

### APPENDIX 3: PROPOSED FUNDING ARRANGEMENTS

The project funding arrangements are typical of recent and current PPP schools deals. The Project will be financed through a mix of senior debt, sub-ordinated debt and share equity as shown in Tables below.

#### Project Funding Arrangements

| Funding                | £'m     | % Overall Funding |
|------------------------|---------|-------------------|
| Senior Debt (Dexia)    | 96.763  | 84.9              |
| Sub-debt               | 8.410   | 7.4               |
| Equity                 | 0.001   | 0.0               |
| Net operating Revenues | 8.804   | 7.7               |
| Total Funding          | 113.987 | 100               |

From: BAM WD.PostBaFO.Bank.007.000.xls

Dexia will provide the senior debt and BAM PPP Investments UK nv will inject the risk capital into the project. The margins associated with the senior and sub-debt are included below.

| Senior debt                                | BAM PPP  |
|--|----------|
| Market swap rate as at Nov provided by BAM | 4.89%    |
| Margin over reference rate - construction  | 0.65%    |
| Margin over reference rate – yrs 1 - 7     | 0.55%    |
| Margin over reference rate – yrs 8 - 15    | 0.60%    |
| Margin over reference rate – yrs 15 plus   | 0.65%    |
| Credit spread and MLAs                     | 0.08%    |
| Tail                                       | 6 months |
| Commitment fee on undrawn balance          | 0.26%    |
| Arrangement fee as a % of facility value   | 0.80%    |

| <b>Sub-ordinated debt</b>                | <b>BAM PPP</b> |
|--|----------------|
| Interest rate on subordinated debt       | 12.30%         |
| Commitment fee on undrawn balance        | 0.00%          |
| Arrangement fee as a % of facility value | 0.00%          |