Item 4.1 Financeability and Financial Resilience Centrus Assurance

September 2023



TREASURY & DERIVATIVES | CAPITAL RAISING | FINANCIAL PLANNING & STRATEGY | ASSET MANAGEMENT

Certified B Corporation

London | Dublin

centrusfinancial.com

Executive Summary

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Board Assurance | Key Assumptions

Centrus have been engaged to assess whether Portsmouth Water's business plan is financeable on the basis of the Ofwat PR24 notional company capital structure, and whether the Actual Company (PWL) is financially resilient under prescribed downside scenarios

Information Centrus has Assessed	▪ Portsmouth Water Business plan model overlaid on Ofwat PR24 Notional company model, provided as of 27th July and the Ancala model for the actual company on 25th of September ▪ The Ancala model includes base case & prescribed downside scenarios for Actual Company ▪ Projected Moody's credit rating metrics provided for AMP8
Notional Company Assumptions	▪ The Ofwat PR24 notional company capital structure assumes 55% gearing, and represents a company deemed to be financed and run efficiently ▪ WACC assumed for PR24 are 3.37% for the BAU in line with Ofwat's latest methodology paper and 4.13% for the HVT ▪ In line with Ofwat's assumptions the notional company has 33% of IL debt at a cost of 2.85% and 5.85% for nominal debt
Actual Company Assumptions	▪ For the actual company we have assumed the same WACC levels as the notional company (3.37% for BAU and 4.13% for HVT) ▪ The actual company pays out 4% dividend yield across AMP8 in line with Ofwat's guidance ▪ There is £170m of equity invested in AMP7 to support the construction of the Havant Thicket Reservoir ("HVT") and other RCV growth

Board Assurance | Assessment Criteria

We perform two different assessments - the first is the Financeability test for the notional company, the second is the Financial Resilience test for the Actual Company

1 Financeability Assessment Criteria

- Centrus assess Financeability based on the target credit rating for the notional company of at least Baa1
- Centrus will apply the ratios for Baa1 but not the ceiling that Moody's have applied due to the construction/ development risk relating to HVT. We do note though that due to construction risk and the Moody's scorecard methodology a Baa1 score through AMP8 is not achievable
- In order to assess this, Centrus have undertaken a shadow credit rating analysis utilising Moody's Regulated Water Utilities methodology
- Although the Ofwat Financeability assessment is only applicable for the notional company, we also perform the same Financeability assessment for the Actual Company through performing a shadow credit rating analysis under a base case scenario

2 Financial Resilience Criteria

- Centrus assess Financial Resilience of the actual company (PWL) and the actual appointee company (which excludes non-appointed businesses), based on whether the company can maintain a credit rating of at least Baa3 Moody's under prescribed downside scenarios
- In assessing key ratios, we take an average of the first and last 3 years of AMP8 and an overall AMP8 average to compare against credit rating thresholds
- Additionally, Centrus have assessed the financial resilience of PWL through assessing compliance with debt covenants under the prescribed downside scenarios

Board Assurance | Financeability Assessment - Notional Company

Based on Portsmouth Water's assumed Notional Company, we have assessed the business plan as follows:

Question	Centrus Assessment
Does the Assumed Notional Company meet Moody's Baa1 rating criteria?	▪ PW notional company based on our shadow credit rating analysis comes out as Baa2. The credit rating is heavily impacted by the construction risk of the Havant Thicket Reservoir which we expect to be completed towards the end of AMP8. Through-out the construction period, PW is expected to have a ceiling of a Baa2 rating irrespective of metrics and (within reason) any additional equity support ▪ Through-out AMP8 there is significant pressure on the AICR metric which ranges between 1.40x-1.44x which is below the rating guidance for a Baa1. Gearing is flat 55% which is below the 72% Moody's rating guidance for Baa1 entities. ▪ There is more pressure to the AICR metrics in the notional company than the actual company as the notional company has a lower percentage of IL debt resulting in the higher cash interest obligations than the actual company. As is illustrated in slide 7, the actual company rating is Baa2 in line with the ceiling rating PW have through the construction period of HVT ▪ The WACC assumption for the BAU is in line with Ofwat's early view of PR24, however, we expect that the WACC for the Havant Thicket Reservoir will be higher than the industry average due to the high proportion of new debt and for this reason the WACC of the HVT is assumed to be 4.13% ▪ This reflects the low relative level WACC assumptions on HVT and low relative leverage on HVT which we would expect to be on the conservative side of ultimate award
Is the Notional Company Financeable?	▪ The notional company does not meet the strict financeability test of Baa1 based on: 1. Shadow credit rating analysis of the Notional Company using WACC assumptions based on Ofwat's early view; and 2. Moody's hybrid methodology for PW whilst the HVT construction continues ▪ The fact that the notional company does not meet the strict financeability test of Baa1 should not be overly concerning as Moody's have imposed an effective ceiling on the rating at Baa2 due to the HVT construction risk. The low average leverage is not being reflected in this ceiling, nor is the risk share within the construction contracts

Board Assurance | Base Case - Actual

Similar to the notional company, Portsmouth Water Ltd achieves a Baa2 rating, constrained by the construction risk of HVT. The actual company exhibits stronger ratios than the notional company

Question	Centrus Assessment
Is the Actual Company (PWL) Baa1?	▪ We have performed a shadow credit analysis on the actual company using Moody's methodology. The plan meets Baa1 rating guidance for gearing and AICR (Ofwat's guidance). Albeit, due to the ceiling the company has during the construction period because of Moody's rating assessment approach, the estimated rating is Baa2 ▪ The rating is heavily impacted by the "Caa" rating assigned to the Scale and Complexity of Capital Program sub-factor due to the construction of the HVT and annual capex being more than 30% of RCV ▪ Financially though, the company exhibits strong ratios both in terms of gearing and ACIR: ❑ Through-out AMP8 the AICR metric is quite strong with an average of 1.98x across the AMP. This is above the rating guidance of 1.3x for Baa2 and the rating guidance of 1.5x for Baa1. The actual company achieves higher AICR metrics than the notional company as the actual company has a higher percentage of IL debt ❑ Gearing starts at 48% which is well below the notional company gearing of 55% and increases to c.64% by the end of the AMP. Gearing is well below both the rating guidance for a Baa2 rating (80%) and the rating guidance for a Baa1 rating (72%). We note that according to Moody's, the gearing threshold for PW to sustain the Baa2 rating is 70% ▪ There is no equity injection through-out AMP8 though we do note that shareholders have invested £170m in the company in AMP7. Given the rating ceiling, additional equity will not have improved the Baa2 rating score ▪ The actual company has also secured a £45m Holdco facility which is only drawn at £22.5m under the base case. The Holdco facility acts as a liquidity buffer under many of the downside scenarios tested ▪ Dividend yield is assumed annually at 4% in line with Ofwat's guidance for AMP8

Board Assurance | Financial Resilience - Actual Company

Actual company is financial resilient under all scenarios tested

Question	Centrus Assessment
Is the Actual Company (PWL) financially resilient?	**Moody's Baa3 Rating** – Under all sensitivities tested the actual company is financial resilient. This rating is compliant with the license agreement but would result in a dividend lockup ▪ **Covenant compliance:** Under all sensitivities, the actual company remains compliant with both the ICR and gearing lock-up and default levels ▪ **Moody's ratios:** Moody's ratios remain compliant with a Baa3 rating guidance which is the financial resilience test. It is worth noting that under all scenarios apart from Totex underperformance the company is also compliant with a Baa2 rating guidance of an average Adjusted Interest Coverage above 1.3x and a gearing below 70% on a 3Y average. It's worth noting that PWL could use additional levers under this scenario to maintain its Baa2 rating such as withholding dividends or using additional equity
Levers utilised	**Utilising Holdco debt:** In FY23, PW pre-funded all the expenditure needed for HVT and also secured a £45m Holdco committed facility to provide additional liquidity to the Opco if required. The Holdco facility under the base case is only partially drawn at £22.5m. This is one lever available under all stress scenarios where PW can draw down the Holdco facility when needed to inject additional cash flow in the Operating Company **Withholding dividends:** The actual company assumes a 4% dividend yield annually in line with the Ofwat rating guidance. Withholding dividends, is an additional mitigation that the company has to protect its rating and covenant performance should a downside scenario materialise

Financeability | Notional Company

PR24 Notional Company | Capital Structure and Gearing Assumptions

To assess financeability for the notional company, we have taken a flat assumption of gearing at 55% through-out the AMP8

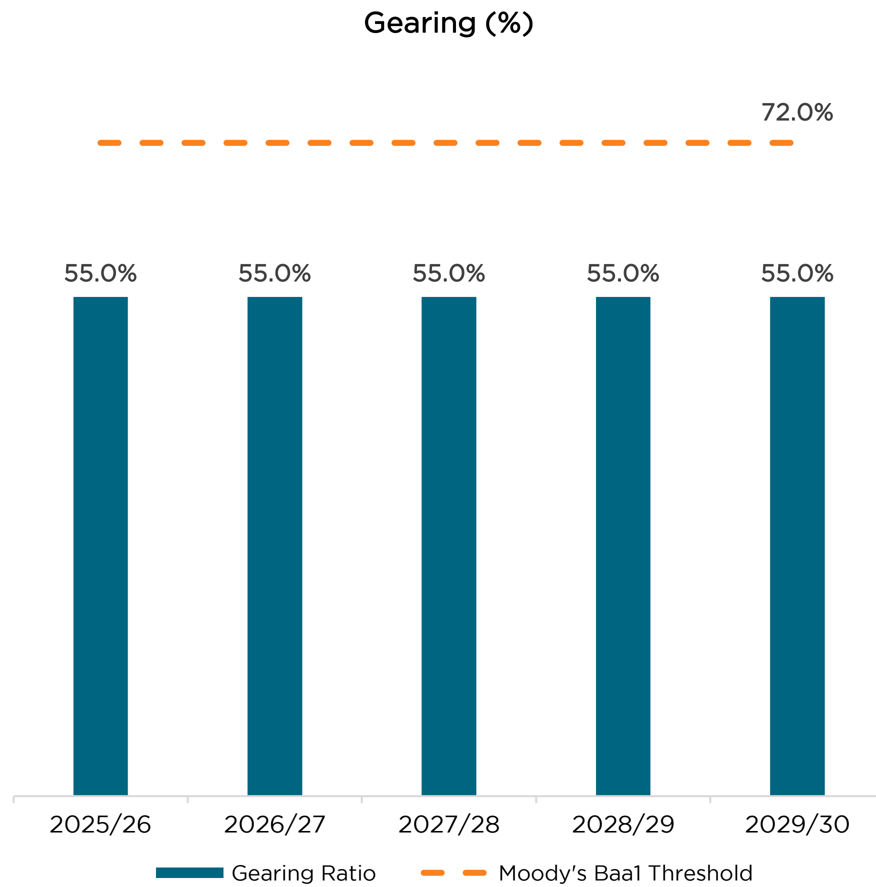
The PR24 notional company is assumed to have a gearing of 55%. The regulator has reduced this gearing level by 5% compared to PR19, and noted that is to ensure a company with the notional capital structure has the capacity to continue to raise financing efficiently, whilst considering the benefits of high inflation in the current regulatory period

- To assess the notional company, we have taken a flat assumption of gearing at 55% through-out the AMP8
- In line with the Ofwat guidance, the cost of debt ("CoD") is estimated as:
    - 33% of IL debt as a real CoD: 2.85%
    - Nominal CoD: 5.85%
- Dividend yield in AMP8 is assumed at an average of 4%. The table below illustrates dividends per year through-out AMP8

FY	2025/26	2026/27	2027/28	2028/29	2029/30	AMP 8 Total
£m	10,848	5,939	6,415	6,725	6,996	36,922

- Although the decision to have a highly covenanted structure to protect creditors was made by the company, we are assuming that the notional company is also benefiting from the Moody's rating benefits associated with enhanced creditor protections

Gearing (%)



Notional Company | Moody's Scorecard

The credit rating of PW is currently impacted by the construction risks of the Havant Thicket Reservoir. We anticipate this risk diminishing as construction milestones are successfully met

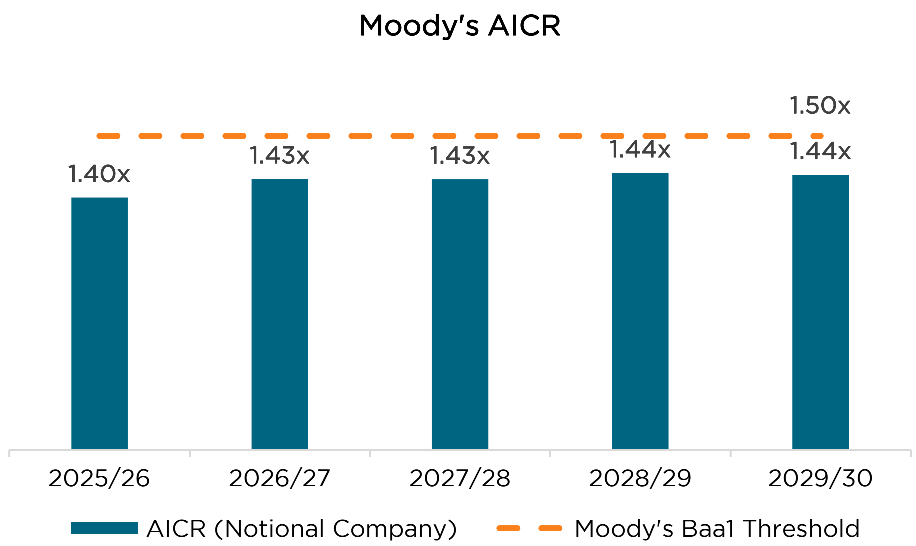
		Moody's Scorecard		Centrus Assessment		
		Weighting	Moody's Guidance	Sub-Factor Outcome Detail		Scorecard-Indicated Outcome
REGULATORY ENVIRONMENT AND ASSET OWNERSHIP MODEL	Stability and Predictability of Regulatory Regime	15.0%	As per the latest Moody's report on PWL dated 10th March	*Assumed that these ratings will remain unchanged through-out AMP8. However, as of Jan 2023 Moody's have a negative outlook on the UK Water Sector. Moody's have highlighted that this could revert to stable in the event of 1. Lower cost pressures and more favourable Macro environment 2. A more supportive regulatory approach for PR24*	-->	Aa
	Asset Ownership Model	5.0%			-->	Aa
	Cost and Investment Recovery (Ability and Timeliness)	15.0%			-->	A
	Revenue Risk	5.0%			-->	Aa
SCALE AND COMPLEXITY OF CAPITAL PROGRAM	Scale and Complexity of Capital Program	10.0%	Baa: total annual capex 8%-12% of RCV Ba: total annual capex 12%-20% of RCV B: total annual capex 20%-30% of RCV CAA: total annual capex >30% of RCV		-->	Caa
FINANCIAL POLICY	Financial Policy	10.0%	As per the latest Moody's report on PWL dated 10th March	*Assumed this will remain unchanged. The additional equity to ensure a low level of gearing is credit positive*	-->	Baa
LEVERAGE AND COVERAGE	Adjusted Interest Coverage Ratio (AMP8 average)	12.5%	Baa: 1.5-2.5x Ba: 1.2 -1.5x	*1.44x*	-->	Ba
	Net Debt / RCV (AMP8 average)	10.0%	A: 40-55% Baa: 55%-70%	*55%*	-->	A
	FFO / Net Debt (AMP8 average)	12.5%	Baa: 10-15% Ba: 6-10%	*6.9%*	-->	Ba
	RCF / Net Debt (AMP8 average)	5.0%	Baa: 6-10% Ba: 4-6%	*4.9%*	-->	B
	Scorecard-Indicated Outcome Before Notch Lift					Ba2

		Notch lift		1.5
		Scorecard- Indicated Outcome		Ba1
		Additional two notches adjustment (in line with actual company)		2
	Actual rating assigned			Baa2

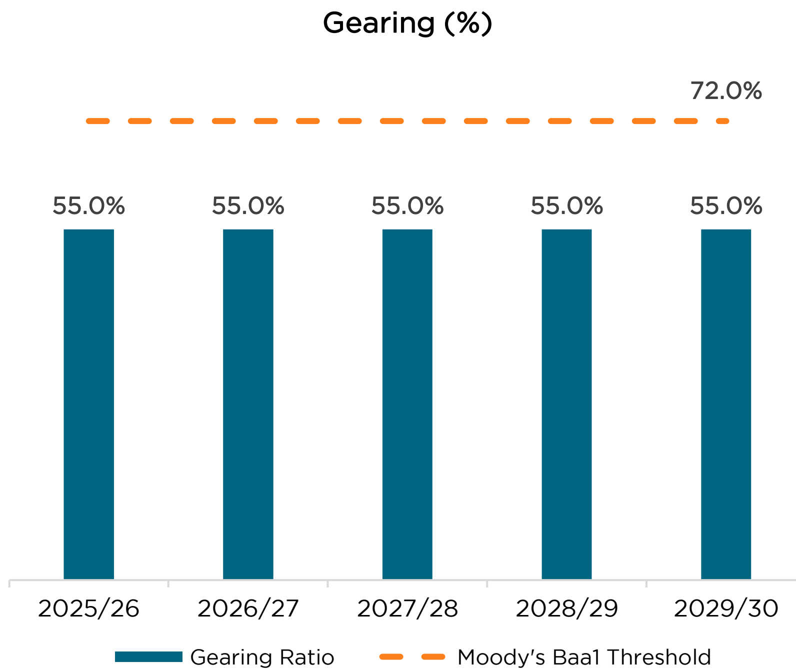
Notional Company Financeability | Ratings Metrics

Portsmouth Water's assumed notional company has financial metrics in AMP8 which fall below Moody's AICR Baa1 threshold requirements of 1.5x

Moody's AICR



Gearing (%)



Credit Ratings | Actual Company (PWL) – Base Case

Actual Company | Capital Structure and Gearing Assumptions

The actual company has an average gearing of 56% in AMP8 and pays out 4% dividend yield in line with Ofwat's guidance

- The actual company has an opening gearing of 46% which is below the notional company's gearing of 55%. The gearing in AMP8 is forecast to slowly increase and reach a peak of 65.1% by the end of AMP8

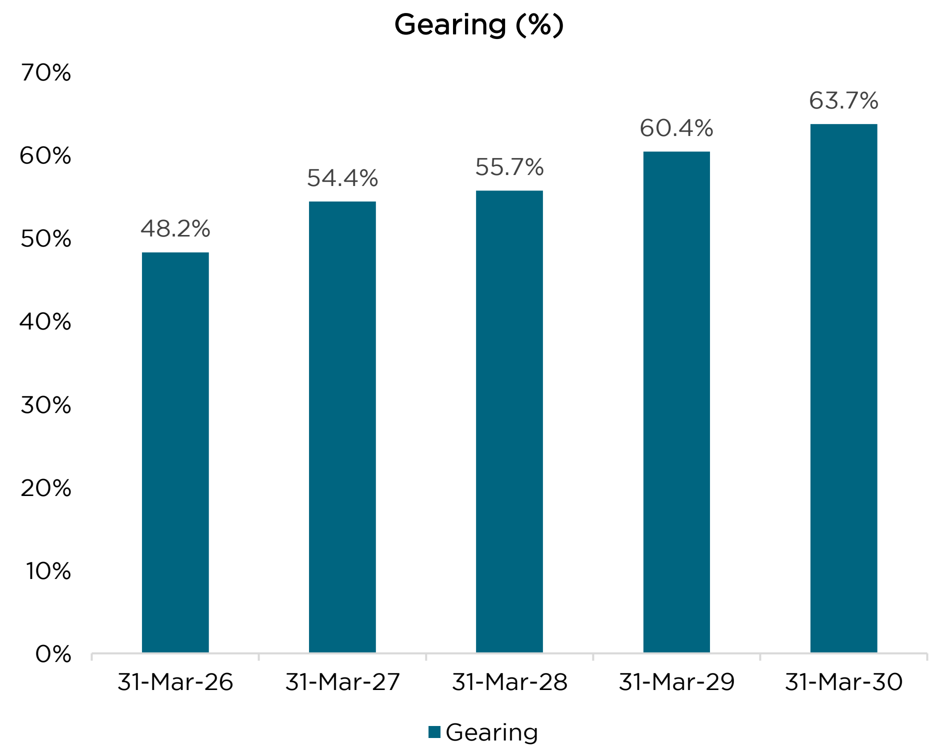
- There is no assumed equity injection in AMP8, but the reader will be aware that shareholders committed to an equity investment profile totaling £170m during AMP7 to support the construction of Havant Thicket and other RCV growth. The profile of the equity injections is shown in the table below:

FY	2020/21	2021/22	2022/23	2023/24	2024/25	AMP 7 Total
£'m	-	-	20.0	50.0	100.0	170.0

- In line with Ofwat's guidance, we are assuming a 4% dividend yield annually and therefore are forecasting paying the following dividends in AMP8:

FY	2025/26	2026/27	2027/28	2028/29	2029/30	AMP8 Total
£'m	8,451	8,487	8,636	8,719	8,780	43,072

Gearing (%)



Actual Company | Moody's Scorecard

The actual company estimated rating score is Baa2. Due to the Havant Thicket Reservoir, Moody's has a ceiling of Baa2 on PW's credit rating, irrespective of ratios performance, to reflect relative levels of construction risk being undertaking

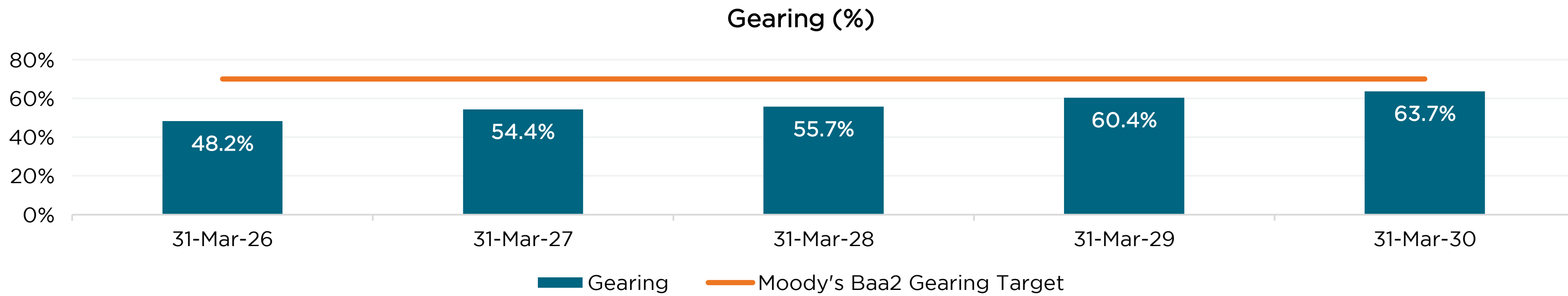
		Moody's Scorecard		Centrus Assessment		
		Weighting	Moody's Guidance	Sub-Factor Outcome Detail		Scorecard-Indicated Outcome
REGULATORY ENVIRONMENT AND ASSET OWNERSHIP MODEL	Stability and Predictability of Regulatory Regime	15.0%	As per the latest Moody's report on PWL dated 10th March	*Assumed that these ratings will remain unchanged through-out AMP8. However, as of Jan 2023 Moody's have a negative outlook on the UK Water Sector. Moody's have highlighted that this could revert to stable in the event of 1. Lower cost pressures and more favourable Macro environment 2. A more supportive regulatory approach for PR24*	-->	Aa
	Asset Ownership Model	5.0%			-->	Aa
	Cost and Investment Recovery (Ability and Timeliness)	15.0%			-->	A
	Revenue Risk	5.0%			-->	Aa
SCALE AND COMPLEXITY OF CAPITAL PROGRAM	Scale and Complexity of Capital Program	10.0%	Baa: total annual capex 8%-12% of RCV Ba: total annual capex 12%-20% of RCV B: total annual capex 20%-30% of RCV CAA: total annual capex >30% of RCV		-->	Caa
FINANCIAL POLICY	Financial Policy	10.0%	As per the latest Moody's report on PWL dated 10th March	*Assumed this will remain unchanged. The additional equity to ensure a low level of gearing is credit positive*	-->	Baa
LEVERAGE AND COVERAGE	Adjusted Interest Coverage Ratio (AMP8 average)	12.5%	Baa: 1.5-2.5x Ba: 1.2 -1.5x	*1.76x*	-->	Baa
	Net Debt / RCV (AMP8 average)	10.0%	A: 40-55% Baa: 55%-70%	*56.7%*	-->	Baa
	FFO / Net Debt (AMP8 average)	12.5%	Baa: 10-15% Ba: 6-10%	*6.8%*	-->	Ba
	RCF / Net Debt (AMP8 average)	5.0%	Baa: 6-10% Ba: 4-6%	*4.8%*	-->	Ba
	Scorecard-Indicated Outcome Before Notch Lift					Ba1

		Notch lift		1.5
		Scorecard- Indicated Outcome		Baa3
		Additional 1-notch adjustment		1
		Actual rating assigned		Baa2

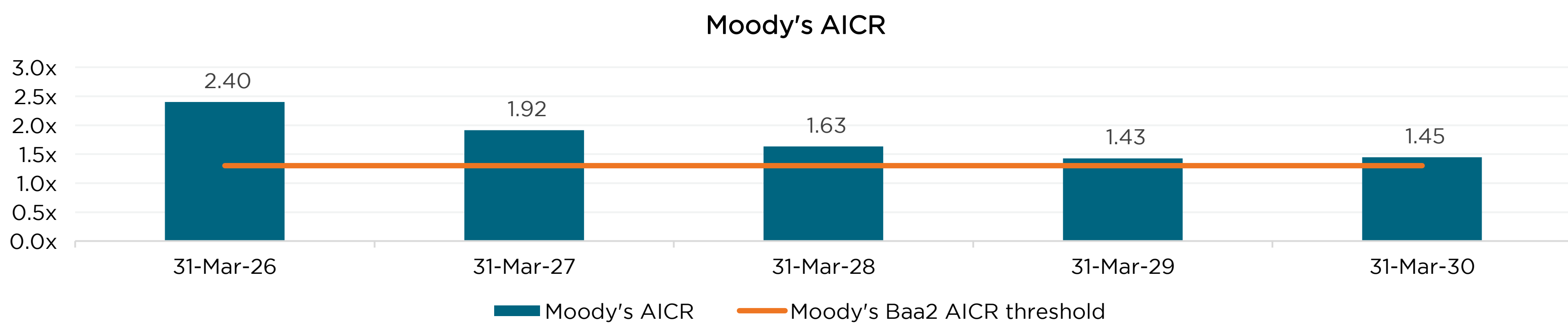
Actual Company | Rating Metrics

Gearing levels rise through the AMP while AICR performance falls, however, the credit ratio outputs are in line with both the current actual rating guidance of Baa2 and a Baa1 credit rating guidance where no ceiling is applied.

Gearing (%)



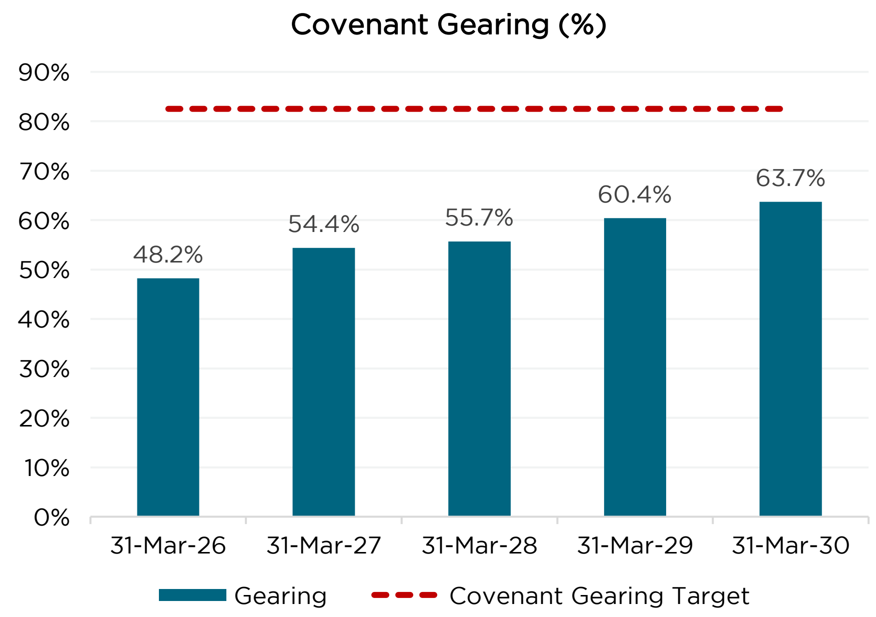
Moody's AICR



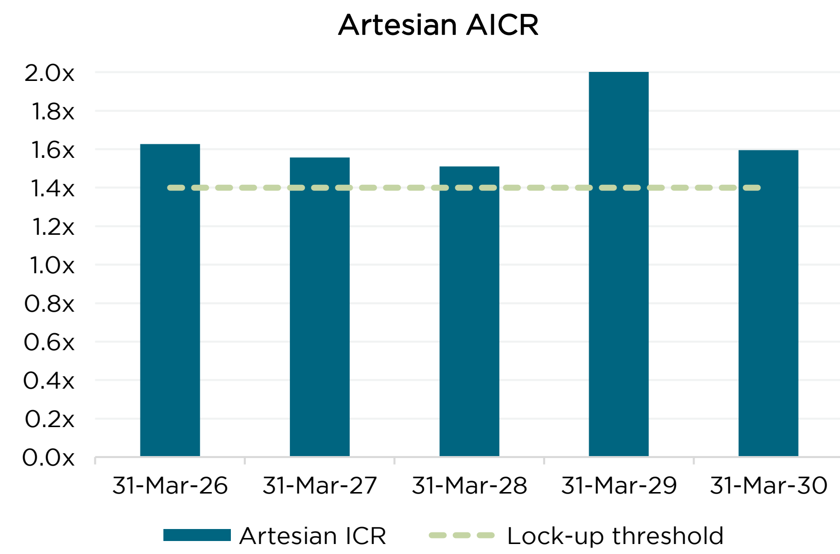
Actual Company | Covenant Metrics

The actual company has headroom on its covenanted lock-up levels with the ICR metric being the most pressured metric through-out AMP8

Opco Gearing



Artesian ICR



Any volatility in the Artesian ICR only reflects the timing of investing activities
The Moody's ICR is a better measure of cash generation to interest coverage

Actual Company | Sector Gearing

Portsmouth Water Ltd has currently one of the lowest gearing levels in the sector

PWL gearing is the one of the lowest in the sector at 64% as of March 2023 and expected to drop to an AMP8 average of 57% enhanced by the £170m equity investment

Sources: Ofwat, APR tables (using shadow RCV metrics for PRT)

Financial Resilience | PWL (Actual Company)

Financial Resilience | Actual Company

Centrus has undertaken a shadow credit rating of the actual company using Portsmouth Water's current business plan assumptions

Actual Company Assumptions

- For the actual company we have assumed the same WACC levels as the notional company (3.37% for BAU and 4.13% for HVT)
- The actual company pays out 4% dividend yield across AMP8 in line with Ofwat's guidance
- There is £170m of equity committed and invested in AMP7 to support the construction of the Havant Thicket Reservoir and other RCV growth

Financial Resilience Criteria

- Centrus assess financial resilience of the actual company (PWL) through a set of downside scenarios. The analysis assumes that these scenarios are mitigated by either withholding dividends or utilising the undrawn Holdco debt facility
- We assess whether the company is financially resilient based on whether it can maintain a credit rating of at least Baa3 with Moody's under prescribed downside scenarios
- Additionally, Centrus have also assessed the financial resilience of PWL to maintain compliance with debt covenants under the prescribed downside scenarios and using the mitigation levers outlined above

Board Assurance | Financial Resilience during AMP8

Key Question: Is the Portsmouth Water actual company level financially resilient under the assumptions used and the scenarios tested?

Question	Answer
Covenant Resilience	▪ Under all downside scenarios, PWL is able to maintain covenant levels above its lock-up trigger levels and with significant headroom against covenanted default levels ▪ The ICR ratio is the most constrained ratio during the AMP although it can be managed using the undrawn Holdco facility or through withholding dividends at the BHL level and later reinvesting equity into PWL ▪ Additional equity was not required at the Opco level under any of the downside scenarios, although we note that under the sensitivity 2,7, 9 on Page 22, an equity injection might be needed to comply with the Group ICR ratio
Moody's Baa3 rating	▪ The actual company is financially resilient under all downside scenarios performed, with metrics remaining consistent with current requirements for a credit rating at or above Baa3. It is worth noting that upon mitigating the scenarios, the actual company maintains a Baa2 rating under all sensitivities apart from the totex underperformance scenarios ,however, the company could withhold dividends as an additional lever and maintain Baa2 ▪ Under all the scenarios, the Holdco facility is assumed to be drawn to provide additional liquidity to the Opco and the assumption remains that Moody's methodology continues to be not to consolidate HoldCo debt for the purposes of their family rating

Actual Company | Financial Covenant & Ratio Tests Summary

Under all scenarios, PW maintains covenant thresholds and credit metrics above Baa3* guidance

A cross indicates financial resilience concern (<Baa3 or a covenant breach)

	Covenants	Gearing		AICR	
		AMP8 Avg.	3 Year Avg.	AMP8 Avg.	3 Year Avg.
Base Case	✔	✔	✔	✔	✔
Totex underperformance (10% of totex) over 5 years.	✔	✔	✔	✔	✔
ODI underperformance payment (3% RoRE) in one year (Yr2)	✔	✔	✔	✔	✔
Inflation 2% below the base case in the business plan in each year of the price review	✔	✔	✔	✔	✔
Deflation of -1% for 2 years, followed by a return to the long-term inflation target	✔	✔	✔	✔	✔
10% spike in inflation with a 2% increase in wedge between RPI and CPIH, followed by two years at 5% and a 1% increase in wedge	✔	✔	✔	✔	✔
Increase in the level of bad debt (20%) over current bad debt levels	✔	✔	✔	✔	✔
Debt refinanced as it matures, with new debt financed at 2% above the forward projections.	✔	✔	✔	✔	✔
Financial penalty – equivalent to 6% of one year of Appointee turnover	✔	✔	✔	✔	✔
Additional Capex CAM2	✔	✔	✔	✔	✔
20% Capex overspend	✔	✔	✔	✔	✔
Combo. Sc. 1 (20% capex overspend, -2% inflation)	✔	✔	✔	✔	✔

*Under all scenarios the gearing and AICR metrics (apart from Totex underperformance and Additional Capex CAM2) are forecast to perform above Baa2 on an AMP8 average and 3-year average basis
Detailed ratios on covenants and credit ratios are shown in Appendix

Appendix I | Actual Company

Actual Company | Covenant Combined Gearing

	01-Apr-25 31-Mar-26	01-Apr-26 31-Mar-27	01-Apr-27 31-Mar-28	01-Apr-28 31-Mar-29	01-Apr-29 31-Mar-30	AMP8 Average	3 year Average
OpCo Gearing Trigger	82.5%	82.5%	82.5%	82.5%	82.5%	82.5%	82.5%
Default level	90%	90%	90%	90%	90%	90%	90%
Base Case	48.2%	54.4%	55.7%	60.4%	63.7%	56.5%	52.8%
Totex underperformance (10% of totex) over 5 years.	51.2%	58.1%	61.0%	64.3%	65.3%	60.0%	56.8%
ODI underperformance payment (3% RoRE) in one year (Yr2)	48.3%	53.6%	56.2%	60.8%	64.2%	56.6%	52.7%
Inflation 2% below the base case in the business plan in each year of the price review	48.3%	54.7%	57.7%	62.6%	66.6%	58.0%	53.6%
Deflation of -1% for 2 years, followed by a return to the long term inflation target.	48.2%	54.4%	57.4%	62.8%	66.1%	57.8%	53.3%
10% spike in inflation with a 2% increase in wedge between RPI and CPIH, followed by two years at 5% and a 1% increase in wedge.	48.1%	53.6%	58.3%	63.7%	67.3%	58.2%	53.4%
Increase in the level of bad debt (20%) over current bad debt levels.	48.3%	54.5%	57.5%	62.2%	65.5%	57.6%	53.4%
Debt refinanced as it matures, with new debt financed at 2% above the forward projections.	48.3%	54.4%	57.1%	61.1%	65.1%	57.2%	53.3%
Financial penalty – equivalent to 6% of one year of Appointee turnover	56.2%	61.2%	64.0%	66.9%	68.2%	63.3%	60.4%
Additional Capex CAM2	56.2%	61.2%	64.0%	66.9%	68.2%	63.3%	60.4%
20% Capex overspend	54.9%	58.8%	63.3%	67.2%	65.9%	62.0%	59.0%
Combo. Sc. 1 (20% capex overspend, -2% inflation)	55.3%	59.3%	63.4%	67.2%	65.2%	62.1%	59.3%

Actual Company | AICR

	01-Apr-25 31-Mar-26	01-Apr-26 31-Mar-27	01-Apr-27 31-Mar-28	01-Apr-28 31-Mar-29	01-Apr-29 31-Mar-30	AMP8 Average	3 year Average
AICR Trigger	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Default Level	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Base Case	1.63	1.56	1.51	2.30	1.60	1.72	1.56
Totex underperformance (10% of totex) over 5 years.	1.53	1.49	1.51	2.12	1.46	1.62	1.51
ODI underperformance payment (3% RoRE) in one year (Yr2)	1.52	1.50	1.68	2.26	1.56	1.70	1.56
Inflation 2% below the base case in the business plan in each year of the price review	1.64	1.53	1.64	2.32	1.66	1.76	1.60
Deflation of -1% for 2 years, followed by a return to the long term inflation target.	1.65	1.50	1.49	2.24	1.55	1.69	1.55
10% spike in inflation with a 2% increase in wedge between RPI and CPIH, followed by two years at 5% and a 1% increase in wedge.	1.55	1.51	1.53	2.35	1.47	1.68	1.53
Increase in the level of bad debt (20%) over current bad debt levels.	1.62	1.51	1.54	2.24	1.54	1.69	1.56
Debt refinanced as it matures, with new debt financed at 2% above the forward projections.	1.62	1.55	1.65	2.02	1.53	1.67	1.60
Financial penalty – equivalent to 6% of one year of Appointee turnover	1.51	1.49	1.49	2.07	1.53	1.62	1.50
Additional Capex CAM2	1.51	1.49	1.49	2.07	1.53	1.62	1.50
20% Capex overspend	1.55	1.49	1.48	2.25	1.92	1.74	1.51
Combo. Sc. 1 (20% capex overspend, -2% inflation)	1.57	1.50	1.60	2.15	2.12	1.79	1.56

Actual Company | Moody's AICR

	01-Apr-25 31-Mar-26	01-Apr-26 31-Mar-27	01-Apr-27 31-Mar-28	01-Apr-28 31-Mar-29	01-Apr-29 31-Mar-30	AMP8 Average	First 3 year Average	Last 3 years Average
Moody's AICR Assumed Threshold	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Base Case	2.40	1.92	1.63	1.43	1.45	1.76	1.98	1.50
Totex underperformance (10% of totex) over 5 years.	1.86	1.50	1.27	1.23	1.19	1.41	1.54	1.23
ODI underperformance payment (3% RoRE) in one year (Yr2)	2.39	1.04	1.62	1.42	1.44	1.58	1.68	1.49
Inflation 2% below the base case in the business plan in each year of the price review	2.39	1.89	1.57	1.45	1.42	1.74	1.95	1.48
Deflation of -1% for 2 years, followed by a return to the long term inflation target.	2.40	1.91	1.58	1.39	1.39	1.73	1.96	1.46
10% spike in inflation with a 2% increase in wedge between RPI and CPIH, followed by two years at 5% and a 1% increase in wedge.	2.37	1.89	1.60	1.50	1.40	1.75	1.96	1.50
Increase in the level of bad debt (20%) over current bad debt levels.	2.38	1.86	1.55	1.38	1.41	1.72	1.93	1.45
Debt refinanced as it matures, with new debt financed at 2% above the forward projections.	2.38	1.90	1.59	1.27	1.14	1.66	1.96	1.33
Financial penalty – equivalent to 6% of one year of Appointee turnover	1.87	1.58	1.35	1.29	1.30	1.48	1.60	1.31
Additional Capex CAM2	1.87	1.58	1.35	1.29	1.30	1.48	1.60	1.31
20% Capex overspend	2.05	1.77	1.54	1.40	1.19	1.59	1.79	1.38
Combo. Sc. 1 (20% capex overspend, -2% inflation)	1.99	1.67	1.41	1.31	1.27	1.53	1.69	1.33

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