

Part 1B: Continuing Period Prices**1 Interpretation**

In this Part of the Schedule references to Headings are to Headings in Table 1 of Part 1A

2 Unitary Charge Payable In Continuing Period

2.1 The Unitary Charge payable in the first of any 15 year Continuing Period extending the Term pursuant to Clause 4.2, shall be derived from a revised version of Table 1 Part 1A on the following basis:

2.1.1 The Capital Rental Heading which reflects the capital cost of the Facilities will be calculated as the aggregate of:

(a) Facilities Changes and the capital refurbishment and alteration costs agreed, as a Change, between the parties on the exercise of the Trust's option to extend the Term in accordance with Clause 4.2 and, in the event of dispute, the Trust may refer to the Dispute Resolution Procedure the issue as to whether or not the SPC has reached its determination on reasonable grounds and together with any interest on the capital expenditure incurred on the above which may have been capitalised in the period prior to the Primary Period Expiry Date.

(b) £5,000,000 (being the Residual Value of the Hospital at the Primary Period Expiry Date).

2.1.2 The cost of finance reasonably obtainable in the market (at such rates for such periods, and subject to such terms as may be reasonably obtainable.

2.1.3 The Total Service Price Heading will be calculated by reference to the cost of Tested Services as determined by Market Testing prior to the Primary Period Expiry Date.

2.1.4 The Major Maintenance Charge Heading for life cycle costs will be as reasonably determined by the SPC, and in the event of dispute, the Trust may refer to the Dispute Resolution Procedure the issue as to whether or not the SPC has reached its determination on reasonable grounds.

2.1.5 The Risk Overhead and Margin Heading shall be based on the amounts required to meet the SPC's reasonable costs and the cost of equity reasonably available in the market at such rates, for such period and subject to such terms as may be obtained for hospital projects of a similar size and type and subject to the terms of finance specified in 2.1.2 and in the event of dispute, the Trust may refer to the Dispute Resolution Procedure the issue as to whether or not the SPC has its determination on reasonable grounds.

2.1.6 The SPC is obliged to do everything possible to procure from reputable lending or equity sources, on the best terms then reasonably available, the financing for any items in 2.1.1(a) above.

2.1.7 The Activity Risk Heading shall be assumed to be zero.



- 2.2 The Unitary Charge payable in the second 15 year Continuing Period, shall be determined along similar principles to those specified at paragraph 1 above, provided always that the Residual Value of £5,000,000 specified in Paragraph 2.1.1(b) above shall not be taken into account.

