

## Shadow Price Model Summary Results

### Results

SCENARIO 1

 model.

Financial returns		
	Nominal	Real
Total SIRR	15.00%	12.25%
Required	15.00%	
Project IRR: pre-tax	9.89%	7.21%
Project IRR: post-tax	9.54%	6.87%

Risk capital			
Subordinated debt	Expected	Actual	Amount
First injection		31-Mar-15	38,575,000
Last injection		31-Mar-15	38,575,000
First repayment	1-Apr-15	30-Sep-15	128,264
Last repayment	31-Mar-39	31-Mar-39	2,474,778
First interest	1-Apr-15	30-Sep-15	2,507,375
Last interest	31-Mar-39	31-Mar-39	160,861
<b>Share capital</b>			
Injection	31-Mar-11	31-Mar-11	50,000
Redemption	31-Mar-40	31-Mar-40	50,000
First dividend	1-Apr-15	31-Mar-34	7,913,887
Last dividend		31-Mar-41	3,191,585

Senior loan			
Funds utilised	Max %	Actual %	Amount
Equity		0.019%	50,000
Subordinated debt		15.017%	38,575,000
Mezz Debt		0.000%	-
Senior debt	85.00%	84.96%	218,249,630

Development loan			
	Expected	Actual	Amount
First drawdown	1-Apr-11	31-Mar-11	3,742,153
Last drawdown	31-Mar-15	31-Mar-15	5,984,029
<b>Annuitly tranche</b>			
First repayment	30-Sep-15	30-Sep-15	185,055
Last repayment	30-Sep-38	31-Mar-37	412,917
First interest	1-Oct-15	30-Sep-15	7,518,700
Last interest	30-Sep-38	31-Mar-37	14,225
<b>Bullet tranche</b>			
First repayment	1-Apr-15	31-Mar-11	-
Last repayment	1-Apr-15	31-Mar-11	-
First interest	1-Oct-15	31-Mar-11	-
Last interest	1-Apr-15	31-Mar-11	-

ADSCR			
	Required	Actual	Occurs
Minimum	1.250	1.275	30-Sep-16
Average	1.250	2.533	

Interest cover			
	Minimum	Average	
Minimum	1.000	1.716	30-Sep-15
Average		5.901	

LLCR			
	Minimum	Average	
Minimum	1.300	1.352	30-Sep-15
Average	1.300	4.601	

Loan life			
	Term	Average	
Annuitly tranche	22.0	14.1	
Bullet tranche	0	0	
Combined	22.0	14.1	

Dividend cover			
	Minimum		
Minimum	1.00	1.00	

Value to loan ratio			
	Maximum		
Maximum	1,000,000.00	1.4167	

Equity Bridge			
	2,600,000	13,000,000	
Facility	38,575,000	38,259,857	
First drawdown		31-Mar-11	
Last drawdown		31-Mar-15	
First interest		30-Apr-11	
Last interest		31-Mar-15	
First repayment		31-Mar-15	
Last repayment		31-Mar-15	

Sources and uses			
	9	Life time	
Draw down of senior debt		186,126,758	186,126,758
Injection of Equity Bridge		38,575,000	38,575,000
Injection of sub-debt		38,575,000	38,575,000
Injection of share capital		50,000	50,000
Draw down of Mezz Debt		0	0
Working capital drawdown		0	0
Change in Law facility		0	0
Debt service facility		87,471	87,471
Debt/equity		263,414,228	263,414,228
Sale proceeds		0	0
Capital receipts		0	0
Unitary charge received		0	1,012,816,277
Additional income received		0	247,305,949
Payments (to)/from swap counterparty		0	0
Less: operating costs paid		0	(471,782,804)
Interest on cash balances		(3)	12,244,621
		(3)	800,584,044
<b>Total sources</b>		<b>263,414,225</b>	<b>1,063,998,272</b>
Waste Treatment Facility	(209,970,362)		
Equipment	0		
Buildings & land demolition	0		
Land Acquisition (Lease Prem)	0		
Working capital (VAT)	0		
Set up Costs	(6,500,000)		
Total CAPEX (gross)		(216,470,362)	(216,470,362)
Transfers (to)/from MRA		(3,317,041)	0
Transfers (to)/from DSRA		0	0
Taxation		0	(57,666,444)
Debt service facility comm fee		(231,588)	(1,603,401)
Debt service facility arrangement fee		(116,750)	(116,750)
Debt service facility interest		(4,550)	(4,550)
Debt service facility repaid		(104,198)	(104,198)
Change in Law facility comm fee		(138,581)	(1,004,709)
Change in Law facility arrangement fee		(62,991)	(62,991)
Change in law facility interest		0	0
Change in law repaid		0	0
Repayment of equity bridge		(38,575,000)	(38,575,000)
Annuitly tranche interest		0	(212,189,655)
Annuitly tranche capital		0	(218,249,630)
Bullet tranche interest		0	0
Bullet tranche capital		0	0
Mezz Debt interest paid		0	0
Mezz Debt capital repaid		0	0
Sub-debt interest		0	(87,935,672)
Sub-debt capital		0	(38,575,000)
Receipts from (payments to) HMC&E		0	0
Life cycle expenditure		0	(98,652,361)
Working capital repayment		0	0
Dividends		0	(92,737,551)
Equity repaid		0	(50,000)
Addition to cash balances		(4,393,165)	(0)
<b>Total uses</b>		<b>(263,414,225)</b>	<b>(1,063,998,272)</b>

Debt		
	Requirement	Facility
Base Credit Facility	218,249,630	218,300,000
Equity Bridge	38,575,000	38,575,000
Change in Law facility	6,299,111	6,299,111
Debt service Facility	11,731,799	11,675,000
<b>Total</b>	<b>274,855,539</b>	<b>274,849,111</b>

Analysis of Committed Funds			
	Max Gearing	Actual gearing	Facility
Base Credit Facility			218,300,000
Debt service Facility			11,675,000
	85.62%		229,975,000
Subordinated Debt	14.36%		38,575,000
Equity	0.02%		50,000
<b>Total Funding Requirement</b>	<b>100.00%</b>		<b>268,600,000</b>

#### SOURCES AND USES DURING CONSTRUCTION PERIOD

Sources and uses during construction		
	31-Mar-15	Facility
	54	
Total CAPEX	216,470,362	
Interest during construction	26,759,949	
Funders fees during construction	5,362,923	
DSF commitment fee	262,688	
DSF arrangement fees	0	
Change in Law commitment fees	138,674	
Change in Law arrangement fees	62,991	
Operating costs during construction	0	
Less income received during construction	0	
Lifecycle costs during construction	0	
MRA funding	3,317,041	
DSRA prefunding	0	
Working capital requirement (end of drawdown)	4,500,000	
Cash surplus	0	
<b>Total requirement</b>	<b>256,874,627</b>	
<b>Funded by:</b>		
Draw down of senior debt	186,126,758	
Capitalised interest & fees	32,122,872	
	218,249,630	218,300,000
Injection of sub-debt	38,575,000	38,575,000
Injection of share capital	50,000	
Debt service facility		11,675,000
Change in Law facility		6,299,111
Debt/equity	256,874,630	274,849,111
Interest on cash balances	(3)	
<b>Total sources</b>	<b>256,874,627</b>	<b>274,849,111</b>

Annual operating cashflows (real)			
			9
First period of operations			9
UC Element	/tonne intake		Per annum
Unadjusted Unitary Charge			27,272,000
Landfill (first operational year, real)			1,777,044
Total from council (excluding passthrough Busin		0	29,049,044
Share of non guaranteed income		0	0
Net council Payment		0	0
<b>Other income</b>			
Electricity			0
Recyclates			0
Total from third parties		0	0
Indexation on council payment			1,180
Business rates			31,448,573
First year payment from council			31,448,573
Check	Ok		

Economic & taxation assumptions			
Taxation rate			28.00%
Writing down allowance			20.00%
Industrial buildings allowance			0.00%
Unitary indexation			3.00%
General inflation (RPI)			2.50%

Residual Value assumptions			
Bullet debt as % of total debt			0.00%
Annual Growth in waste treatment facility			0.00%
Annual Growth in equipment			0.00%
Annual Growth in buildings & land demolition			0.00%
Annual Growth in land acquisition (lease premium)			0.00%
Annual Growth in working capital (vat)			0.00%
Annual Growth in set up costs			0.00%

Base Date			
			01-Apr-08
NPV of Unitary Charge - Nominal at 6.09%			460,373,833
NPV of Unitary Charge - Real at 3.50%			388,459,568

Interest rates			
LIBOR plus buffer			5.50%
Swap credit margin			0.12%
MLA's			0.02%
			5.64%
Construction margin			1.30%
<b>Development loan: all-in</b>			<b>6.94%</b>
Operating margin - annuity			1.25%
<b>Annuitly tranche: all-in</b>			<b>6.89%</b>
Operating margin - bullet			0.00%
<b>Bullet tranche: all-in</b>			<b>5.64%</b>
Sub-debt coupon			13.00%
<b>Interest on free cash balances:</b>			
Development phase			4.50%
Operational phase			4.50%

Key Dates			
Financial close			31-Mar-11
Concession expiry			31-Mar-40

Total tax reconciliation			
Profit before tax			150,403,995
Add back: Depreciation & amortisation			315,122,723
Less: CAPEX allowed			(259,575,132)
Add back: disallowable sub-debt interest			0
Less: development interest disposed			0
less: profit on disposal			0
Capital gain on disposal			0
Losses written off			0
<b>Chargeable to CT</b>			<b>205,951,585</b>
Tax @ 28%			57,666,444
Actual tax paid	(0)		57,666,444

Checks			
<b>MODEL INTEGRITY</b>			
Balance sheet balances?			Ok
Sources = Uses?			Ok
Build up of Unitary charge agrees?			Ok
Pre-equity profit & cashflow match?			Ok
Periodic taxation reconciles			Ok
Life time taxation reconciles			Ok
<b>BANK TERMS</b>			
Facility sufficient?			Ok
Gearing met?	84.96%		Ok
MRA fully funded throughout?			Ok
DSRA fully funded throughout?			Ok
Annuitly tranche paid off on time?			Ok
Bullet tranche paid off on time?			Ok
Minimum ADSCR met?			Ok
Average ADSCR met?			Ok
Minimum LLCR met?			Ok
Average LLCR met?			Ok
Distributions during lock-up?			Ok
Value to loan ratio met?			Ok
<b>SPONSOR TERMS</b>			
Sub-debt paid off on time?			Ok
Target SIRR achieved?	0.000%		Ok
Unpaid coupons?			Ok
<b>OTHER OPTIMISATION</b>			
Overdraft at any time?			Ok
Taxation during drawdown phase?			Ok
CSA manual ok?			Ok
<b>Check of checks</b>			All Ok

Weighted Average Cost of Capital		
	Amount	Cost of Capital
Senior Debt	218,249,630	6.89%
Equity (Sub-Debt and Share Capital)	38,625,000	15.00%
<b>Weighted Average Cost of Capital (nominal)</b>		<b>8.11%</b>

Unitary Charge Indexation			
	£		%
<b>Indexed Costs</b>			
Operating costs paid	(471,782,804)		
Life cycle expenditure	(98,652,361)		
Landfill Tax & Haz Waste Op Costs & transport	55,399,007		
Total Indexed Costs	(515,036,158)		48.0%
<b>Fixed Costs</b>			
Annuitly tranche interest paid	(212,189,655)		
Annuitly tranche capital repaid	(218,249,630		