

5.3 THE PROJECT FINANCIAL MODEL

1 INTRODUCTION

- 1.1 This Schedule:
- 1.1.1 incorporates the version of the Project Financial Model as at the Commencement Date and the version of the Project Cost Model as at the Commencement Date;
 - 1.1.2 will incorporate the version of the Financial Memorandum as at the Effective Date and the version of the Cost Memorandum as at the Effective Date following the process set out in Paragraph 4 (Conditions to be Satisfied on or Before the Effective Date);
 - 1.1.3 sets out requirements in respect of the ongoing maintenance and management of changes to the Project Financial Model and Project Cost Model and supporting Financial Memorandum and Cost Memorandum;
 - 1.1.4 sets out the general requirements of the Project Financial Model in Appendix 6 (Project Financial Model Requirements), including requirements in relation to the Project Price Book; and
 - 1.1.5 sets out the general requirements of the Project Cost Model in Appendix 7 (Project Cost Model Requirements).
- 1.2 The Project Financial Model is a financial model produced in Microsoft Excel 2013 or fully compatible versions or other applications satisfactory to the Minister that is used:
- 1.2.1 to show all projected revenues, costs, funding requirements and subsidy requirements of the Project over the full twenty-five (25) year projected Contract Period (including the calculated Deployment Milestone Payments, Connection Milestone Payments and Ongoing Capital Payments);
 - 1.2.2 to show all the assumptions and methodologies that have been agreed between the Parties as at the Commencement Date to compute these various amounts (such amounts which, as at the Commencement Date, are more particularly contained in the Master Project Financial Model) arising in connection with this Agreement; and
 - 1.2.3 to demonstrate consistency with NBPco Bidder's Project Cost Model and Project Price Book.
- 1.3 The Project Financial Model is supported by a Financial Memorandum.
- 1.4 The Project Cost Model is a cost model produced in Microsoft Excel 2013 or fully compatible versions or other applications satisfactory to the Minister that is used to show all forecast capital and operating expenditures, proposed bill of materials, estimated

volumes, cost drivers and identification of sources of operating expenditures and Capital Expenditures.

1.5 The Project Cost Model is supported by a Cost Memorandum.

2 THE MASTER PROJECT FINANCIAL MODEL AND THE MASTER PROJECT COST MODEL

2.1 The Minister shall, subject to the provisions of Paragraph 3 (Management of Changes to The Project Financial Model and The Project Cost Model), hold:

2.1.1 the Master Project Financial Model and the supporting Financial Memorandum;
and

2.1.2 the Master Project Cost Model and the supporting Cost Memorandum.

2.2 The Minister has the right to audit the Master Project Financial Model and the Master Project Cost Model from time to time, including if there is to be a Change to the Master Project Financial Model and the Master Project Cost Model in accordance with the provisions of Paragraph 3 (Management of Changes to The Project Financial Model and The Project Cost Model).

2.3 In the event of any conflict or inconsistency between the Master Project Financial Model and/or the Master Project Cost Model and any other copy of the Project Financial Model and/or Project Cost Model, the Master Project Financial Model and/or the Master Project Cost Model (as the case may be) takes precedence. Any Dispute in this respect shall be resolved in accordance with the Expedited Dispute Resolution Procedure. Until such Dispute is resolved, the Parties shall proceed on the basis that the Master Project Financial Model and the Master Project Cost Model are accurate and NBPco shall implement and comply with them accordingly.

2.4 As at the Effective Date, NBPco has provided the certificate and confirmation in the form set out in Appendix 2 (Statement of Assurance on the Project Financial Model and Financial Memorandum) and Appendix 4 (Statement of Assurance on the Project Cost Model and Cost Memorandum) signed by the chief financial officer or finance director of NBPco (or such other alternative suitably qualified finance representative of NBPco or its external auditor in respect of this Agreement, as was approved in writing in advance by the Minister).

2.5 Without limiting or affecting Paragraph 2.4 (The Master Project Financial Model and The Master Project Cost Model), the failure by NBPco to provide the certificate and confirmations required under Paragraph 2.4 (The Master Project Financial Model and The Master Project Cost Model) and Paragraph 3.12.3 (Management of Changes to The

Project Financial Model and The Project Cost Model) is a material Default of this Agreement.

3 MANAGEMENT OF CHANGES TO THE PROJECT FINANCIAL MODEL AND THE PROJECT COST MODEL

3.1 The Parties agree that the Project Financial Model and the Project Cost Model shall only be changed in the manner described in this Paragraph 3 (Management of Changes to the Project Financial Model and the Project Cost Model).

3.2 The Change Control Procedure shall apply in respect of any Change to the Project Financial Model and/or the Project Cost Model.

3.3 In respect of every Change under this Agreement which has or may have an impact on the Project Financial Model and the Project Cost Model NBPco shall include in its Change Impact Assessment under the Change Control Procedure an amended version of the Project Financial Model and the Project Cost Model and, where applicable, any amended Financial Memorandum and amended Cost Memorandum, and shall ensure:

3.3.1 they are accurate in all material respects, complete, up-to-date, representative and not misleading;

3.3.2 they are in conformity with the provisions of this Agreement;

3.3.3 the processes and core data used in assembling the costs in the amended Project Financial Model are consistent with the processes and core data used in assembling the Project Cost Model in all respects except to the extent that such Changes are agreed by the Minister in accordance with Annex 3 (Changes to the Intervention Area) of Schedule 6.2 (Change Control Procedure); and

3.3.4 the explanations of variances (if any) between the Cost Book used in the amended Project Financial Model and the Project Cost Model are accurate, complete, representative, not misleading and consistent in all respects.

3.4 Without limiting or affecting Paragraph 3.3, NBPco shall ensure that the amended version of the Project Financial Model proposed for agreement under this Paragraph 3

(Management of Changes to The Project Financial Model and The Project Cost Model) shall be prepared on a basis that meets the requirements of the provisions of:

- 3.4.1 this Schedule;
 - 3.4.2 Schedule 5.1 (Subsidy Payments), including those set out in Appendix 4 (Costs, Permitted Expenditure and Revenues) of Schedule 5.1 (Subsidy Payments);
 - 3.4.3 provisions of Schedule 5.4 (Eligibility Requirements for ERDF Funding);
 - 3.4.4 Appendix 6 (Project Financial Model Requirements) of this Schedule;
 - 3.4.5 Appendix 7 (Project Cost Model Requirements) of this Schedule;
 - 3.4.6 Annex 3 (Changes to the Intervention Area) of Schedule 6.2 (Change Control Procedure);
 - 3.4.7 Paragraph 5 (Changes to Subsidy Payments) of Part 1 (General) of Schedule 6.2 (Change Control Procedure);
 - 3.4.8 the provisions of Schedule 6.4 (Service, Network and Wholesale Product Compliance and Future Proofing);
 - 3.4.9 Annex 4 (Qualifying Change in Law) of Schedule 6.2 (Change of Control Procedure);
 - 3.4.10 Annex 5 (Post Build Contract Assumptions) of Schedule 6.2 (Change Control Procedure); and
 - 3.4.11 Annex 6 (Build Related Contract Assumptions) of Schedule 6.2 (Change Control Procedure).
- 3.5 If and to the extent the Minister signs and issues a Change Authorisation in respect of the proposed Change, the Minister shall, acting reasonably, where such actual release is required to effect the Change to the Project Financial Model and/or the Project Cost Model, release the then current copy of the Project Financial Model and/or the Project Cost Model to NBPco to enable agreed Changes to be made to the Project Financial Model and/or the Project Cost Model pursuant to the Change Authorisation signed and issued by the Minister.
- 3.6 Only those Changes approved pursuant to a Change Authorisation signed and issued by the Minister should be made to that released copy of the Project Financial Model and/or the Project Cost Model.
- 3.7 Once the Change to the Project Financial Model and/or the Project Cost Model has been effected in accordance with the provisions of this Paragraph 3 (Management of Changes to The Project Financial Model and The Project Cost Model), the Minister shall notify NBPco in writing that the changed version of the Project Financial Model and/or the Project Cost Model has been accepted by the Minister as the new Master Project Financial Model and/or Master Project Cost Model (and, from that date, the changed Project Financial Model and/or Project Cost Model, shall become the Master Project Financial Model and/or

Master Project Cost Model for the purposes of this Agreement and the replaced Project Financial Model and/or Project Cost Model shall cease to be so regarded).

- 3.8 NBPco shall ensure that all changes to the Project Financial Model and Project Cost Model made pursuant to this Paragraph 3 (Management of Changes to The Project Financial Model and The Project Cost Model) are auditable in accordance with this Agreement and that all changes to the Project Financial Model and the Project Cost Model are clearly identifiable and mapped and accurately reflect the Changes that were approved pursuant to a Change Authorisation signed and issued by the Minister.
- 3.9 NBPco shall provide an updated Project Cost Model with any updated Project Financial Model, that has been Changed in accordance with this Paragraph 3 (Management of Changes to the Project Financial Model and the Project Cost Model), that shows all costs fully reconciling to the Project Financial Model.
- 3.10 NBPco shall ensure that each version of the Project Financial Model that has been Changed in accordance with this Paragraph 3 (Management of Changes to the Project Financial Model and the Project Cost Model) is clearly identifiable (and distinguishable from earlier versions) by version number and date.
- 3.11 NBPco shall ensure that the updated version of the Project Financial Model that has been changed in accordance with this Paragraph 3 (Management of Changes to the Project Financial Model and the Project Cost Model) is supported by an updated Financial Memorandum and the updated version of the Project Cost Model that has been Changed in accordance with this Paragraph 3 (Management of Changes to the Project Financial Model and the Project Cost Model) is supported by an updated Cost Memorandum. The Changes to any Financial Memorandum and Cost Memorandum shall also be in accordance with this Paragraph 3 (Management of Changes to the Project Financial Model and the Project Cost Model).
- 3.12 On each and every occasion that there is a Change to the Project Financial Model pursuant to the provisions of this Paragraph 3 (Management of Changes to The Project Financial Model and The Project Cost Model), NBPco shall deliver to the Minister within ten (10) Working Days of the date of the Change Authorisation signed and issued by the Minister :
- 3.12.1 a copy of the Project Financial Model (and associated workbook) as rerun as a result of the Change and supporting updated Financial Memorandum (complete with all formulae and data); and
- 3.12.2 a copy of the Project Cost Model (and associated workbook) as rerun as a result of the Change and supporting updated Cost Memorandum (complete with all formulae and data); and
- 3.12.3 a certificate and confirmation to the Minister in the form enclosed in Appendix 3 (Statement of Assurance on Changes to the Project Financial Model and/or Financial Memorandum) and Appendix 5 (Statement of Assurance on Changes to the Project Cost Model and/or Cost Memorandum) signed by the chief financial officer or finance director of NBPco (or such other alternative suitably

qualified finance representative of NBPco as was approved in writing in advance by the Minister).

4 CONDITIONS TO BE SATISFIED ON OR BEFORE THE EFFECTIVE DATE

4.1 NBPco shall provide to the Minister as soon as possible and, in any event, before undertaking the Change Impact Assessment in respect of the Change to the Intervention Area pursuant to Annex 7 (Consultation Intervention Area Map Change) of Schedule 6.2 (Change Control Procedure) and on or before the Effective Date, to the Minister's satisfaction (as confirmed in writing by the Minister):

4.1.1 the completed Deployment Area Cost Template for all Deployment Areas (consistent with, and prepared in accordance and compliance with, the provisions of this Agreement), properly reflecting that, for each and every Project Cost item set out in the Deployment Area Cost Templates, when aggregated, the aggregated figure equals the corresponding aggregated figure of that Project Cost item in the Project Cost Model in the same period and, for the avoidance of doubt, such completed Deployment Area Cost Template shall be the "Deployment Area Cost Template" (which in some cases is also referred to the "Deployment Area Cost Template at the Effective Date");

4.1.2 an updated Project Financial Model (consistent with, and prepared in accordance and compliance with, the provisions of this Agreement including, in particular, this Schedule), together with a model audit letter confirming the accuracy of the updates, which:

(A) [REDACTED]

(1) [REDACTED]

(2) [REDACTED]

(3) [REDACTED]

(4) [REDACTED]

(5) [REDACTED]

(6) [REDACTED]

(7) [REDACTED]

[REDACTED]

(B) [REDACTED]

(1) [REDACTED]

(2) [REDACTED]

and, for the avoidance of doubt, such Project Financial Model (including with the updates under Paragraph **Error! Reference source not found.** (Conditions to

be Satisfied on or Before the Effective Date) shall constitute the “Original Project Financial Model” (which, in some cases, is also referred to as the “Project Financial Model at the Effective Date”);

4.1.3 a Financial Memorandum (consistent with, and prepared in accordance and compliance with, the provisions of this Agreement including, in particular, this Schedule) with a detailed databook containing instructions on how the Project Financial Model works and optimisation protocol for the Project Financial Model and which otherwise complies with and address the requirements for the Financial Memorandum under the provisions of this Agreement;

4.1.4 a Cost Memorandum (consistent with, and prepared in accordance and compliance with, the provisions of this Agreement including, in particular, this Schedule) and which complies with and addresses the requirements for the Cost Memorandum under the provisions of this Agreement and this Cost Memorandum shall constitute the Cost Memorandum in respect of the “Original Project Cost Model”; and

4.1.5 **[REDACTED]**

4.2 NBPco acknowledges and agrees that if a Subsidy Payment falls due for payment by the Minister to NBPco pursuant to a provision of this Agreement, that Subsidy Payment, despite such other provision, shall not be due or payable by the Minister unless and until the Minister has confirmed in writing that:

4.2.1 NBPco has provided the Minister, to the Minister’s satisfaction, with the completed Deployment Area Cost Template for all Deployment Areas (consistent with, and prepared in accordance and compliance with, the provisions of this Agreement), properly reflecting that, for each and every Project Cost item set out in the Deployment Area Cost Templates, when aggregated, the aggregated figure equals the corresponding aggregated figure of that Project Cost item in the Project Cost Model in the same period;

4.2.2 NBPco has provided the Minister, to the Minister’s satisfaction, with an updated Project Financial Model (consistent with, and prepared in accordance and compliance with, the provisions of this Agreement including, in particular, this Schedule), together with a model audit letter confirming the accuracy of the updates, which:

(A) **[REDACTED]**

(1) **[REDACTED]**

(2) **[REDACTED]**

(3) [REDACTED]

(4) [REDACTED]

(5) [REDACTED]

(6) [REDACTED]

(7) [REDACTED]

[REDACTED]

(B) [REDACTED]

(1) [REDACTED]

(2) [REDACTED]

4.2.3 NBPco has provided, to the Minister's satisfaction, a Financial Memorandum (consistent with, and prepared in accordance and compliance with, the provisions of this Agreement including, in particular, this Schedule) with a detailed databook containing instructions on how the Project Financial Model works and optimisation protocol for the Project Financial Model and which otherwise complies with and address the requirements for the Financial Memorandum under the provisions of this Agreement;

4.2.4 NBPco has provided to the Minister, to the Minister's satisfaction, a Cost Memorandum (consistent with, and prepared in accordance and compliance with, the provisions of this Agreement including, in particular, this Schedule) and which complies with and addresses the requirements for the Cost Memorandum under the provisions of this Agreement; and

4.2.5 [REDACTED]

4.3 NBPco acknowledges and agrees that:

4.3.1 Schedule 5.1 (Subsidy Payments) shall be updated to reflect the Project Financial Model updated to the Minister's satisfaction in accordance with Paragraph 1.1 (Conditions to be Satisfied on or before the Effective Date) and such updated Schedule 5.1 (Subsidy Payments) shall be the starting point Schedule 5.1 (Subsidy Payments) used for the purposes of the Change Impact Assessment in respect of the Change to the Intervention Area pursuant to Annex 7 (Consultation Intervention Area Map Change) of Schedule 6.2 (Change Control Procedure); and

4.3.2 the Project Financial Model updated to the Minister's satisfaction in accordance with Paragraph 1.1 (Conditions to be Satisfied on or before the Effective Date), including the Financial Memorandum and Cost Memorandum provided pursuant to that Paragraph, shall be the starting point Project Financial Model used for the purposes of updating the Project Financial Model for the Change Impact Assessment in respect of the Change the Intervention Area pursuant to Annex

7 (Consultation Intervention Area Map Change) of Schedule 6.2 (Change Control Procedure).

APPENDIX 1 (THE PROJECT FINANCIAL MODEL)

[REDACTED]

APPENDIX 2 (STATEMENT OF ASSURANCE ON THE PROJECT FINANCIAL MODEL AND FINANCIAL MEMORANDUM)

I, [insert] of [insert], HEREBY CERTIFY AND CONFIRM as follows:

1. A printed copy of the Project Financial Model (and associated workbook) and the Financial Memorandum, together with one copy on computer disc (complete with all formulae and data) the covering of which has been initialled on behalf of each Party for the purpose of identification, is enclosed with this certificate (collectively and individually the “**enclosed Project Financial Model**”).
2. The version of the enclosed Project Financial Model:
 - (a) is accurate in all material respects, complete, up-to-date, representative and not misleading; and
 - (b) is in conformity with the terms of the Agreement between NBPco and the Minister;
3. The processes and core data used in assembling the costs in the enclosed Project Financial Model are consistent with the processes and core data used in assembling the Project Cost Model in all respects.
4. The explanations of variances (if any) between the Cost Book used in the enclosed Project Financial Model and the Project Cost Model are accurate, complete, representative, not misleading and consistent in all respects.
5. The Financial Memorandum reflects the assumptions in the enclosed Project Financial Model.
6. The enclosed Project Financial Model is prepared on a basis that meets the requirements of the provisions of Schedule 5.3 (The Project Financial Model), Schedule 5.1 (Subsidy Payments), including those set out in Appendix 4 (Costs, Permitted Expenditure and Revenues) of Schedule 5.1 (Subsidy Payments), and Schedule 5.4 (Eligibility Requirements for ERDF Funding) of the Agreement between NBPco and the Minister.

Terms used in this certificate have the same meaning given to them in the Agreement between the Minister and NBPco dated [●].

Dated the [insert]

[insert name and title]

APPENDIX 3 (STATEMENT OF ASSURANCE ON CHANGES TO THE PROJECT FINANCIAL MODEL AND/OR FINANCIAL MEMORANDUM)

I, [insert] of [insert], HEREBY CERTIFY AND CONFIRM as follows:

1. A printed copy of the Project Financial Model (and associated workbook) and the Financial Memorandum as rerun as a result of the relevant Change together with one copy on computer disc (complete with all formulae and data) the covering of which has been initialled on behalf of each Party for the purpose of identification, is enclosed with this certificate (collectively and individually the “**enclosed Project Financial Model**”).
2. The changes made to the enclosed Project Financial Model are auditable in accordance with the Agreement between the Minister and NBPco dated [●].
3. All changes made to the enclosed Project Financial Model are clearly identifiable and mapped and accurately reflect only those changes that were approved pursuant to a Change Authorisation signed and issued by the Minister.
4. The changed version of the enclosed Project Financial Model is clearly identifiable (and distinguishable from earlier versions) by version number and date.
5. The changed version of the enclosed Project Financial Model:
 - (a) is accurate in all material respects, complete, up-to-date, representative and not misleading; and
 - (b) is in conformity with the terms of the Agreement between NBPco and the Minister.
6. The processes and core data used in assembling the costs in the enclosed Project Financial Model are consistent with the processes and core data used in assembling the Project Cost Model in all respects.
7. The explanations of variances (if any) between the Cost Book used in the enclosed Project Financial Model and the Project Cost Model are accurate, complete, representative, not misleading and consistent in all respects.
8. The changed copy of the Financial Memorandum reflects the Changes made to the Project Financial Model.
9. The enclosed Project Financial Model is prepared on a basis that meets the requirements of the provisions of (as applicable):
 - (a) Schedule 5.3 (The Project Financial Model);
 - (b) Schedule 5.1 (Subsidy Payments), including those set out in Appendix 4 (Costs, Permitted Expenditure and Revenues) of Schedule 5.1 (Subsidy Payments);
 - (c) Schedule 5.4 (Eligibility Requirements for ERDF Funding) of the Agreement;
 - (d) Annex 3 (Changes to the Intervention Area) of Schedule 6.2 (Change Control Procedure);
 - (e) Paragraph 5 (Changes to Subsidy Payments)] of Part 1 (General) of Schedule 6.2 (Change

Control Procedure);

- (f) the provisions of Schedule 6.4 (Service, Network and Wholesale Product Compliance and Future Proofing);
 - (g) Annex 4 (Qualifying Change in Law) of Schedule 6.2 (Change Control Procedure); and
 - (h) Annex 5 (Post Build Contract Assumptions) of Schedule 6.2 (Change Control Procedure)
 - (i) Annex 6 (Build Related Contract Assumptions) of Schedule 6.2 (Change Control Procedure),
- of the Agreement between NBPco and the Minister.

Terms used in this certificate have the same meaning given to them in the Agreement between the Minister and NBPco dated [●].

Dated the [insert]

[insert name and title]

APPENDIX 4 (STATEMENT OF ASSURANCE ON THE PROJECT COST MODEL AND COST MEMORANDUM)

I, [insert] of [insert], HEREBY CERTIFY AND CONFIRM as follows:

1. A printed copy of the Project Cost Model (and associated workbook) and Cost Memorandum, together with one copy on computer disc (complete with all formulae and data) the covering of which has been initialled on behalf of each Party for the purpose of identification, is enclosed with this certificate (collectively and individually the “**enclosed Project Cost Model**”).
2. The version of the enclosed Project Cost Model:
 - (a) is accurate in all material respects, complete, up-to-date, representative and not misleading; and
 - (b) is in conformity with the terms of the Agreement between NBPco and the Minister.
3. The processes and core data used in assembling the costs in the enclosed Project Cost Model are consistent with the processes and core data used in assembling the Project Cost Model in all respects.
4. The explanations of variances (if any) between the Cost Book used in the enclosed Project Cost Model and the Project Cost Model are accurate, complete, representative, not misleading and consistent in all respects.
5. The copy of the Cost Memorandum reflects the assumptions of the enclosed Project Cost Model.
6. The enclosed Project Cost Model is prepared on a basis that meets the requirements of the provisions of Schedule 5.3 (The Project Financial Model), Schedule 5.1 (Subsidy Payments), including those set out in Appendix 4 (Costs, Permitted Expenditure and Revenues) of Schedule 5.1 (Subsidy Payments) and Schedule 5.4 (Eligibility Requirements for ERDF Funding) of the Agreement between NBPco and the Minister.

Terms used in this certificate have the same meaning given to them in the Agreement between the Minister and NBPco dated [●].

Dated the [insert]

[insert name and title]

APPENDIX 5 (STATEMENT OF ASSURANCE ON CHANGES TO THE PROJECT COST MODEL AND/OR COST MEMORANDUM)

I, [insert] of [insert], HEREBY CERTIFY AND CONFIRM as follows:

1. A printed copy of the Project Cost Model (and associated workbook) and Cost Memorandum as rerun as a result of the relevant Change, together with one copy on computer disc (complete with all formulae and data) the covering of which has been initialled on behalf of each Party for the purpose of identification, is enclosed with this certificate (collectively and individually the **“enclosed Project Cost Model”**).
2. The changes made to the enclosed Project Cost Model are auditable in accordance with the Agreement between the Minister and NBPco dated [●].
3. All changes made to the enclosed Project Cost Model are clearly identifiable and mapped and accurately reflect only those changes that were approved pursuant to a Change Authorisation signed and issued by the Minister.
4. The changed version of the enclosed Project Cost Model is clearly identifiable (and distinguishable from earlier versions) by version number and date.
5. The changed version of the enclosed Project Cost Model:
 - (a) is accurate in all material respects, complete, up-to-date, representative and not misleading; and
 - (b) is in conformity with the terms of the Agreement between NBPco and the Minister.
6. The processes and core data used in assembling the costs in the enclosed Project Cost Model are consistent with the processes and core data used in assembling the Project Cost Model in all respects.
7. The explanations of variances (if any) between the Cost Book used in the enclosed Project Cost Model and the Project Cost Model are accurate, complete, representative, not misleading and consistent in all respects.
8. The changed copy of the Cost Memorandum reflects the Changes made to the enclosed Project Cost Model.
10. The enclosed Project Cost Model is prepared on a basis that meets the requirements of the provisions of (as applicable):
 - (a) Schedule 5.3 (The Project Financial Model);
 - (b) Schedule 5.1 (Subsidy Payments), including those set out in Appendix 4 (Costs, Permitted Expenditure and Revenues) of Schedule 5.1 (Subsidy Payments);
 - (c) Schedule 5.4 (Eligibility Requirements for ERDF Funding) of the Agreement;
 - (d) Annex 3 (Changes to the Intervention Area) of Schedule 6.2 (Change Control Procedure);
 - (e) Paragraph 5 (Changes to Subsidy Payments) of Part 1 (General) of Schedule 6.2 (Change

Control Procedure); and

- (f) the provisions of Schedule 6.4 (Service, Network and Wholesale Product Compliance and Future Proofing);
- (g) Annex 4 (Qualifying Change in Law) of Schedule 6.2 (Change of Control Procedure); and
- (h) Annex 5 (Post Build Contract Assumptions) of Schedule 6.2 (Change Control Procedure)
- (i) Annex 6 (Build Related Contract Assumptions) of Schedule 6.2 (Change Control Procedure),

of the Agreement between NBPco and the Minister.

Terms used in this certificate have the same meaning given to them in the Agreement between the Minister and NBPco dated [●].

Dated the [insert]

[insert name and title]

APPENDIX 6 (PROJECT FINANCIAL MODEL REQUIREMENTS)

This Appendix sets out certain content requirements which shall be maintained and adhered to by NBPco and in all respects when making Changes to the Project Financial Model in accordance with this Schedule:

1 GENERAL REQUIREMENTS

1.1 The Project Financial Model shall:

- 1.1.1 show Project Costs and Project Revenues separately from NBPco Revenues and NBPco Costs in accordance with the requirement set out in Appendix 4 (Costs, Permitted Expenditure and Revenues) of Schedule 5.1 (Subsidy Payments);
- 1.1.2 show calculations and outputs on a per Quarter basis for the full maximum projected Contract Period;
- 1.1.3 have no hard coding of data on calculation and output tabs with hard coding only taking place on input tabs; and
- 1.1.4 use Microsoft Excel 2013 or fully compatible versions or other applications satisfactory to the Minister.

1.2 The Project Financial Model shall not include any hidden or protected areas (no hidden rows or columns).

2 PROJECT COST MODEL

2.1 The specific requirements of the Project Cost Model are identified in Appendix 7 (Project Cost Model Requirements). The Project Cost Model must be fully compatible and consistent with the Project Financial Model as there is a direct link between the two models.

3 PROJECT PRICE BOOK

3.1 The Project Price Book shall align with the Wholesale Price List in Schedule 5.2 (Wholesale Prices, Price Benchmarking Rules and Wholesale Product Benchmarking Rules).

3.2 The Project Price Book shall contain:

- 3.2.1 Wholesale Prices for any Minimum Required Wholesale Products, Additional Required Wholesale Products and Other Permitted Wholesale Products in accordance with Schedule 2.2 (Reference Offer Requirements) and consistent with Wholesale Prices set out in Schedule 5.2 (Wholesale Prices, Price Benchmarking Rules and Wholesale Product Benchmarking Rules) and their associate charges to Retail Service Providers. The Wholesale Prices are to be outlined for each Premises type. The Wholesale Prices outlined within the Project Price Book shall outline specifically, the rental, installation and disconnection charges, migration charges and other relevant charges or prices;
- 3.2.2 a description of each Wholesale Product and any variation on the Wholesale

Product;

- 3.2.3 the Take Up level assumptions per Wholesale Product by Premises type for direct connection products;
- 3.2.4 the Take Up level assumptions per Wholesale Product by volume driver for non-direct connection products; and
- 3.2.5 the price inflation assumptions.

4 OTHER REVENUE

- 4.1 Other sources of revenue that NBPco is forecasting to arise either directly or indirectly from the Network deployment in the Intervention Area such as, for example, mobile backhaul revenue.

5 OTHER SECTIONS ON THE PROJECT FINANCIAL MODEL

- 5.1 In addition to the Project Cost Model and Project Price Book, the Project Financial Model shall contain and present the following information:

- 5.1.1 Deployment and Take Up

- (A) Deployment design and deployment profiles by period based on requirements set out in Schedule 2.2 (Reference Offer Requirements), showing the percentage of Premises in the Intervention Area Passed;
- (B) Take Up Profile over the Contract Period for each category of Premises identified by NBPco;
- (C) on net churn rate over the Contract Period (the rate at which the IA End Users leave the Network entirely and are replaced by other reconnections);
- (D) off net churn rate over the Contract Period (the rate at which the IA End Users changes RSPs, leading to additional migration revenue at the wholesale level);
- (E) growth projections of additional Premises Passed over the Contract Period (i.e. those Premises built or projected to be built within the Intervention Area over the course of the Contract Period that can be easily Connected to the Network within the Intervention Area at some future time during the Contract Period but that are not, at the relevant point in time, currently Connected within the Intervention Area); and
- (F) profile of new Connections as a result of Premises growth in the Intervention Area over the Contract Period.

5.2 Funding

5.2.1 NBPco's calculation of its own funding requirements for NBPco Solution, in terms of:

- (A) Deployment Milestone Payments;
- (B) Connection Milestone Payments;
- (C) Ongoing Capital Payments; and
- (D) NBPco's own funding (debt, equity and other forms of finance).

5.3 Capital Expenditure

5.3.1 Details of the expected Capital Expenditure per Quarter and including a summary on the eligibility of Permitted Expenditure in accordance with Appendix 4 (Costs, Permitted Expenditure and Revenues) of Schedule 5.1 (Subsidy Payments).

5.3.2 Comparison of the cumulative Permitted Expenditure (including operating expenditure that is incurred as an alternative to Capital Expenditure e.g. pole rentals) against the cumulative Subsidy Payments.

5.4 Operating Expenditure

5.4.1 Details of the expected operating expenditure per Quarter.

5.5 General Calculations

5.5.1 Details of the tax, accounting and working capital assumptions in use in the financial model.

5.6 Balance Sheet

5.6.1 A schedule of forecast asset, liability and equity positions at the end of each Quarter.

5.7 Cash flow

5.7.1 A schedule of expected cash flows at the end of each Quarter.

5.8 Profit & Loss

5.8.1 A full profit and loss schedule including a summary of any non profit and loss changes in retained earnings at the end of each Quarter.

5.9 Outputs

5.9.1 NBPco's internal rate of return (IRR) on a project and an equity basis, calculated for the Contract Period and including a Terminal Value.

- 5.9.2 Permitted Expenditure – i.e. that which meets the criteria for public subsidy by NBPco in the delivering of the Network as set out in Appendix 4 (Costs, Permitted Expenditure and Revenues) of Schedule 5.1 (Subsidy Payments);
- 5.9.3 Eligible ERDF Expenditure;
- 5.9.4 net present value of the total subsidy;
- 5.9.5 leverage;
- 5.9.6 a summary and breakdown of the capital invested in each Project Cost Model component;
- 5.9.7 a summary of the capital investment split over the Solution Components;
- 5.9.8 a cost per Premises Connected / total capital cost input; and
- 5.9.9 Project Claw-Back IRR

APPENDIX 7 (PROJECT COST MODEL REQUIREMENTS)

This Appendix sets out certain content requirements which shall be maintained and adhered to by NBPco and in all respects when creating and making Changes to the Project Cost Model:

1 GENERAL REQUIREMENTS

1.1 NBPco shall provide the Project Cost Model and Deployment Area Cost Template (and, where applicable, any Updated Deployment Area Cost Template) and Connection Tracker and ensure that they:

1.1.1 are consistent and compliant with the technical solution requirements set out in Schedule 2.1 (Technical Solution Specification) and, in particular:

(A) with Paragraph 3 (Product requirements, Evolution and Roadmap) and NBPco shall ensure that the Project Costs provided include the necessary Network Infrastructure and active Equipment to support Wholesale Products offered by NBPco at the beginning of the Contract Period as well as the necessary Project Costs to support the Network upgrade in relation to the evolution of Wholesale Products offered by NBPco and in relation to additional new Wholesale Products introduced by NBPco over the course of the Contract Period;

(B) with Paragraph 4 (Operational Environment Requirements) and NBPco shall ensure that the Project Costs provided include the necessary components (such as databases and systems) required for the Universal Wholesale Gateway (UWG), OSS/BSS as well as the Public Portal and the Secure Portal and their respective evolution and upgrade over the course of the Contract Period.

(C) with Paragraph 5 (Network Requirements For Wholesale Products) and NBPco shall ensure that the Project Costs provided include the necessary Solutions Components as specified in Paragraph 5 (Network Requirements For Wholesale Products) as well as their evolution and upgrade over the course of the Contract Period;

1.1.2 are consistent and compliant with the deployment requirements outlined in Schedule 2.3 (Deployment Requirements) and, in particular;

(A) with Paragraph 5 (Implementation Programme - Requirements) and NBPco shall ensure that the Project Costs provided is in line with the requirements and with the different Milestones specified in Paragraph 5 (Implementation Programme - Requirements);

(B) with Paragraph 6 (Operational Environment - Requirements) and NBPco shall ensure that the Project Costs provided is in line with the requirements pertaining to the deployment of the Operational Environment and with the associated Milestones specified in Paragraph 6 (Operational Environment) - Requirements;

(C) with Paragraph 8 (Network Deployment - Requirements) and NBPco shall ensure that the Project Costs provided is in line with the

requirements pertaining to the deployment of the Network and the associated Milestones specified in Paragraph 8 (Network Deployment - Requirements);

- 1.1.3 are consistent and compliant with Paragraph 9 (Products Deployment - Requirements) of Schedule 2.3 (Deployment Requirements) and NBPco shall ensure that the Project Costs provided is in line with the requirements pertaining to the deployment of Wholesale Products and with the associated Milestones specified in Paragraph 9 (Products Deployment - Requirements) of Schedule 2.3 (Deployment Requirements);
 - 1.1.4 are consistent and compliant with the definitions of Permitted Expenditure outlined in Appendix 4 (Costs, Permitted Expenditure and Revenues) of Schedule 5.1 (Subsidy Payments);
 - 1.1.5 have no hard coding of data on calculation and output tabs with hard coding only taking place on input tabs;
 - 1.1.6 use Microsoft Excel 2013 or fully compatible versions or other applications satisfactory to the Minister;
 - 1.1.7 include a “change log” worksheet which is maintained with details of any changes that are made pursuant to Paragraph 3 (Management of Changes to The Project Financial Model and The Project Cost Model); and
 - 1.1.8 ensure that cost assumptions are consistent with the definitions of expenditure outlined in Appendix 4 (Costs, Permitted Expenditure and Revenues) of Schedule 5.1 (Subsidy Payments), including Permitted Expenditure, Project Costs, Avoidable Costs and Un-Avoidable Costs.
- 1.2 The Project Cost Model, and the Deployment Area Cost Template (and any Updated Deployment Area Cost Template) excel spreadsheets and the Connection Tracker shall not include any hidden or protected areas (no hidden rows or columns).
- 1.3 The Project Cost Model, the Deployment Area Cost Template (and any Updated Deployment Area Cost Template) and the Connection Tracker shall include precise, consistent, and itemised labelling which describes exactly what is costed.
- 1.4 The Project Cost Model and the Deployment Area Cost Template (and any Updated Deployment Area Cost Template) shall fully reconcile with one-another with regards to Capital Expenditure for every Contract Year. In particular, the sum of Capital Expenditure of all Deployment Areas provided in the Deployment Area Cost Template (or, as applicable, any Updated Deployment Area Cost Template) for a Contract Year shall reconcile with the Capital Expenditure provided in the Project Cost Model for the Network for Premises Passed in the same Contract Year.
- 1.5 The Project Cost Model, and the Connection Tracker shall fully reconcile with one-another with regards to Connection Costs for every Contract Year. That is:
- 1.5.1 the sum of Connection Costs associated with all Connections provided in the Connection Tracker for each Contract Year shall reconcile with the Connection Costs provided in the Project Cost Model for Connections in the same Contract

Year; and

1.5.2 the Connection Tracker shall provide a breakdown of Connection Costs for each Premises Connected which is the same detail and level of granularity (including without limitation the volume and unit costs of each item of Connection Costs) as the Project Cost Model.

1.6 The Project Cost Model output shall be consistent with the Project Financial Model input

1.7 The Project Cost Model and the Deployment Area Cost Template (and any Updated Deployment Area Cost Template) and the relevant part of the Connection Tracker shall be maintained by NBPco and kept up to date throughout the Contract Period.

2 PROJECT COST MODEL

2.1 The Project Cost Model shall clearly provide the following inputs (on a quarterly basis):

2.1.1 bill of materials split into material volume, labour volume and “other” volumes (which are neither related to material or labour), consistent with cost categorisation at a Solution Component level;

2.1.2 unit costs identified in the bill of materials, broken down by materials, labour and “other” costs;

2.1.3 indexation assumptions for all items broken down by materials, labour and “other” costs over the Contract Period;

2.1.4 margins and contingency assumptions which shall be transparently stated for each items material, labour or other unit costs;

2.1.5 margins and contingency assumptions which shall be clearly differentiated for each item they are applied to and shall be labelled appropriately;

2.1.6 infrastructure rental access unit costs for Infrastructure located within the Intervention Area and Infrastructure located outside of the Intervention Area;

2.1.7 Permitted Expenditure cost item shall be clearly identified;

2.1.8 sources of capital costs and operating costs and also provide the breakdown of these costs at the level of each of the Key Subcontractors; and

2.1.9 Premises Passed, Premises Connected and Network volumes (lengths of Network route, length of Network cables, number of base stations, etc.) required to Pass and Connect those Premises.

2.2 The Project Cost Model shall clearly provide the following outputs:

2.2.1 full details of the forecast Capital Expenditure, clearly separating Premises Passed to pass costs from Network to connect costs;

2.2.2 full details of the forecast Capital Expenditure, clearly separating costs associated with Existing Premises and with New Premises;

- 2.2.3 full details of the forecast Project Operational Expenditure including, but not limited to, Network maintenance, Network operations, rental costs, Network & wholesale costs; and non-Network overheads;
- 2.2.4 ensure that the Capital Expenditure and Project Operational Expenditure can be displayed with and without margins and with and without contingencies; and
- 2.2.5 include sufficient details to allow the calculation of Deployment Claw-Back Amount.

3 DEPLOYMENT AREA COST TEMPLATE

- 3.1 NBPco shall provide a Deployment Area Cost Template for each Deployment Area and shall update it (in the form of an Updated Deployment Area Cost Template) based on the M1, M2 and M3 Milestones associated with the Project.
- 3.2 NBPco shall ensure that the Deployment Area Cost Template (and, as applicable, Updated Deployment Area Cost Template) demonstrates the breakdown of Capital Expenditure and Project Operational Expenditure by Deployment Area using a bill of materials split into material volume, labour volume and “other” volumes (which are neither related to material or labour), consistent with cost categorisation at a Solution Component level.

4 CONNECTION TRACKER

- 4.1 NBPco shall provide a Connection Tracker and shall update it based on the various P6.1000 Milestones associated with the Project.
- 4.2 NBPco shall ensure the Connection Tracker demonstrates the breakdown of Connection Costs by P6.1000 Milestone using a bill of materials split into material volume, labour volume and “other” volumes (which are neither related to material or labour), consistent with cost categorisation at a Solution Component level.

APPENDIX 8 (THE PROJECT COST MODEL)

[REDACTED]

[REDACTED]