

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%

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