

**SCHEDULE 19**  
**REVISION OF BASE CASE AND CUSTODY**

**1. Definitions**

In each part of this Schedule, the following expressions (in addition to those specified in Schedule 1 (Definitions)) shall, save where the context or express provisions of this Contract otherwise requires or admits, have the following meanings:

<b>“Base Case Change Date”</b>	the date that any revisions to the Base Case are made and shall be the date that the Relevant Event becomes operative as set out in this Contract, or if no date is specified, the date agreed by the Parties pursuant to paragraph 4.2 of this Schedule 19
<b>“Custodian”</b>	means the Facility Agent (as such term is defined in the Common Terms Agreement)
<b>“LIBOR”</b>	means the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for Sterling
<b>“Original Equity IRR”</b>	means the projected blended real rate of return to the Relevant Persons over the full term of this Contract (excluding the non-interest bearing debt advanced to the Contractor under the Subordinated Financing Agreements) having regard to the Distributions made and projected to be made

**2. Application – purpose of this Schedule 19**

This Schedule 19 describes the arrangements agreed by the Parties in relation to:

- 2.1 the custody of the Base Case; and
- 2.2 (where it is required by this Contract, determined in accordance with the Dispute Resolution Procedure or agreed between the Parties) the financial consequences of any Relevant Event or the payment of or release from any sum to be addressed

through an adjustment to the Unitary Charge (or any component thereof) and that this shall be facilitated by an adjustment to the Base Case.

**3. Custody arrangements for the Base Case**

- 3.1 The Contractor shall no later than ten Business Days after the date of this Contract deliver two electronic copies on CD-Rom in Microsoft Excel 2003 and 2007 (or any media/software that replaces this) of the Base Case to the Custodian and one copy to the Authority (for the Authority to hold on its own behalf).
- 3.2 The Contractor shall lodge with the Authority one electronic copy on CD-Rom in Microsoft Excel 2007 (or any media/software that replaces this) of each Base Case as may be revised from time to time pursuant to this Schedule 19 no later than ten (10) Business Days after any revisions have been effected and agreed with the Authority.
- 3.3 Any amendments to the Base Case shall reflect, be consistent with and be made only in accordance with the provisions of this Contract.
- 3.4 Either party shall have the right to inspect and audit the Base Case at their own cost at all reasonable times.
- 3.5 Save as expressly provided in this Contract, the costs of the custody arrangements with the Custodian shall be met by the Contractor.

**4. Revisions to the Base Case**

- 4.1 Where the Parties agree that the financial consequences of any Relevant Event or the payment of or release from any sum are best dealt with without a revision to the Base Case, they shall agree to make such revision to the Monthly Unitary Charge Payment as necessary on a one-off or recurrent basis. Such change shall, on the next occasion that there is a revision to the Base Case in accordance with this Schedule 19, be consolidated as an update to the Unitary Charge and Base Case.
- 4.2 Prior to making any changes to the Base Case (subject to any express provision of this Contract to the contrary), the Parties shall agree the Base Case Change Date for the change and the basis of the revision to the Base Case.
- 4.3 Except for revisions due to:
  - 4.3.1 a Qualifying Refinancing (in which case the provisions of Schedule 16 (Refinancing) shall apply);

4.3.2 a Contractor Change which results in costs savings (and such costs saving are shared in accordance with paragraph 4 of Part 5 of 21 (Change Protocol),

the Unitary Charge shall be revised so as to ensure that the Contractor is in no better and no worse position (as defined by paragraph 5.3) than it was prior to the Base Case Change Date and the event which gave rise to the need for the revision. In no circumstances shall any revision provide compensation to the Contractor for any deviation in performance from that predicted in the latest Base Case as agreed between the Parties or determined in accordance with the Dispute Resolution Procedure.

4.4 In calculating the Estimated Change in Project Costs and in assessing other adjustments to be made to the Base Case arising from a Relevant Event, the Contractor shall be entitled to take into account, *inter alia*:

- 4.4.1 any Change in Costs and Change in Revenue without double counting any financing costs relating to the additional capital expenditure;
- 4.4.2 reasonable economic assumptions prevailing at the time; and
- 4.4.3 changes in the prospective technical performance of the Project arising as a result of the Relevant Event, provided that the Authority shall not be required (and the Contractor shall not be entitled) to take into account the financial impact up to the date of the Relevant Event of those risks which the Contractor bears under the terms of this Contract, including (to the extent so borne by the Contractor under this Contract) changes in VAT rates, taxation rates, RPIX and the impact of adjustments and/or Deductions in accordance with Schedule 4 (Payment Mechanism).

4.5 The Contractor shall take all reasonable and appropriate steps to mitigate the effects of any revision including, in particular but without limitation, mitigating any adverse impact upon the Authority.

4.6 If the Base Case is to be revised, then the Contractor shall make appropriate electronic amendments to it to effect such revisions made in accordance with this Schedule 19.

4.7 Where a revision to the Unitary Charge is required, the Contractor shall, at its own cost, save as otherwise expressly provided, revise the Base Case and submit to the Authority a revised Base Case reflecting such adjustments.

## 5. **Principles of adjustment**

5.1 The following guidelines shall be followed in revising the Base Case:

- 5.1.1 wherever possible the revision shall be carried out without altering the logic, formulae, inputs and assumptions incorporated in the Base Case in any way whatsoever and only data such as costs incurred by the Contractor and the timing and amounts of drawdowns of funding shall be changed;
- 5.1.2 where it is necessary to amend the logic, formulae, inputs and assumptions incorporated in the Base Case to permit revisions to be made, this shall be carried out to the minimum extent necessary and in accordance with generally accepted accounting principles;
- 5.1.3 where any amendment is made to the logic, formulae, inputs and assumptions incorporated in the Base Case, the Base Case, as amended shall first be run with the data included in the Base Case immediately prior to amendment to ensure that the outputs (including but not limited to loan life cover and debt service ratios) from the Base Case as amended correspond to the outputs immediately prior to amendment and the difference in the real pre-tax Project IRR after and immediately prior to amendment does not differ by more than five basis points (being 0.05%) as shown in the resulting figure);
- 5.1.4 the Parties may only agree changes or additions to the guidelines set out in this paragraph 5.1 where they are required in relation to circumstances not dealt with by the assumptions in the Base Case; and
- 5.1.5 unless otherwise agreed by the Parties in writing, the Contractor shall not be permitted to backdate any increase in the Unitary Charge as a result of an Authority Change.

5.2 Any amendment to the logic, formulae, inputs and assumptions incorporated in the Base Case shall be fully recorded so that the manner in which the revised Unitary Charge is calculated can be readily verified.

5.3 Any reference in this Contract to "no better and no worse" and to the Contractor being in a "no better and no worse position", shall be construed as to ensure that:

- 5.3.1 on comparing the output of the Sponsor Base Case (as at the Base Case Change Date) before and after entering into the required Base Case revisions, such comparison of the output from such Base Case shows that:
  - 5.3.1.1 the TPI Adjusted Sponsor Base Case Equity IRR (as set out in paragraph 6.11 of this Schedule 19) in circumstances where the Contractor has been generating Third Party Income at levels below those forecast in the Base Case or

the Base Equity IRR in other cases shall be unchanged (assessed to two decimal places); and

5.3.1.2 the Contractor shall be in a position which is unchanged in relation to the minimum and average debt service cover ratio, and the minimum and average loan life cover ratio (where the Contractor has been generating Third Party Income at levels below those forecast in the Base Case, such ratios should be adjusted downwards to reflect those circumstances); and

5.3.1.3 the Contractor is left in a position which is unchanged in relation to inflation hedging of the Unitary Charge as set out in paragraph 25.2 of the Payment Mechanism; and

5.3.1.4 after entering into the required Base Case revisions, the Contractor's accounting treatment has not changed such that:

- (a) any retrospective and prospective hedge ineffectiveness, as defined currently by IAS 39 and subsequently by any future EU approved international financial reporting standard has increased (such assessment to be acceptable to the Contractor's auditors) as a result of the Base Case revision; and
- (b) there is a material worsening in the results of sensitivity analysis on the Base Case testing a delay in the payment of dividends due to movements in the relevant LIBOR market, as a result of the Base Case revision; and
- (c) there is a reasonable prospect of the Contractor's tax liability materially increasing as result of the Base Case revision; and

5.3.2 the ability of the Contractor to comply with this Contract is not adversely affected or improved as a consequence of the Relevant Event.

5.4 If any material change in the risk profile of the Project arises from the revision, taking account of similar projects exposed to similar risks to those arising out of the circumstances giving rise to the revision, the Parties may agree that the Base Case Equity IRR and Original Equity IRR may be adjusted and such revisions may only be an upwards adjustment.

5.5 In adjusting the Base Case the individual prices and rates which make up the Unitary Charge should reflect the drivers and methodology used to determine those prices and rates as shown in the original Base Case at the Commencement Date and as set out in Appendix 1 to this Schedule.

6. **Principles relating to Third Party Income**

For the purposes of calculating the financial adjustment in relation to Third Party Income pursuant to the provisions of this Schedule 19 (Revision of Base Case and Custody), the following principles shall be applied:

6.1 if the Relevant Event arises from a Qualifying Change in Law (or any event that this Contract deems to be a Qualifying Change in Law), subject to paragraph 6.2 the adjustment to the Unitary Charge due in respect of the resulting lost Third Party Income (the "Qualifying Change in Law TPI Adjustment"), shall compensate the Contractor for the Third Party Income that would otherwise have been receivable but for the occurrence of a Qualifying Change in Law;

6.2 when taken together with all other Third Party Income receivable by the Contractor, the Qualifying Change in Law TPI Adjustment:

- 6.2.1 where prior to the occurrence of the Qualifying Change in Law the Contractor has been generating Third Party Income at levels equal to or in excess of those forecast in the original Sponsor Base Case, shall not result in the Third Party Income exceeding the levels forecast in the original Sponsor Base Case; and
- 6.2.2 where the Contractor has been generating Third Party Income at levels below those forecast in the original Sponsor Base Case, shall not result in Third Party Income exceeding an amount equal to the lower of:
  - 6.2.2.1 the Contractor's share of the Third Party Income forecast in the original Sponsor Base Case; and
  - 6.2.2.2 the TPI Average as defined in paragraph 6.9 below.

6.3 if the Relevant Event arises from a Compensation Event (or an event the Contract deems to be a Compensation Event), subject to paragraph 6.4 the adjustment to the Unitary Charge due in respect of the resulting lost Third Party Income (the "Compensation Event TPI Adjustment") subject to paragraph 6.8, shall compensate the Contractor for the Third Party Income that would otherwise have been received but for the occurrence of the Compensation Event;

6.4 when taken together with all other Third Party Income receivable by the Contractor, the Compensation Event TPI Adjustment:

- 6.4.1 where prior to the occurrence of the Compensation Event the Contractor has been generating Third Party Income at levels equal to or in excess of those forecast in the original Sponsor Base Case, shall not result in the Third Party Income exceeding the levels forecast in the Sponsor Base Case; and
- 6.4.2 where the Contractor has been generating Third Party Income at levels below those forecast in the original Sponsor Base Case, shall not result in Third Party Income exceeding an amount equal to the lower of:
  - 6.4.2.1 the Contractor's share of the Third Party Income forecast in the original Sponsor Base Case; and
  - 6.4.2.2 the TPI Average received by the Contractor over the 24 Month period immediately prior to the occurrence of the Compensation Event;

- 6.5 If the Relevant Event arises from an Authority Change the adjustment to the Unitary Charge shall take into account the resulting lost Third Party Income and any net change in the cost of generating such Third Party Income such that when taken together with all other Third Party Income receivable by the Contractor and the net cost of generating such Third Party Income, put the Contractor in a no better, no worse position;
- 6.6 If the Authority issues a notice to continue in accordance with Clause 69.7 (Notice to Continue), subject to paragraph 6.7 the adjustment to the Unitary Charge due in respect of the resulting loss in Third Party Income (the "Force Majeure TPI Adjustment"), shall compensate the Contractor for the Third Party Income that would otherwise have been receivable but for the occurrence of the Force Majeure Event;
- 6.7 When taken together with all other Third Party Income receivable by the Contractor, the Force Majeure TPI Adjustment:
  - 6.7.1 where prior to the occurrence of the Force Majeure Event the Contractor has been generating Third Party Income at levels equal to or in excess of those forecast in the original Sponsor Base Case, shall not result in Third Party Income exceeding the levels forecast in the original Sponsor Base Case; and
  - 6.7.2 where the Contractor has been generating Third Party Income at levels below those forecast in the original Sponsor Base Case, shall not result in Third Party Income exceeding an amount equal to the lower of:

- 6.7.2.1 the Third Party Income forecast in the original Sponsor Base Case; and
- 6.7.2.2 the TPI Average as defined in paragraph 6.9 below.

6.8 Where pursuant to Clause 33.4 the Authority steps in in circumstances where the Contractor is not in breach, the Contractor's compensation for lost Third Party Income will be an amount equal to the higher of:

- 6.8.1 the amount of Third Party Income actually received by the Authority as a result of taking the Required Action; and
- 6.8.2 an amount relating to the period of the Required Action calculated on the basis of the lower of:
  - 6.8.2.1 the Third Party Income forecast in the original Sponsor Base Case; and
  - 6.8.2.2 the TPI Average as defined in paragraph 6.9 below.

6.9 The TPI Average shall be calculated as:

- 6.9.1 Where the Relevant Event or Step-In occurs twenty-four (24) months or more since the Services Commencement Date, the TPI Average shall be the average Monthly Third Party Income received by the Contractor on a monthly basis over the twenty-four (24) Month period immediately prior to the occurrence of the Relevant Event; or
- 6.9.2 Where the Relevant Event or Step-In occurs where there have been six (6) months or more but fewer than twenty-four (24) months since the Services Commencement Date, or the parties otherwise agree that there is insufficient data for an average Monthly Third Party Income to be calculated over twenty-four (24) months, the applicable period shall be reduced to such reasonable period as the parties may agree. If subsequently the actual Third Party Income received during the period from six (6) to twenty-four (24) months since the Services Commencement Date is calculated as being less than the amount compensated, the amount by which the Third Party Income received is less than the amount compensated shall be deducted from the Contractor's share of any future excess Third Party Income; or
- 6.9.3 Where the Relevant Event or Step-In occurs prior to six (6) months since the Services Commencement Date, the amount of any Third Party Income compensated shall be as forecast in the Sponsor Base Case. If subsequently the actual Third Party Income received during the period prior to six (6) months since the Services Commencement Date is

calculated as being less than the amount compensated, the amount by which the Third Party Income received is less than the amount compensated shall be deducted from the Contractor's share of any future excess Third Party Income;

6.9.4 Compensation for lost Third Party Income shall always be calculated after deducting the Authority's share of such income.

#### **6.10 The TPI Adjusted Sponsor Base Case Equity IRR**

The TPI Adjusted Sponsor Base Case Equity IRR is the real post tax blended equity IRR (including any non-interest bearing debt advanced to the Contractor under the Subordinated Financing Agreements and pre-tax with respect to Shareholders) that is calculated by replacing the TPI assumptions in the Sponsor Base Case with the TPI Average as calculated in accordance with paragraph 6.9. For the avoidance of doubt, the TPI Adjusted Sponsor Base Case Equity IRR shall never be higher than the Sponsor Base Case Equity IRR given that compensation in such circumstances is capped at Sponsor Base Case levels.

### **7. Procedure**

7.1 The Base Case shall be revised by the Contractor in accordance with the provisions of this Schedule 19 within 15 Business Days of the Base Case Change Date.

7.2 If the Base Case is to be revised:

7.2.1 the Contractor shall withdraw one electronic copy of the Base Case from the Custodian in order to make appropriate electronic amendments to it to enable the Contractor to effect the subsequent revisions;

7.2.2 the Contractor shall at its own cost, save as otherwise expressly provided, revise the Base Case and submit to the Authority the revised Base Case for approval (such approval not to be unreasonably withheld).

7.3 The revised Base Case produced pursuant to paragraph 7.2 shall, when it is approved by the Authority (such approval not to be unreasonably withheld), become the Base Case for the purposes of this Contract until its further amendment in accordance with this Contract.

7.4 The Contractor shall ensure that each iteration of the Financial Model is provided with a unique reference number and date.

7.5 The costs of undertaking a revision of the Base Case shall be treated as a project cost in respect of all Relevant Events and (for the avoidance of doubt) shall be incorporated within the revised inputs associated with the revisions to the Financial Model as a result of such Relevant Event.

7.6 Where practicable, the Contractor shall use all reasonable endeavours to carry out revisions to the Unitary Charge at the end of a Contract Year in order that the revised Unitary Charge may take effect at the beginning of the next Contract Year.

7.7 Following agreement of the revised Base Case, the Contractor shall:

- 7.7.1 promptly deliver a copy of the revised Base Case to the Authority in accordance with the provisions of paragraph 3.2;
- 7.7.2 return a copy of the revised Base Case to the Custodian, having observed the necessary version control in accordance with paragraph 7.4 and the necessary revisions to the Unitary Charge to be made in accordance with this Schedule 19; and
- 7.7.3 the necessary adjustments to the Unitary Charge shall be made from the Base Case Change Date but any upward revisions of the Unitary Charge shall not be due and payable until the copies of the revised Base Case have been returned to the Custodian and a copy provided to the Authority.

7.8 Unless otherwise agreed by the Parties in writing, the Contractor shall not be permitted to backdate any increase in the Unitary Charge as a result of a Change.

7.9 If the Contractor does not perform the revisions required by, and in accordance with this Schedule 19, the Authority may do so and determine the revised Unitary Charge accordingly. All costs incurred by the Authority in doing so shall be paid by the Contractor.

8. **Disputes**

8.1 Where the Contractor and the Authority are unable to agree the revisions to the Base Case (including the actual version of the Base Case to be used prior to the required changes being made) within 20 Business Days of submission of the revised Base Case Financial Model by the Contractor to the Authority (or such other time period as is agreed between the Parties), then the matter shall be determined in accordance with the Dispute Resolution Procedure. Where the Adjudicator so requires, he shall have the assistance of an independent auditor appointed by agreement between the Contractor and the Authority or failing such agreement by the appropriate institution to be named.

8.2 Without prejudice to paragraph 8.1, where the Parties are unable to agree any matter arising under this Schedule 19, either party may refer matters for determination pursuant to the Dispute Resolutions Procedure.

## GCC Waste

## Financial model protocol for adjustments to the Base Case

## Schedule 19 Appendix 1

## 1.0

### **1.0 Introduction**

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This protocol sets out the step by step instructions for resolving the Base Case to allow the user to make amendments to the Base Case for Changes for Relevant Events as defined in Schedule 1 (Definitions).

### **2.0 Model instruction: resolving the Base Case for Relevant Events**

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A "no better no worse" adjustment to the Base Case may be required upon the occurrence of a Relevant Event.

This section sets out the step by step instructions for resolving the Base Case for changes for Relevant Events to calculate the compensation due to the Contractor to hold them in a "no better no worse" position as set out in Schedule 19. The criteria under which the Contractor is deemed to be "no better no worse" are set out in paragraph 5.3 of Schedule 19.

#### **Steps to update the Base Case for Relevant Events**

##### **Step 1 –Base Case**

The Base Case that shall be used for the "no better no worse" assessment shall not be updated for actual performance to the date of the Relevant Event, other than in specific circumstances as set out in paragraph 6 of Schedule 19, where the Third Party Income may be amended if actual Third Party Income is less than that set out in the Base Case.

##### **Step 2 –Relevant Event cash flows**

The Base Case as set out in step 1 shall be adjusted for the cash flows associated with the Relevant Event in accordance with Schedule 19.

##### **Step 3 – Resolve and optimise the Base Case such that provisions of Schedule 19 are met**

The Unitary Charge (or other similar agreed amounts) payable by the Authority is adjusted and the Base Case will be optimised as detailed in section 3.

### 3.0 Optimisation of the Base Case

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#### 3.1 Solving criteria

The following constraints need to be met to resolve the Base Case:

- **Sponsor Base Case (scenario 5)**

- Base Case Equity IRR i.e. Real blended post SPV-tax shareholders IRR (equity and all sub-debt) = [REDACTED] (Results!D6)Minimum Annual Debt Service Cover Ratio (ADSCR) shown in the Financial Model at Dashboard!D9 and D10>= [REDACTED]
- Average ADSCR shown in the Financial Model at Results!D49, Results!D53 and Dashboard!D11>= [REDACTED]
- Minimum Loan Life Cover Ratio ("LLCR") shown in the Financial Model at Results!D61 >= [REDACTED]
- Maximum gearing (including rolled up interest) shown in the Financial Model at Results!D31 =< [REDACTED]
- All error checks on the output sheet are met (Results!J83:J130)

If both Parties have agreed further to paragraph 5.4 of this Schedule that the Original Equity IRR is to be adjusted then, Original Equity IRR shall also be considered in resolving the Base Case, i.e. Real blended post SPV-tax shareholders IRR (equity and interest bearing sub-debt) = (Results!D5)

- **Debt Sizing Case (scenario 1)**

- Minimum ADSCR shown in the Financial Model at Dashboard!D9 and D10>= [REDACTED]
- Average ASCSR shown in the Financial Model at Dashboard!D11>= [REDACTED]
- Error checks on the output sheet are met (Results!J83:J111, Results!J117:J127)

- **Funder Base Case (scenario 2)**

- Base Case Equity IRR i.e. Real blended post SPV-tax shareholders IRR (equity and all sub-debt) = [REDACTED] (Results!D6)Minimum Annual Debt Service Cover Ratio (ADSCR) shown in the Financial Model at Dashboard!D9 and D10>= [REDACTED]
- Average ADSCR shown in the Financial Model at Results!D49, Results!D53 and Dashboard!D11>= [REDACTED]
- Minimum Loan Life Cover Ratio ("LLCR") shown in the Financial Model at Results!D61 >= [REDACTED]
- Maximum gearing (including rolled up interest) shown in the Financial Model at Results!D31 =< [REDACTED]
- Error checks on the output sheet are met (Results!J83:J113, Results!J117:J127)

If both Parties have agreed further to paragraph 5.4 of this Schedule that the Original Equity IRR is to be adjusted then, Original Equity IRR shall also be considered in resolving the Base Case, i.e. Real blended post SPV-tax shareholders IRR (equity and interest bearing sub-debt) = (Results!D5)

### 3.2 Steps for resolving the Financial Model

As a result of the preceding changes, the Base Case will be optimised using the process set out below:

Step	Worksheet	Cell	Change/check	Description
1	Dashboard	'Dashboard'!M15 'Dashboard'!D19	Ensure the 'Facility sufficient' check is passed on the Dashboard. Where the facility is insufficient, update the Subordinated debt input on the Dashboard in conjunction with the 'Facility calc x 1' macro to ensure the facility is sized correctly.	In the event of a change that leads to a change in funding requirement the senior debt facility must be re-sized to ensure it is sufficient. The 'Facility calc x 1' macro needs to be run until the facility size check is "ok" ('Dashboard'!N29) and the DSRA pre-funding appropriate check is "ok" ('Dashboard'!M26). If this is run more than 10 times without the checks clearing then before running again should be subject to further investigation by the financial advisors to the sponsor and validated by the Authority.
2	Dashboard	'Dashboard'!M26/ 'Dashboard'!C32:D32	Check that the DSRA prefunding is appropriate.	In the event MRA and/or DSRA is underfunded it may be necessary to manually change the first period sculpting using these inputs
3	Dashboard	'Dashboard'!D3	Switch scenario to check impact of changes on the debt sizing case	The scenario selector should be changed to scenario 1, with a manual calculation refresh (Ctrl + Alt +F9) required to check to see if the changes in (1) and (2) have

Step	Worksheet	Cell	Change/check	Description
				caused a breach of the covenants.
4	Dashboard	'SCULPT MACRO' button	In the event of a change in the funding requirement or funding terms the debt sculpting macro button 'SCULPT MACRO' should be run.	This sculpts the debt repayments to a target minimum ADSCR ratio. Note, this macro should only ever be run whilst the scenario selector is set to "Scenario 1".
5	Dashboard	'Dashboard'!D9:E11	Check following changes to see if all bank terms checks have been met.  Where all terms have been met review the Actual ratios against the required ratios (Dashboard E9:E11) to establish whether the debt sizing case is efficient.	This establishes whether all minimum bank requirements have been met in the debt sizing case.
6	Dashboard	'Dashboard'!D3	Scenario selector should be changed to scenario 2 to change into the Lenders Base Case	Whenever switching between scenarios this should always be followed with a manual calculate (Ctrl + Alt + F9)
7	Results	'Results'!D5 and 'Results'!D6	The model meets the target SIRR being the Base Case Equity IRR, i.e. Real blended post SPV-tax shareholders IRR (equity and all sub-debt)	If the model meets the target SIRR but had error checks in the debt sizing case, the gearing should be reduced by changing the sub debt amount ('Dashboard'!D19).  If the model does not meet the target SIRR and also had error checks failing in the debt sizing case, the band 1 gate fee should be increased ('Dashboard'!D18).  If the debt sizing case

Step	Worksheet	Cell	Change/check	Description
				<p>had all bank checks passing, and the model exceeds the target SIRR, the band 1 gate fee should be decreased ('Dashboard'!D18).</p> <p>If the debt sizing case had all bank checks passing, but the target SIRR is not met, the gearing should be increased by reducing the sub debt amount ('Dashboard'!D19).</p>
8	Dashboard	'Dashboard'!D3	Scenario selector – debt sizing case, Scenario 1	The model should be switched to the debt sizing case to re-sculpt the debt.
9	Dashboard	'SCULPT MACRO' button	In the event of a change in the funding requirement or funding terms the debt sculpting macro "StrikersFullSculpt" should be run.	<p>Following this steps 1-8 should be repeated as necessary until the bank checks are passing in the debt sizing case, and the target SIRR is achieved and the Check of checks ('Dashboard'!N3) is passing in the sponsors base case. Finally, change the scenario selector to scenario 5 to ensure that all bank checks are passed, and that the SIRR is at least 10.77% (if it is less than 10.77%, the TPW gate fee at 'Inputs'!M798 will need to be increased).</p> <p>Any errors once the debt sculpting macro has been run more</p>

Step	Worksheet	Cell	Change/check	Description
				than three times should be subject to further investigation by the financial advisors to the sponsor and validated by the Authority.
10	Inputs	'Inputs'!D5 and 'Inputs'!F3	Checking Hedging against inflation	<p>On Scenario 5, Input +1% and -1% into 'Inputs'!D5 and check if 'Inputs'!F3 is under +/- 0.05%. If not adjust 'Inputs'!J347 (indexation of UC) if under/over hedged.</p> <p>If the indexation of UC is adjusted revert to Step 11.</p>
11	Dashboard	GIB Macro	<p>Solving debt allocations</p> <p>If required run GIB Macro to resolve loan transfer amounts and allocation between funders.</p> <p>Note it may be necessary to run this in conjunction with the Facility calc x 1 and Solve Effective Interest Rate macro buttons.</p> <p>Where funding limits are being breached the following should be considered to address:</p> <ol style="list-style-type: none"> <li>1. Increase / decrease sub debt to reduce/increase term loan requirements</li> <li>2. Revise P1 sculpt in dashboard 'Dashboard'!D32 to amend DSRA prefunding requirement</li> <li>3. Amend cover ratio</li> </ol>	

Step	Worksheet	Cell	Change/check	Description
				<p>targetted by macro as alternative to amending gearing - increasing target to increase shareholder return (and reduce average ADSCR)</p> <p>4. Amend proportion of top up / additional term loan provided by commercial banks (subject to funder approval)</p> <p>Note it may be necessary to limit gearing in order not to breach funding limits 'Dashboard'!F72</p>

If both Parties have agreed further to paragraph 5.4 of this Schedule that the Original Equity IRR is to be adjusted then, then SIRR in the table above shall also be taken to include Original Equity IRR, i.e. Real blended post SPV-tax shareholders IRR (equity and interest-bearing sub-debt), in addition to Base Case Equity IRR.