

SILVERTOWN TUNNEL

Volume 3: Project Agreement – Schedules 2 to 31

Schedule 25 – Base Case

TfL Reference Number: tfl_scp_001527

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SCHEDULE 25**BASE CASE****1. UPDATING THE BASE CASE**

1.1 Whenever a Relevant Event occurs, the financial consequence shall (save where otherwise provided in this Agreement or where the Parties mutually agree otherwise) be determined in accordance with this Schedule 25 (*Base Case*).

1.2 Where, for the purposes of this Schedule 25 (*Base Case*), the Base Case is to be adjusted by reference to a Relevant Event, this shall be carried out by Project Co in consultation with TfL, to reflect the cumulative impact of any prior Relevant Event on the version of the Base Case applicable immediately prior to the relevant adjustment and to reflect the impact of the Relevant Event in respect of which such adjustment is being undertaken.

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

- (a) reasonable economic assumptions prevailing at the time; and
- (b) changes in the prospective technical performance of the Project arising as a result of the Relevant Event,

provided that TfL shall not be required (and Project Co shall not be entitled) to take into account the financial impact up to the date of the Relevant Event of those risks which Project Co bears under the terms of this Agreement, including (to the extent so borne by Project Co under this Agreement) changes in VAT rates, taxation rates, RPI and the impact of Deductions.

2. APPLICATION TO THE BASE CASE

Where, pursuant to this Agreement, either Party is entitled to payment of any sum the assessment of which properly requires reference to the Base Case, the adjustment to the Availability Payment due shall be that required to ensure that, by reference to the Base Case adjusted under this Schedule 25 (*Base Case*), Project Co is left in a no better and no worse position than under the version of the Base Case applicable immediately prior to the relevant adjustment, and shall be ascertained by determining the adjustment to the Availability Payment required to maintain the financial position of Project Co with that in which it would have been under the version of the Base Case applicable immediately prior to the relevant adjustment.

3. NO BETTER AND NO WORSE

Any reference in this Agreement to "no better and no worse" or to leaving Project Co in a "no better and no worse position" shall be construed by reference to Project Co's:

- (a) rights, duties and liabilities under or arising pursuant to performance of this Agreement, the Financing Agreements and the Sub-Contracts; and
- (b) ability to perform its obligations and exercise its rights under this Agreement, the Financing Agreements and the Sub-Contracts,

so as to ensure that:

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- (c) Project Co is left in a position which is no better and no worse in relation to the minimum Loan Life Cover Ratio (as defined in the Master Definitions Agreement), the minimum Projected Annual Debt Service Cover Ratio (as defined in the Master Definitions Agreement) and the Equity IRR by reference to the version of the Base Case applicable immediately prior to the Relevant Event than had the Relevant Event not occurred; and
 - (d) the ability of Project Co to comply with this Agreement is not adversely affected or improved as a consequence of the Relevant Event.

4. REPLACEMENT OF BASE CASE

- 4.1 Project Co shall promptly provide any Base Case produced following adjustments in accordance with this Schedule 25 (*Base Case*) to TfL for approval (such approval not to be unreasonably withheld).
- 4.2 Any revised Base Case approved by TfL shall become the Base Case for the purposes of this Agreement unless and until it is further amended in accordance with this Agreement.

5. AMENDMENTS TO LOGIC AND/OR FORMULAE

- 5.1 Where it is necessary to amend the logic or formulae incorporated in the Base Case to permit adjustments to be made, this shall be done to the extent necessary and in accordance with generally accepted accounting principles.
- 5.2 Where any amendment is made to the logic or formulae incorporated in the Base Case, the Base Case shall first be run as at the date immediately prior to amendment to ensure that the minimum Loan Life Cover Ratio (as defined in the Master Definitions Agreement) and the minimum Projected Annual Debt Service Cover Ratio (as defined in the Master Definitions Agreement) from the Base Case are maintained at no lower or no higher levels than the minimum Loan Life Cover Ratio (as defined in the Master Definitions Agreement) and the minimum Projected Annual Debt Service Cover Ratio (as defined in the Master Definitions Agreement) immediately post the amendment, and the difference in the real pre-tax Equity IRR after and immediately prior to amendment does not differ by more than five (5) basis points (being zero point zero five per cent (0.05%) as shown in the resulting figure).

6. COPIES OF REVISED BASE CASE

Following any change to the Base Case under the provisions of this Schedule 25 (*Base Case*), Project Co shall promptly deliver a copy of the revised Base Case to TfL in the same form as is established at the Effective Date or in such other form as may be agreed between the Parties.