Appendix R1

Waste Services Contract Shadow Tariff Models

North London Waste Authority Shadow Tariff Waste PFI Model

Waste Services Contract Reference Case Model

Prepared by

Ernst & Young

Company. EY PFI Generic Model Project: 09.11.24_ NLWA_WS_FINAL. Model: FINAL REFERENCE CASE PFI Version: Contact: 2 Dec 2009 Print date: Critical checks Notes Shortcut keys Other checks (Press Escape key Ctrl + Shift + R Print Reports **■ ERNST & YOUNG** to cancel any process Ctrl + Shift + P All sheet protection Ctrl + K Funding calculation or exit from any dialog box) Ctrl + Alt + F9 Calculate model

This Financial Model (the "Model") has been built under the terms of Ernst & Young LLP's engagement dated 22 November 2007 with North London Waste Authority. The Model has been constructed for a specific purpose and is not intended for distribution to third parties. Third parties who obtain copies of the model should be aware of the following:

- the Model may not be suitable for purposes other than the specific purposes for which it was designed, and the interests of third parties may not have been anticipated;
- the Model was not intended for use by third parties and may not be designed so that it can be readily operated in a correct manner by such parties;
- the Model may be a development version and may not be complete or, in the event that development of the Model has concluded, material events may have occurred since completion, which are not reflected in the Model;
- the Model may not have been subject to independent testing and where it has been tested, this may not provide an appropriate degree of assurance for all possible uses of the Model.

Accordingly, third party recipients of this Model use it entirely at their own risk and, in the absence of express written consent, no responsibility is taken or accepted for any losses which may result there from, including direct or indirect consequences of computer viruses.

The financial projections do not constitute a profit forecast, but illustrate the possible results of the project company if the assumptions set out in the Data Book were to be made correct. The project company has no previous trading history. The illustrative financial projections may be materially affected by changes in economic or other circumstances, or when the assumptions upon which they are based prove in event to have been incorrect.

In the event any liability attaches to Ernst & Young LLP arising out of or in connection with the Model our liability in respect of breach of contract or breach of duty or fault or negligence or otherwise shall be limited in accordance with the terms of our engagement with North London Waste Authority.

Figure 1: Waste Services Contract Reference Case Shadow Tariff Model – Output Sheet

EY PFI Generic Model	Sensitivity Run?	FALSE		Print date:	30-Nov-09			
Filename: 09.11.24_ NLWA_WS_FINAL.		OBC WS Model						
Key Project Dates			Checks and controls					
Financial Close		01-Oct-12						
Construction Start Date		01-Oct-12	Critical checks	✓		Other checks		✓
Operational Start Date		01-Apr-16	Source & Aps Balances	TRUE		Gearing OK?		TRUE
Concession Length (years)		26	Balance Sheet Balances?	TRUE		•	ion within ceiling	TRUE
Concession End		31-Mar-42	Tax Reconciliation	TRUE			d in concession?	TRUE
			Debt amortisation period valid	TRUE		MRA .		TRUE
Cost to Public Sector			Funding calculation finished?	TRUE		DSRA fully fun		TRUE
Unitary Payment p.a real £'000s		64,336	Balance Sheet unwinds?	TRUE		Deferred Tax ι	inwinds?	TRUE
Add VAT £'000s		11,259	Consistency of outputs	TRUE		Debt term OK?	•	TRUE
Gross Unitary charge £'000s		75,595						-
Portion of Unitary Payment indexed to inflation		50.0 %	Other key model info					
			Overdraft Check	No Overdraft				
Bullet payment £'000s		-		Acceptable				
Date		31-Mar-42	Accounting Option Selected? 1.			,		
NDV of Unitory Dovernote (not of VAT)			Tax Option Selected? 1.	Capital Allowar	nce/Fixed Asset	a/c		
NPV of Unitary Payments (net of VAT): NPV Base date		01-Jul-07	Funding terms					
NPV at Real Discount rate 3.5%		1,093,286		Arr Fee (bps)	Com Fee (bps)	Margin (bps)	Term (yrs)	Tail (yrs)
NPV at Real Discount rate 3.5% + inflation		663,196	Bond	n/a	n/a	n/a	n/a	n/a
Equivalent Annual Cost (real) - £'000s		62,546	Senior debt Tranche A	250 bps	138 bps	296 bps	23.51	2.50
			Senior debt Tranche B	n/a	n/a	n/a	n/a	n/a
Key Macroeconomic Assumptions			Mezzanine	n/a	n/a	n/a	n/a	n/a
UC & TPI inflation		2.5 %	Equity Bridge	250 bps	100 bps	200 bps	n/a	n/a
LIBOR		4.6 %	Sub debt coupon	0 bps	0 bps	1251 bps	26.0	-
Corporation Tax		28.0 %	Dalid Carrage Datha a ()					
Rates of Return			Debt Coverage Ratios (during fu	iii operations)	Lock up	Target	Average	Min
INGLES OF RELUIT	Nominal	Real	Debt service cover (DSCR)	-	1.150	1.250	1.388	1.250
	Homiliai	rtoui	Forward looking DSCR		1.150	n/a	1.415	1.250
Project IRR, pre-tax	11.5 %	8.8 %	Loan life cover (LLCR)		1.200	n/a	1.608	1.407
Project IRR, post-tax	11.1 %	8.4 %	Project life cover (PLCR)		n/a	n/a	2.052	1.466
Equity return - dividends	22.3 %	0.0 %						
Blended pre-tax shareholders IRR (Equity and sub-debt)	14.00 %	9.9 %	Gearing ratio and weighted aver		pital			
Required	14.0 %	7,0,0	Actual Gearing (including rolled up	interest)				79.7 %
Blended post-tax shareholders IRR (Equity and sub-debt)	9.9 %	7.3 %	Pre tax WACC					154.0 %
Sources and uses of funds during construction period								
Sources	£'000	% of total	Uses			£'000	%	
Bond	-	0.0 %	-			_ 500	,,	
Senior Debt Tranche A	276,430	79.73 %	Capital costs paid			264,357	76.2 %	
Senior Debt Tranche B	-	0.0 %	Development costs			28,189	8.1 %	
Mezzanine Debt	-	0.0 %	Hard FM			-	0.0 %	
Debt sub-total	276,430	79.7 %	Soft FM			-	0.0 %	
			Life-cycle Maintenance			-	0.0 %	
Sub Debt		0.0 %	SPV Costs			4,691	1.4 %	
Equity	50	0.01 %	Capital contribution / Negative Ope	erating revenue/	Deposit interest		(7.0%)	
Fauity Bridge			VAT		4- 0 \/AT\	3,046	0.9 %	
Equity Bridge		0.0 %	Working Capital (unpaid Capex, de Reserve accounts	evelopment cos	IS & VAI)	17,724	5.1 % 4.2 %	
- Funding Equity - Funding Sub Debt	70,228	20.26 %	Interest payments			14,438 17.130	4.2 % 4.9 %	
Equity sub-total	70,228	20.26 %	Financing Charges			21,333	4.9 % 6.2 %	
Ledany our count	70,270	20.0 70	srionig Orlangeo			21,000	U.Z 70	
Total	346,708	100.0 %	Total			346,708	100.0 %	

Figure 2: Waste Services Contract Reference Case Shadow Tariff Model – Annual Sheet

EY PFI Gen Filename: 09.1	neric Model 11.24_NLWA_WS_	Annual dates	Sensitivity Run? Critical checks Case in use	C WS Model	31-Mar-13																														
		Year count Phase			1 Construction C		3 Construction	4 Operations	5 Operations	6 Operations	7 Operations	8 Operations	9 Operations (10 Operations	11 Operations 0	12 Operations (13 Operations (14 Operations (15 Operations C	16 Operations	17 Operations	18 Operations C	19 Operations C	20 Operations O	21 Iperations C	22 Operations (23 Operations	24 Operations	25 Operations	26 Operations (27 Operations C	28 Operations C	29 Operations O	30 Operations C	31 Operations
		Balance Sheet Balances?	TRUE	1			1	-	1	1	1	1	-		1	-	-	1	1	1	_	-	_	-	7	1	1	1	-	-	-				
71-	ming & Flags																							7					$\overline{}$						
111	ming & riags																					_					_								_
		Semi annual period for balance sheet Construction period flag		- 1	1	3	5	7	9	11	13	15	17	19	21	23	25	27	29	31	33	35	37	39	41	43	45	47	49	51	53	55	57	59	61
		Concession period flag		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	- 1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1. An	nnual projected	cash flow statement																																	
ndex	(1.484,132)		TOTAL	1	6,401																														
non index total	(816,916)	Net Unitary charge receipts including RPI Swap	2,327,333		1,390	6,621	7,052 517	7,341	65,590	71,770	72,831 11 945	73,941 12,325	75,085 12,718	76,370 13,094	77,699 13,477	79,063 13,872	80,463 14,278	81,901 14.696	83,378 15.126	84,894 15,569	86,450 10,589	88,049 10,405	89,690 10,709	91,376 11.022	93,107	94,884	96,710 12,018	98,585 12,370	100,511	102,489	104,521 13,488	106,608	108,751 14,290	110,954 14,708	9,261 1,229
otai	(2,301,049) 36%	Third party income Capital contributions			207	520	517	502	10,356	11,579	11,945	12,325	12,/18	13,094	13,477	13,872	14,278	14,090	15,126	15,569	10,589	10,405	10,709	11,022	11,345	11,070	12,018	12,370	12,732	13,105	13,488	13,883	14,290	14,708	1,229
		Operating Costs Soft FM	(1,661,048)	-		-		-	(36,850)	(41,124)	(42,354)	(43,665)	(45,034)	(46,624)	(48,309)	(50,063)	(51,887)	(53,784)	(55,759)	(57,813)	(59,951)	(62,176)	(64,493)	(66,905)	(69,417)	(72,033)	(74,759)	(77,598)	(80,557)	(83,641)	(86,856)	(90,208)	(93,703)	(97,348)	(8,138)
		Construction costs / change of law costs paid	(282,012)					(201,024)	(17,655)							-	-	-		. :						-	-	-		-	-				
		Development costs Life-cycle costs	(28,189) (99,165)		(5,531)	(5,383)	(11,450)	(5,825)		- :	(45)	(109)	(9)	(295)	(23,423)	(3,408)	(886)	(968)	(137)	(132)	(362)	(26,116)	(2,432)	(146)	(13)	- :	(11,586)	(12,648)	(13,712)	(2,359)	(184)	(178)	(16)		
		SPV costs Operating cash flow	(58,320) 532,999		(454) (4.388)	(1,378)	(1,411)	(1,447)	(1,483)	(1,520) 40.705	(1,558)	(1,597) 40,897	(1,637)	(1,678)	(1,720)	(1,763)	(1,807)	(1,852)	(1,898)	(1,946)	(1,994)	(2,044)	(2,095)	(2,148)	(2,201)	(2,256)	(2,313)	(2,371)	(2,430)	(2,491)	(2,553)	(2,617) 27 488	(2,682)	(2,749)	(230)
				-	(1,000)	5/5	(00,020)	(200,400)	10,000	10,100	,		,		,			,				4,								21,110				20,000	2,120
		Deposit interest received / Overdraft interest paid VAT Paid to creditors/Received from debtors	17,547 95,600	- :	(465)	719	(11,353)	(34,358)	936 3,493	589 7,123	587 7,143	557 7,157	782 7,197	1,045 7,152	1,355 3,102	725 6,598	649 7,028	636	558 7,124	822 7,100	1,006 6,078	1,309 1,421	509 5,491	412 5,810	487 5,744	680 5,647	1,061 3,512	1,040 3,209	833 2,895	442 4,743	355 4,973	173 4,810	0 4,662	4,474	371
		VAT (paid)/received (inland revenue) Current tax paid	(95,600) (59,006)		442	(720)	11,352	34,357	(3,467)	(7,123)	(7,143)	(7,157)	(7,197)	(7,152)	(3,102)	(6,598)	(7,028)	(6,999)	(7,124)	(7,100)	(6,078)	(1,421)	(5,491)	(5,810)	(5,744)	(5,647)	(3,512)	(3,209)	(2,895)	(4,743)	(4,973)	(4,810) (5,060)	(4,662)	(4,474)	(371)
		Net cash flow	491,541	-	(4,412)	378	(68,626)	(200,404)	20,920	41,294	41,407	41,453	41,905	41,911	19,079	38,426	40,810	40,629	41,269	41,395	35,739	8,110	28,688	29,589	28,798	28,015	16,128	14,683	13,017	23,210	24,116	22,601	21,028	18,261	2,123
		Opening cash balance				(0)	(0)	(0)	20,745	(0)	(0)	(0)	0	(0)	(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Life-Cycle/Maintenance reserve transfers	(0)					(13)	(45)	(61)	(100)	(6,845)	(8,044)	(14,676)	24,975	3,159	394	912	(7,695)	(8,443)	(15,675)	29,211	2,768	(3,239)	(7,104)	(14,550)	1,463	6,059	14,619	2,606	107	200	18		
		Debt service reserve transfers Cash flow available for senior debt service	512,285	- :	(4,412)	378	(68,626)	(14,424) (214,841)	(1,961) 39,658	265 41,498	2,051 43,358	1,339 35,947	1,627 35,488	1,884 29,120	(7,559) 36,495	296 41,880	(123) 41,080	2,910 44,451	1,041 34,614	4,199 37,150	2,484 22,547	(7,042) 30,279	2,246 33,702	1,875 28,225	3,192 24,886	2,396 15,860	(2,842) 14,749	(1,436) 19,306	(2,884) 24,753	662 26,479	595 24,819	9,211 32,012	21,046	18,261	2,123
		Arrangement fees	(8,666)		(8,666)																														
		Commitment fees Wrapped bond premium	(12,666)		(2,176)	(4,323)	(3,988)	(2,179)																				-							
		Amounts drawn down (see below for analysis)	346,708		15,597	4,923	75,504	250,685																											
		DSR releases to fund cash shortage for debt servicing														\ .																			
		Senior debt Tranche A interest	(278,302)				(205)	(9,133)	(21,197)	(20,364)	(19,412)	(18,524)	(17,836)	(17,419)	(17,341)	(16,373)	(14,993)	(13,556)	(12,100)	(10,994)	(9,991)	(9,652)	(8,658)	(7,599)	(6,540)	(5,810)	(5,577)	(5,209)	(4,462)	(3,207)	(1,788)	(362)			
		Senior debt Tranche B interest Bond interest						- :		- :		- 1								-					- 1	- :	- :						:		
		Senior debt Tranche A capital Senior debt Tranche B capital	(276,430)						(9,627)	(12,222)	(12,933)	(8,763)	(7,504)	(3,369)	(9,002)	(16,895)	(17,970)	(19,677)	(14,758)	(14,268)	(5,460)	(11,305)	(16,507)	(13,381)	(10,315)	(3,962)	(3,196)	(8,085)	(13,647)	(17,346)	(17,391)	(8,849)			
		Bond capital													- :					- :						- :				- :		- :		<u> </u>	
		Cash flow available for mezzanine debt service	282,929		342	978	2,685	24,531	8,834	8,912	11,012	8,660	10,149	8,331	10,151	8,613	8,117	11,218	7,755	11,889	7,096	9,322	8,537	7,245	8,031	6,089	5,977	6,012	6,644	5,925	5,640	22,801	21,046	18,261	2,123
		Mezzanine debt interest Mezzanine debt capital	1 : 1		:	:								. :	:	:		:	:	:	:		:		:	:						:		:	:
		Cash flow available for sub debt & shareholders	282,929		342	978	2,685	24,531	8,834	8,912	11,012	8,660	10,149	8,331	10,151	8,613	8,117	11,218	7,755	11,889	7,096	9,322	8,537	7,245	8,031	6,089	5,977	6,012	6,644	5,925	5,640	22,801	21,046	18,261	2,123
		Equity Bridge interest	(7,792)		(342)	(978)	(2,685)	(3,787)		- 4						7 .																			
		Sub-debt deferred interest Sub-debt interest	(96) (174,446)	-		-		-	(8,778)	(8,771)	(8,752)	(8,487)	(8,445)	(8,233)	(8,223)	(7,975)	(7,893)	(7,864)	(7,442)	(7,430)	(6,851)	(6,825)	(6,464)	(6,268)	(6,130)	(5,891)	(5,867)	(5,869)	(5,840)	(5,734)	(5,620)	(96) (5,194)	(2,967)	(634)	
		Sub-debt capital paid	(70,228)		:	- :	- :	- :	(56)	(141)	(2,261)	(174)	(1,704)	(99)	(1,929)	(638)	(224)	(3,354)	(313)	(4,459)	(245)	(2,497)	(2,073)	(978)	(1,901)	(198)	(109)	(143)	(804)	(192)	(20)		(18,080)	(10,127)	:
		Cash flow available for shareholders	30,367		(0)	(0)	(0)	20,745	(0)	(0)	(0)	. 0	(0)	(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7,499	2,123
		Dividends paid Redemption of share capital	(9,572) (50)				-			-					-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,499)	(2,073)
		Cash carried forward	0	- :	(0)	(0)	(0)	20,745	(0)	(0)	(0)	0	(0)	(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(30)
														_																					
		Memo : Analysis of drawdowns																																	
		Bond Senior Debt - Tranche A	276.431	:	:		25.796	250.635							:			:	:	:	:				- :							:		:	
		Senior Debt - Tranche B	2.0,401					-		. :		. :																							
		Mezzanine Debt Equity Bridge	70,228	-	15,597	4,923	49,708	. :	1				- :		- :	- :	- :	:	:	:	:	- :	:	- 1	- :	:	:		- :	:	:	:			
		Subordinated debt Equity	- 50	-	-			50							-						-	-		-			-				-	-		-	-
		Total	346,709		15,598	4,923	75 504	250 685	_	_																									

North London Waste Authority Shadow Tariff Waste PFI Model

Waste Services Shadow Tariff Model for PFI Credit Calculation

Prepared by

Ernst & Young

Company:															
Project:		EY PF	FI Generic Model												
Model:		09.11.24_ NL	.WA_WS_PFISTM FINA	AL.											
Version:	FINAL REFERENCE CASE PFI														
Contact:															
Print date:	2 Dec 2009														
Notes	Critical checks	✓	Shortcut keys												
	Other checks	- ≝ Ernst & Ýoung	(Press Escape key	Ctrl + Shift + R	Print Reports										
		EKNST & TOUNG	to cancel any process	Ctrl + Shift + P	All sheet protection										
			or exit from any dialog box)	Ctrl + K	Funding calculation										
				Ctrl + Alt + F9	Calculate model										

This Financial Model (the "Model") has been built under the terms of Ernst & Young LLP's engagement dated 22 November 2007 with North London Waste Authority. The Model has been constructed for a specific purpose and is not intended for distribution to third parties. Third parties who obtain copies of the model should be aware of the following:

- the Model may not be suitable for purposes other than the specific purposes for which it was designed, and the interests of third parties may not have been anticipated;
- the Model was not intended for use by third parties and may not be designed so that it can be readily operated in a correct manner by such parties;
- the Model may be a development version and may not be complete or, in the event that development of the Model has concluded, material events may have occurred since completion, which are not reflected in the Model;
- the Model may not have been subject to independent testing and where it has been tested, this may not provide an appropriate degree of assurance for all possible uses of the Model.
- Accordingly, third party recipients of this Model use it entirely at their own risk and, in the absence of express written consent, no responsibility is taken or accepted for any losses which may result there from, including direct or indirect consequences of computer viruses.

The financial projections do not constitute a profit forecast, but illustrate the possible results of the project company if the assumptions set out in the Data Book were to be made correct. The project company has no previous trading history. The illustrative financial projections may be materially affected by changes in economic or other circumstances, or when the assumptions upon which they are based prove in event to have been incorrect.

In the event any liability attaches to Ernst & Young LLP arising out of or in connection with the Model our liability in respect of breach of contract or breach of duty or fault or negligence or otherwise shall be limited in accordance with the terms of our engagement with North London Waste Authority.

Figure 3: Waste Services Contract Shadow Tariff Model for PFI Credit Calculation – Output Sheet

EY PFI Generic Model	Sensitivity Run?	FALSE	Print dat	e: 30-Nov-09			
Filename: 09.11.24_ NLWA_WS_PFISTM FINAL.	Case in use	OBC PFI Model WS					
Key Project Dates			Checks and controls				
Financial Close		01-Oct-12					
Construction Start Date		01-Oct-12	Critical checks ✓		Other checks		✓
Operational Start Date		01-Apr-16	Source & Aps Balances TRUE		Gearing OK?		TRUE
Concession Length (years)		26	Balance Sheet Balances? TRUE		Sub debt inject	ion within ceiling	TRUE
Concession End		31-Mar-42	Tax Reconciliation TRUE		Sub debt repai	d in concession?	TRUE
			Debt amortisation period valid TRUE		MRA		TRUE
Cost to Public Sector			Funding calculation finished? TRUE		DSRA fully fun		TRUE
Unitary Payment p.a real £'000s		58,953	Balance Sheet unwinds? TRUE		Deferred Tax ι	ınwinds?	TRUE
Add VAT £'000s		10,317	Consistency of outputs TRUE		Debt term OK?	•	TRUE
Gross Unitary charge £'000s		69,270					-
Portion of Unitary Payment indexed to inflation		55.0 %	Other key model info				
			Overdraft Check No Overdraft	t			
Bullet payment £'000s		-	Sculpting of closing dividends' Acceptable				
Date		31-Mar-42	Accounting Option Selected? 1. Fixed Asse				
			Tax Option Selected? 1. Capital Allo	wance/Fixed Asset	a/c		
NPV of Unitary Payments (net of VAT):		04 1 : 0=	(-				
NPV Base date		01-Jul-07	Funding terms			- / \ T	T 11 / \
NPV at Real Discount rate 3.5% NPV at Real Discount rate 3.5% + inflation		1,023,948 620,136	Bond Arr Fee (bps		Margin (bps)	Term (yrs)	Tail (yrs)
Equivalent Annual Cost (real) - £'000s		58,579	Senior debt Tranche A 100 b		n/a 125 bps	n/a 23.51	n/a 2.50
Equivalent Annual Cost (real) - 2 0003		30,379	l l	/a n/a	n/a	23.51 n/a	n/a
Key Macroeconomic Assumptions				/a n/a	n/a	n/a	n/a
UC & TPI inflation		2.5 %		/a n/a	n/a	n/a	n/a
LIBOR		5.5 %	Sub debt coupon 0 b		1251 bps	10.5	15.5
Corporation Tax		28.0 %					
			Debt Coverage Ratios (during full operation	Lock up			
Rates of Return				Target	Average	Min	
	Nominal	Real	Debt service cover (DSCR)	1.150	1.250	1.311	1.250
Draiget IRR, pro tay	11.3 %	8.6 %	Forward looking DSCR	1.150	n/a	1.340	1.250
Project IRR, pre-tax Project IRR, post-tax	10.3 %	7.6 %	Loan life cover (LLCR) Project life cover (PLCR)	1.200 n/a	n/a n/a	1.525 1.984	1.356 1.402
Equity return - dividends	325.9 %	0.0 %	i Tojest ille cover (F LOIX)	II/a	11/a	1.504	1.402
Blended pre-tax shareholders IRR (Equity and sub-debt)	17.23 %	14.9 %	Gearing ratio and weighted average cost of	capital			
Required	14.0 %	70	Actual Gearing (including rolled up interest)				85.0 %
Blended post-tax shareholders IRR (Equity and sub-debt)	14.9 %	12.1 %	Pre tax WACC				8.4 %
Sources and uses of funds during construction period		·	-				
Sources	£'000	% of total	Uses		£'000	%	
Bond	£ 000	% of total 0.0 %	U562		£ 000	%	
Senior Debt Tranche A	246,068	85.98 %	Capital costs paid		228,527	79.9 %	
Senior Debt Tranche B	240,000	0.0 %	Development costs		26,589	9.3 %	
	-		Hard FM		20,569	9.3 %	
Mezzanine Debt	_	n n %			-		
Mezzanine Debt	246 069	0.0 % 86.0 %			-		
Mezzanine Debt Debt sub-total	246,068	0.0 % 86.0 %	Soft FM		-	0.0 %	
Debt sub-total	-,	86.0 %	Soft FM Life-cycle Maintenance		- - - 4,691	0.0 % 0.0 %	
Debt sub-total Sub Debt	246,068 40,074 50		Soft FM Life-cycle Maintenance SPV Costs	nue/Deposit interes	- - - 4,691 t (22,448)	0.0 %	
Debt sub-total	40,074	86.0 % 14.0 %	Soft FM Life-cycle Maintenance	nue/Deposit interes		0.0 % 0.0 % 1.6 %	
Debt sub-total Sub Debt	40,074	86.0 % 14.0 %	Soft FM Life-cycle Maintenance SPV Costs Capital contribution / Negative Operating rever		(22,448)	0.0 % 0.0 % 1.6 % (7.8%)	
Debt sub-total Sub Debt Equity Equity Bridge - Funding Equity	40,074	86.0 % 14.0 % 0.02 % 0.0 %	Soft FM Life-cycle Maintenance SPV Costs Capital contribution / Negative Operating rever VAT Working Capital (unpaid Capex, development Reserve accounts		t (22,448) 2,924 16,968 12,689	0.0 % 0.0 % 1.6 % (7.8%) 1.0 % 5.9 % 4.4 %	
Debt sub-total Sub Debt Equity Equity Bridge - Funding Equity - Funding Sub Debt	40,074 50 - -	86.0 % 14.0 % 0.02 % 0.0 % 0.00 %	Soft FM Life-cycle Maintenance SPV Costs Capital contribution / Negative Operating rever VAT Working Capital (unpaid Capex, development Reserve accounts Interest payments		t (22,448) 2,924 16,968 12,689 10,236	0.0 % 0.0 % 1.6 % (7.8%) 1.0 % 5.9 % 4.4 % 3.6 %	
Debt sub-total Sub Debt Equity Equity Bridge - Funding Equity	40,074	86.0 % 14.0 % 0.02 % 0.0 %	Soft FM Life-cycle Maintenance SPV Costs Capital contribution / Negative Operating rever VAT Working Capital (unpaid Capex, development Reserve accounts		t (22,448) 2,924 16,968 12,689	0.0 % 0.0 % 1.6 % (7.8%) 1.0 % 5.9 % 4.4 %	

Figure 4: Waste Services Contract Shadow Tariff Model for PFI Credit Calculation – Annual Sheet

EY PFI Gene Filename: 09.1	ric Model 1.24 NLWA WS	PFISTM FINAL.	Sensitivity Run? Critical checks																																
			Case in use	FI Model WS																															
		Annual dates		01-Oct-12	31-Mar-13				31-Mar-17																										
		Year count Phase		Construction	Construction C	2	3	4 ^	5	6	7	8	9	10	11	12	13	14	15	16	17 Operations 0	18	19		21 Inerations C	22 Inerations (23 Operations	24	25 Operations	26	27	28	29	30 Operations O	31
		Balance Sheet Balances?	TRUE		✓	✓	✓	✓	✓	✓	✓ ·	√	✓ ·	√	✓	√	✓	✓	√	✓	✓	√	✓	✓	✓	√	√	✓	✓	✓	✓	✓	✓		1
																								7					\neg						
Tim	ning & Flags																					_						$\overline{}$							_
		Semi annual period for balance sheet Construction period flag		1	1 1	3	5	7	9	11	13	15	17	19	21	23	25	27	29	31	33	35	37	39	41	43	45	47	49	51	53	55	57	59	61
		Concession period flag		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
1. Ann	nual projected	cash flow statement																																	
index	(1.484,132)		TOTAL	1	3,688																														
non index	(637,659)		2,184,705	1 .	1,279	6,097	6,501	6,776	60,619	66,405	67,469	68,580	69,725	71,002	72,323	73,680	75,074	76,505	77,974	79,484	81,034	82,627	84,262	85,942	87,668	89,440	91,261	93,132	95,054	97,028	99,056	101,140	103,281	105,481	8,805
total	(2,121,792)	Third party income Capital contributions	334,400		207	520	517	552	10,356	11,579	11,945	12,325	12,718	13,094	13,477	13,872	14,278	14,696	15,126	15,569	10,589	10,405	10,709	11,022	11,345	11,676	12,018	12,370	12,732	13,105	13,488	13,883	14,290	14,708	1,229
	3070	Operating Costs	(1,661,048)						(36,850)	(41,124)	(42,354)	(43,665)	(45,034)	(46,624)	(48,309)	(50,063)	(51,887)	(53,784)	(55,759)	(57,813)	(59,951)	(62,176)	(64,493)	(66,905)	(69,417)	(72,033)	(74,759)	(77,598)	(80,557)	(83,641)	(86,856)	(90,208)	(93,703)	(97,348)	(8,138)
		Soft FM Construction costs / change of law costs paid	(245,434)			- :	(38,027)	(190,500)	(16,907)						-		-		- 4									-	-		-				
		Development costs	(26,589)		(3,931)	(5,383)	(11,450)	(5,825)	(10,507)												- :	7.						- :				- :			
		Life-cycle costs	(99,165)	-							(45)	(109)	(9)	(295)	(23,423)	(3,408)	(886)	(968)	(137)	(132)	(362)	(26,116)	(2,432)	(146)	(13)		(11,586)	(12,648)	(13,712)	(2,359)	(184)	(178)	(16)		
		SPV costs Operating cash flow	(58,320) 428,549	- :	(454) (2,899)	(1,378)	(1,411)	(1,447)	(1,483) 15,735	(1,520) 35,340	(1,558) 35,458	(1,597) 35,535	(1,637) 35,762	(1,678) 35,499	(1,720) 12,349	(1,763)	(1,807)	(1,852) 34,596	(1,898)	(1,946) 35,163	(1,994) 29,316	(2,044) 2,695	(2,095) 25,951	(2,148)	(2,201) 27,381	(2,256)	(2,313) 14,622	(2,371) 12,885	(2,430)	(2,491)	(2,553) 22,951	(2,617)	(2,682)	(2,749)	1,667
		Deposit interest received / Overdraft interest paid	19.699						1.087	650	655	609	923	1,235	1.668	810	704	638	494	832	1 097	1.537	510	400	504	775	1.327	1.286	1.010	446	342	161	0		
		VAT Paid to creditors/Received from debtors	77,322		(205)	628	(7,021)	(32,615)	2,754	6,185	6,205	6,219	6,258	6,212	2,161	5,656	6,085	6,054	6,179	6,153	5,130	472	4,541	4,859	4,792	4,695	2,559	2,255	1,010	3,787	4,016	3,854	3,705	3,516	292
		VAT (paid)/received (inland revenue)	(77,322)		181	(628)	7,020	32,614	(2,728)	(6,185)	(6,205)	(6,219)	(6,258)	(6,212)	(2,161)	(5,656)	(6,085)	(6,054)	(6,179)	(6,153)	(5,130)	(472)	(4,541)	(4,859)	(4,792)	(4,695)	(2,559)	(2,255)	(1,940)	(3,787)	(4,016)	(3,854)	(3,705)	(3,516)	(292)
		Current tax paid Net cash flow	(90,765) 357,484	-	(2,923)	(146)	(43,871)	(190,444)	16,848	35,990	36,112	36,145	36,686	36,734	14,016	33,129	(618) 34,858	(3,321)	(5,844) 29,957	(6,555) 29,440	(6,190)	(5,154)	(4,827) 21,634	(5,078)	(5,415) 22,471	(5,684) 21,918	(5,654) 10,294	(5,333) 8,837	(4,981) 7,115	(4,874) 17,214	(5,062) 18,231	(5,254) 16,928	(5,291) 15,879	(5,627) 14,465	1,667
		Opening cash balance				0	(0)	(0)	19,866	0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Life-Cycle/Maintenance reserve transfers	(0)					(13)	(45)	(61)	(100)	(6,845)	(8,044)	(14,676)	24,975	3,159	394	912	(7,695)	(9,057)	(15,118)	29,264	2,772	(3,239)	(7,376)	(14,575)	1,438	6,326	14,675	2,606	107	200	18		
		Debt service reserve transfers Cash flow available for senior debt service	377.350		(2 923)	(146)	(43.871)	(12,676)	(1,687)	(41) 35 889	2,465 38,478	504 29.803	2,420	7 22.065	(5,659)	311	384 35 635	4,626	1,098	4,493 24,876	(583) 8 521	(5,662) 22 680	1,862	1,914	3,031	(66)	(2,659)	(1,765)	(365)	625 20 446	637 18 976	6,786	15.898	14 465	1 667
		Cash flow available for senior debt service	377,350		(2,923)	(146)	(43,871)	(203,133)	34,982	35,889	38,478	29,803	31,062	22,065	33,332	36,599	35,635	37,451	23,360	24,876	8,521	22,680	26,267	21,762	18,126	7,277	9,072	13,398	21,424	20,446	18,976	23,914	15,898	14,465	1,667
		Arrangement fees	(2,461)		(2,461)										< -							-				-	-	-		-		-	-		
		Commitment fees Wrapped bond premium	(3,555)			(1,200)	(1,120)	(634)																											
		Amounts drawn down (see below for analysis)	286,191		6.120	1,759	46,503	231.810																											
		DSR releases to fund cash shortage for debt servicing Senior debt Tranche A interest	(206,861)		(135)	(413)	(1,512)	(8,176)	(16,637)	(15,863)	(14,968)	(14,130)	(13 512)	(12 990)	(12,664)	(11,626)	(10,389)	(9,190)	(8,184)	(7,564)	(7,084)	(7,049)	(6,191)	(5,330)	(4,640)	(4,221)	(4,102)	(3,733)	(3,071)	(2,104)	(1,157)	(228)		:	
		Senior debt Tranche B interest	(200,001)		(100)	(410)	(1,512)	(0,170)	(10,001)	(10,000)	(14,300)	(14,100)	(10,012)	(12,530)	(12,004)	(11,020)	(10,303)	(3,130)	(0,104)	(1,004)	(1,004)	- (1,045)	(0,131)	(0,000)	(4,040)	(4,221)	(4,102)	(0,700)	(0,071)	(2,104)	(1,107)	(220)			
		Bond interest Senior debt Tranche A capital	(246,068)						(10.331)		(13.842)	(9.309)	(9.402)	(4.657)		(17.404)			(9.626)	(8.742)	(200)	(9.424)	(13.334)	(10.548)	(7.436)	(1.654)	(4.083)	-	(13.561)	(13.753)	(13.514)	(6.559)			
		Senior debt Tranche B capital	(246,068)						(10,331)	(12,880)	(13,842)	(9,309)	(9,402)	(4,657)	(12,029)	(17,404)	(17,812)	(17,070)	(9,626)	(8,742)	(200)	(9,424)	(13,334)	(10,548)	(7,436)	(1,004)	(4,083)	(8,398)	(13,561)	(13,753)	(13,514)	(6000,0)			
		Bond capital Cash flow available for mezzanine debt service	204 597		-	(0)	(0)	19.866	8.014	7.145	9 668	6.363	8 149	4 419	8.139	7 569	7.434	11 191	5.550	8 570	1,238	6.206	6.743	5.883	6.050	1.403	887	1.267	4.793	4 589	4 305	17 127	15 898	14 465	1 667
			204,597						-,	7,140	9,000	6,363	0,149	4,410	0,139	7,000	1,434	11,191	5,550	-,	1,230	0,200		0,003	-,	1,100	007			-,	4,303	,		14,460	1,007
		Mezzanine debt interest Mezzanine debt capital		1		- :	- :	- :	- :			1		1	- :		- :	- :	- :				- :	- :	- :	- 1	- :	- :		- 1			- 1	- :	
		Cash flow available for sub debt & shareholders	204,597		0	(0)	(0)	19,866	8,014	7,145	9,668	6,363	8,149	4,419	8,139	7,569	7,434	11,191	5,550	8,570	1,238	6,206	6,743	5,883	6,050	1,403	887	1,267	4,793	4,589	4,305	17,127	15,898	14,465	1,667
		Equity Bridge interest														7 .																			
		Sub-debt deferred interest Sub-debt interest	(36,123)	-		-			(5,422)	(5,086)	(4,819)		(3,965)		(3,315)	(2,613)	(1,959)	(1,186)	(106)	-	-	-				-	-	-	-		-	-			
		Sub-debt capital paid	(43,374)				- :		(2,194)	(2,060)	(4,819)	(2,148)	(4,183)	(981)	(4,824)	(4,956)	(5,475)	(1,186)	(1,699)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Cash flow available for shareholders	125,100		0	(0)	(0)	19,866	398	0	0	0		0	0	0	0	0	3,745	8,570	1,238	6,206	6,743	5,883	6,050	1,403	887	1,267	4,793	4,589	4,305	17,127	15,898	14,465	1,667
		Dividends paid	(105,184)						(398)		- 4								(3,745)	(8,570)	(1,238)	(6,206)	(6,743)	(5,883)	(6,050)	(1,403)	(887)	(1,267)	(4,793)	(4,589)	(4,305)	(17,127)	(15,898)	(14,465)	(1,617)
		Redemption of share capital Cash carried forward	(50)		. 0	(0)	- (0)	19.866				. 0		. 0					- 0	- 0	- 0	- 0	- 0	- 0	- 0	- 0	- 0	- 0	- 0	- 0	- 0	- 0	- 0	- 0	(50)
		Casil Carried lorward	-		0	(0)	(0)	19,000	,					,																					
		Memo : Analysis of drawdowns																																	
		Bond																								-			-		-				
		Senior Debt - Tranche A Senior Debt - Tranche B	246,068		5,262	1,512	39,983	199,310						-		-			-								-		-	-	-	-	-		
		Mezzanine Debt				-						- 1				- :							- :												
		Equity Bridge		-					-					-					-																-
		Subordinated debt Equity	40,074 50		857 1	246	6,512	32,459 41		1	- 1	- :	- :	- 1	- :	- :	- 1	- :	- 1			- :	- :			- :	- :	- :		- :			- :		
		Total	286,192		6,120	1,759	46,503	231,810				-	-	-	-	-	-	-	-	-	-							-		- :		-	- :	_	

North London Waste Authority Shadow Tariff Waste PFI Model

Affordability Analysis - Summary Graph

Prepared by

Ernst & Young

Figure 5: Affordability Analysis - Summary Graph

