ million	Jan – Sep 2021	Jan – Sep 2020 ¹
Income from continuing operations	2,827	1,424
Depreciation, amortisation and impairment losses / write-backs	1,751	1,072
Changes in provisions	28	- 232
Deferred taxes / non-cash income and expenses / income from disposal of non-current assets and marketable securities	1,926	- 441
Changes in working capital	- 3,111	- 55
Cash flows from operating activities of continuing operations	3,421	1,768
Cash flows from operating activities of discontinued operations		50
Cash flows from operating activities	3,421	1,818
Cash flows from investing activities of continuing operations²	- 2,446	- 1,962
Cash flows from investing activities of discontinued operations		- 76
Cash flows from investing activities	- 2,446	- 2,038
Cash flows from financing activities of continuing operations	- 2,201	1,119
Cash flows from financing activities of discontinued operations		7
Cash flows from financing activities	- 2,201	1,126
Net cash change in cash and cash equivalents	- 1,226	906
Effect of changes in foreign exchange rates and other changes in value on cash and cash equivalents	45	- 23
Net change in cash and cash equivalents	- 1,181	883
Cash and cash equivalents at beginning of reporting period	4,774	3,212
of which: reported as 'Assets held for sale'		20
Cash and cash equivalents at beginning of reporting period as per the consolidated balance sheet	4,774	3,192
Cash and cash equivalents at end of reporting period	3,593	4,095
of which: reported as 'Assets held for sale'	17	
Cash and cash equivalents at end of reporting period as per the consolidated balance sheet	3,576	4,095

1 Some prior-year figures restated due to a retroactive change in the recognition of renewable energy tax benefits in the USA (see commentary on page 6).

2 After an extraordinary transfer to plan assets in the amount of €1,091 million (prior-year period: €97 million).

Financial calendar 2021 / 2022

15 November 2021	Capital Market Day
15 March 2022	Annual report for fiscal 2021
28 April 2022	Annual General Meeting
29 April 2022	Ex-dividend date
03 May 2022	Dividend payment
12 May 2022	Interim statement on the first quarter of 2022
11 August 2022	Interim report on the first half of 2022
10 November 2022	Interim statement on the first three quarters of 2022

This document was published on 11 November 2021. It is a translation of the German interim statement on the first three quarters of 2021. In case of divergence the German version shall prevail. All events concerning the publication of our financial reports and the Annual General Meeting are broadcast live on the internet and recorded. We will keep the recordings on our website for at least twelve months.

RWE Aktiengesellschaft

RWE Platz 1
45141 Essen
Germany

www.rwe.com



**DALCOUR
MACLAREN**

Property Cost Estimate Report

Client: RWE Renewables UK Limited

Project: Awel y Mor Offshore Wind Farm

Date: 4th April 2022

Project Name:	Awel y Mor Offshore Wind Farm
Version	v.2

Prepared by:	
Name	Rob Lees MRICS

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Introduction

Background

This Property Cost Estimate (PCE) has been produced to inform the Funding Statement in accordance with instructions from RWE Renewables UK Limited (the 'Applicant') in respect of the Awel y Môr Offshore Wind Farm Project (the "Project").

The Project is a new offshore wind farm that the Applicant is proposing to develop in the Irish Sea, off the north Wales coast. It involves a new offshore and onshore cable route to connect into the National Grid at a proposed new substation at Bodelwyddan.

During construction the onshore cable corridor will have a typical width of 40 metres. The corridor may be wider in certain locations due to complex crossings, obstructions, or storage areas, along the c. 11km onshore cable route. This equates to a total area required for construction in the region of 121 hectares (including an allowance for severed areas) with an additional 34 hectares being required for ecological mitigation. The width of the area over which permanent rights will be required for the onshore cables is typically 21 metres.

The advice relates to compensation arising from the compulsory acquisition of land and rights and imposition of restrictions, together with other statutory claim liabilities arising out of the Project and is based on a detailed assessment of anticipated claims.

Project Experience

Dalcour Maclaren ('DM') has represented the Project since our instruction in 2019. Consultations and negotiations with landowners, tenants and occupiers affected by the onshore cable route, the onshore substation and construction compounds have been ongoing since 2019. The DM team has an excellent working knowledge of the proposed cable route and associated sites and all plots have been assessed against the Funding Statement requirements.

Dalcour Maclaren Experience

DM have been working in the utilities and infrastructure sectors since 2004 and have acted for and on behalf of numerous statutory undertakers and offshore wind farm developers since then.

During this time, DM have provided strategic advice to clients relating to Compulsory Purchase Orders (CPO) and Development Consent Orders (DCO). DM have also been responsible for securing voluntary agreements for rights associated with large scale projects including Option Agreements, Deeds of Grant of Easement, Leases, and Freehold Acquisitions with a broad spectrum of land interests including owners, occupiers and third parties.

Advice has been provided to multiple offshore wind DCO projects, including:

Project Description	Location	Approximate Length (km)
Hornsea Project One	Lincolnshire	40
Hornsea Project Two	Lincolnshire	40
Hornsea Project Three	Norfolk	55
Hornsea Project Four	Humberside	38
Burbo Bank Extension	Denbighshire	11
East Anglia ONE North	Suffolk	12
East Anglia Two	Suffolk	12
Dogger Bank A&B	Humberside	32
Dogger Bank C	Teesside	10
Sofia	Teesside	10
Triton Knoll	Lincolnshire	57

Limits or Exclusions of Liability

To the best of our knowledge, all information provided within this report is accurate and has been based on information provided by the Applicant and the land take required for all plots contained within the DCO application, as well as areas temporarily and permanently impacted adjacent to the DCO plots. Should any of the information we have used to form our opinions or the scope of the work change then we reserve the right to revisit our assessment. The PCE will remain under constant review and will be updated if and when new information becomes available that suggests values may change.

Consideration has been given to any impact that the ongoing global pandemic may have on the PCE and no further funding is expected to be required as a result.

The PCE provides an indication of the compensation for the entire cable route on a holistic basis. Given the nature of the information available and enquiries made, this estimate should not be relied upon to inform the valuation of individual interests or for the purposes of negotiation.

A precautionary approach has been taken in the assessment of the required funding in light of the requirement for the Applicant to demonstrate that adequate funding is likely to be available to enable the compulsory acquisition within the time period authorised in the DCO.

Methodology

Valuation of Property Interests

For the purposes of providing this assessment we have relied on the following general methodology:

- The acquisitions of all property interests are progressed under the powers of compulsory acquisition and the Compensation Code will apply.
- Compensation is payable in accordance with the Compensation Code which includes the rules set out in Section 5 of the Land Compensation Act 1961 and other applicable legislation and case law.
- The Valuation Date for all estimates is April 2022.
- Government guidance on the compulsory purchase process, which was updated in 2021, provides guidance to acquiring authorities and sets an expectation that compulsory purchase should only be used as a last resort. This encourages negotiation of property interests by agreement in advance of compulsory purchase. The Applicant will demonstrate its progress in this regard during the Development Consent Order process.
- Any property or interests acquired in the shadow of compulsory acquisition could still attract compensation payments and costs should be similar whether acquisition is before or after the award of compulsory acquisition powers.

Value of the Land Taken

The PCE assesses the required funding associated with the acquisition of land and rights and imposition of restrictions using extensive experience of other similar projects.

DM has advised the Applicant on the compensation arising from the compulsory acquisition of land and rights and the imposition of restriction and is based on a detailed assessment of anticipated claims. Whilst that detailed advice is confidential, the approach is explained within this report.

This report sets out an estimate of the total contingent liability for the acquisition of land and rights to be acquired and restrictions imposed by the Project for the purpose of delivering the onshore works element. This assessment outlines the likely Heads of Claim associated with a project of this nature, if land and rights are acquired via compulsory acquisition in the event that voluntary negotiations are unsuccessful and the associated financial figure that may be required as payment to all landowners, tenants, occupiers and third parties affected by the Project.

The following claim items will be considered in this assessment:

- Acquisition of freehold land and land rights (and imposition of restrictions)
- Compensation arising from survey works and temporary works
- Injurious Affection and Severance
- Blight
- Loss of Development
- Claims arising under Section 10 of the Compulsory Purchase Act 1965
- Claims arising under Part 1 of the Land Compensation Act 1973
- Claims arising under Section 152(3) of the Planning Act 2008
- Business Loss Claims
- Third party Professional Fees

The relevant legislation covering the claim items listed above has also been considered in this assessment including Compulsory Purchase Act 1965, Land Compensation Act 1961 and 1973 and the Planning Act 2008.

Any figures for the above claim items are based on professional judgement and experience of similar schemes.

The values provided represent a current view, rather than a projected view, and allow for existing use values and, where relevant, potential development values.

Acquisition of Freehold Land

It is proposed that the freehold interest shall be acquired in all plots associated with the substation and any associated landscaping and ecological mitigation.

The value of those plots has been assessed by reviewing the market value of the land in its existing use but disregarding the fact that the land is being compulsorily acquired. Consideration has been given as to whether any development value and hope value might exist. Disturbance costs associated with the freehold acquisitions have also been included.

Acquisition of Land Rights

It is proposed that permanent rights will be acquired to install, access, inspect, maintain, repair, alter, renew, replace and remove the cables and associated apparatus. Permanent rights will also be sought for certain mitigation land and utility connections required to service the substation. Restrictions will also be imposed on the land so as to ensure that the rights can be exercised without impediment. Disturbance costs associated with the acquisition of Land Rights have also been included.

Compensation arising from Temporary Works

This comprises a number of Heads of Claims including:

- Compensation for loss or damage will arise as a consequence of temporary occupation of land for the undertaking of temporary works for the cable installation, substation construction, and other associated works including use of accesses, visibility splays, environmental mitigation measures and drainage.
- The compensation is assessed having measured the extent of the Order Land over each holding, the nature of the works involved and the existing land uses.
- The estimate covers loss of crops, business losses, losses associated with above ground structures, reinstatement costs and extra field workings, temporary site compounds, claimants justified time and loss of subsidies and grants. Loss of subsidies includes all losses associated with the Basic Payment Scheme (BPS), environmental schemes and any future replacement schemes, being the governments rural grants and payments in support of the farming industry
- Our understanding of the likely impact on individual businesses is still incomplete due to minimal evidence being presented to date and, in consequence, general assumptions have been made and an assessment has been included in the PCE.
- A contingency sum of 10% has been added to allow for losses sustained after the Valuation Date.

Injurious Affection

Injurious affection is the depreciation in the value of the land retained by the owner as a result of the proposed construction on, and use of, other land acquired from that owner for the Project. It is the impact of the whole of the proposed scheme that is to be considered not just the effect on the area acquired from the owner. Compensation is claimable potentially both for the construction of the works and their subsequent use.

An assessment has been made where the project may depreciate the value of property, which includes residential properties close to the substation and energy balancing infrastructure. The valuation takes into account the market value of the relevant property and the estimated depreciated value caused directly by the Project.

It is considered that the most likely claims for injurious affection may arise from those residential properties which are in close proximity to the substation at Bodelwyddan, this assessment relates to properties where land and rights are to be acquired, where no land and rights are to be acquired, they are detailed under heading, "Claims arising under Section 10 of the Compulsory Purchase Act 1965 and Part 1 of the Land Compensation Act 1973". A review of these properties has been undertaken and a general assessment made of potential impacts on a graduated basis dependent on the distance.

A review has also been undertaken of businesses which are affected, an assessment has also been made in relation to possible claims.

Severance

Severance occurs when the land, or land over which rights are to be acquired, contributes to the value of the land which is retained so that, when severed from it, the retained land loses value. In this instance, the majority of land along the route is agricultural and, once the underground cables are installed, it is considered that there should be no permanent severance of land.

An assessment has been made where land is severed either permanently or temporarily as a direct result of the Project, in particular around the proposed substation. The valuation takes into account the market value of the relevant property before and after any permanent severance.

An allowance has been made for temporary severance as a result of the Project and is included as part of the disturbance compensation figure.

Blight

Blight claims allow a qualifying interest to call for their land to be acquired early i.e., before the acquiring authority would otherwise take it.

For a blight notice to be accepted and compensation to be payable, it must be supported by evidence that the claimant has made reasonable endeavours to sell the land or property in question and that the claimant has been unable to do so or could do so only at a price substantially lower than that for which it might reasonably have been expected to sell.

Throughout the course of consultations and negotiations with all landowners and occupiers along the route, we have not been made aware of:

- any attempts to sell any of the affected land or property that has resulted in the land or property only being able to be disposed of at a significantly lower value or
- any parties intending to serve a Blight Notice.

To ensure that the funding assessment caters for any 'blight risk' properties, we have included a contingent liability for Blight claims. However, our assessment suggests the likelihood of blight claims being received is nil.

Loss of Development

It is acknowledged that certain land parcels may have development potential and the implementation of any such development which has the benefit of planning permission may be prevented or restricted as a result of rights granted and restrictions imposed under the DCO. For the avoidance of doubt, development in this context may include but is not limited to residential, commercial or mineral extraction.

Where the compulsory acquisition of rights and imposition of restrictions pursuant to the powers in the DCO restricts or prevents such development potential, any proven and mitigated loss of development value will be compensable.

We have assessed compensation for loss of development and minerals on a worst-case scenario basis, for the purposes of the funding statement.

Claims arising under Section 10 of the Compulsory Purchase Act 1965 and Part 1 of the Land Compensation Act 1973

Section 10 of the Compulsory Purchase Act (CPA) 1965 provides an entitlement to compensation, subject to meeting certain criteria, to the owners of a land interest who suffer damage to their property interest as a result of the execution of works. This entitlement arises where no land is acquired from the owner and equates to a restricted form of nuisance claim.

Claimants can include those whose rights or easements over land are interfered with as a result of the works, for example, a right of way over land being occupied for the Project. Claims can also arise as a result of the effect of physical factors arising from the execution of the works such as noise, dust, light and vibration on properties. The basis of valuation is as set out in this report under the heading, General Assumptions.

Based on the information provided to date, we are only aware of a small number of rights which might give rise to a valid and quantifiable claim. We recognise that, even with detailed referencing information, no absolute guarantee can be given that there are no other rights which could be affected in such a way as to give rise to a justified claim. It is further recognised that, should rights exist, they may be interrupted during construction, e.g. a restriction or temporary interruption to a designated right of way, and as such a claim for temporary injurious affection could arise. However, it is assumed that, as far as possible, alternative arrangements will be made to mitigate the impact on any rights.

In terms of the physical elements of the works which may give rise to a claim, the risk of claims arising as a result of dust, light and vibration is considered to be very low. Our assessment of the impact of noise on properties in the vicinity of the Project's works areas has been based on a worst-case scenario with works proceeding during nighttime hours and at weekends. It is anticipated that through detailed design and further refinement of the Outline Project's Code of Construction Practice, these impacts shall be mitigated.

The view taken, therefore, is that the likelihood of valid and sustainable claims being made under s10 CPA 1965 is moderately low. We do, however, provide an allowance for such costs as a contingency within the PCE.

Responsible authorities may be liable, under Part 1 of the Land Compensation Act 1973, to pay compensation for the depreciation in the value of an interest in land which is attributable to the use of public works where no land has been taken from the claimant. Compensation is limited to depreciation

in the market value of the qualifying land interest caused by the use of the land or works but only in so far as that depreciation is attributable to “physical factors”.

It is our opinion that the likelihood of successful or substantial claims is low based on the particular physical factors which will arise from the use of the works and the distance of the works from potential claimants.

Whilst the risk of such claims remains low, we have provided an allowance for such costs as part of the contingency within the PCE.

Business Loss Claims

It is acknowledged that certain business may be disrupted as a consequence of the Project. Any claims which are accepted by the Applicant will have to demonstrate that they are a natural and reasonable consequence of the Project, with the claimant evidencing they have used reasonable endeavors to mitigate their proven losses.

An assessment has been made of the businesses which could be impacted by the Project.

Third Party Professional Fees

Claimants are entitled to reimbursement of professional costs incurred in connection with the claim for compensation and transfer of their interest to the acquiring authority. Our figures include an allowance for the costs of surveyors and solicitors representing the claimants. This may vary on a case-by-case basis, but overall a 10% contingency has been applied to cover possible additional costs.

The Applicant’s professional costs are not included in the PCE.

Land Transaction Tax

The Applicant, as the Acquiring Authority, may be liable for any Land Transaction Tax (LLT) arising as a consequence of the property transactions. LLT is payable at the following rates:

Price Threshold	LTT Rate (%)
The portion up to and including £225,000	0
The portion over £225,000 up to and including £250,000	1
The portion over £250,000 up to and including £1,000,000	5
The portion over £1,000,000	6

Contingency and Interest

In view of the level of information available to us at this stage, a general contingency of 10% has been added to all items included in the estimate. Additionally, because of the deferment of the payments

from the date of this assessment, compounded interest has also been added at a rate of 2% per annum through to 2030, being the estimated timescale for consenting, programming and construction, based on the upper estimate from the forecasted Consumer Price Index (CPI), published by the Office for National Statistics.

VALUATION ASSUMPTIONS AND EXCLUSIONS

General Assumptions

- The estimate has been prepared on the basis of current market value which would be payable in the event of the Applicant acquiring land and rights and imposing restrictions under the terms of the DCO rather than by voluntary agreement. Associated disturbance is included. The disturbance costs associated with surveys which will be undertaken on a voluntary basis and compensated prior to the DCO being confirmed are excluded from this assessment.
- The estimate relies on assessments of buildings from vantage points and internal property inspections have not been undertaken. In addition, further research has been completed via the internet, media, aerial and ground photography and from investigations into comparable local valuation evidence.
- No allowance has been made for any incentive payments which would otherwise be payable for voluntary agreements (subject to meeting various criteria).
- Land values are based on market values in the region.
- We have not generally investigated planning history unless otherwise stated in this report. Our figures reflect existing use value rather than any other value although, where appropriate we have considered potential development values or values associated with potential alternative uses.
- No account has been taken in the estimate of the risk of sterilisation of Minerals which are potentially available for commercial extraction. The level of risk is considered to be low.
- We understand that there may be some closures and diversions of the public highway. No allowance has been made for any potential claims for compensation other than where there are associated losses caused to businesses.
- The assessment does not include the cost of any physical mitigation or reinstatement works which will be undertaken by the Applicant. These costs form part of the overall budget which the Applicant has allocated for the likely costs of implementing the Project under the DCO.
- A 10% contingency has been applied throughout.
- The figures, which includes the contingency, are inflated by 2% per annum for a period of 8 years through to 2030.
- The Valuation Date for assessment of compensation is assumed to be April 2022. It should be noted that the figures stated in the estimate may require revision.

Exclusions

Costs associated with the following property or interest types have not been included within the PCE:

- Operational highways, railways, rivers and other infrastructure
- Utility apparatus including but not limited to substations, pipes, cables, sewage treatment works, pumping stations, masts and tanks
- The Applicant's professional fees
- Costs associated with surveys undertaken prior to the confirmation of the DCO
- No allowance is made for any VAT in this estimate.

Conclusion

Property Cost Estimate

This is an estimate carried out using the information available to date as set out earlier in this report. If required, the estimate can be revised to maintain accuracy as more information becomes available.

It is our opinion that the likely costs to secure the necessary land, interests, rights and make payment of compensation is in accordance with the figures set out in the table below:

Item	Net Value	Contingency @ 10%	Interest @ 2%	Total
Acquisition of Freehold Land	£1,449,000	£144,900.00	£219,754	£1,813,654
Acquisition of Mitigation Rights	£415,042	£41,504	£62,945	£519,491
Acquisition of Easement Rights	£1,100,719	£110,072	£103,989	£1,314,780
Compensation arising out of Temporary Works	£491,057	£49,106	£74,473	£614,636
Injurious Affection & Severance	£660,000	£66,000	£100,095	£826,095
Claims arising under Section 10 of the Compulsory Purchase Act 1965	£651,000	£65,100	£98,730	£814,830
Claims arising under Part 1 of the Land Compensation Act 1973	£57,500	£5,750	£8,720	£71,970
Business Loss Claims	£2,679,721	£267,972	£406,405	£3,354,098
Third Party Professional Fees	£1,526,250	£152,625	£231,470	£1,910,345
TOTAL	£9,030,289	£903,029	£1,306,583	£11,239,901

In completing this PCE we have maintained a consistency throughout based on our methodology and valuation assumptions and exclusions. For the reasons stated in this report, we have included a contingency so that it can be stated that our estimate of property cost is **£11,239,901**



**DALCOUR
MACLAREN**

Cheshire
East Wing
The Quadrangle
Crewe Hall
Weston Road
Crewe
Cheshire
CW1 6UY

T: 0800 331 7190
E: info@dalcourmaclaren.com

dalcourmaclaren.com

