

APPENDIX D1

TOLL REVENUE GUARANTEE

1. GENERAL

This Appendix D1 (*Toll Revenue Guarantee*) shall determine the Adjusted Quarterly Toll Revenue Target (ATRTq) and the Toll Revenue Guarantee (TRG), which the Concessionaire shall be entitled to throughout the Commercial Operation Phase and until the end of the Contract Period.

The Adjusted Quarterly Toll Revenue Target (ATRTq) and the Toll Revenue Guarantee (TRG), shall be determined and adjusted in accordance with the provisions set forth in this appendix.

2. TOLL REVENUE TARGET

Throughout the Commercial Operation Phase, the Concessionaire is required to meet annual and quarterly revenue targets, which shall be referred to as the “**Adjusted Toll Revenue Target**” or “**ATRT**”, and the “**Adjusted Quarterly Toll Revenue Target**” or “**ATRTq**”, respectively.

The ATRT (and the ATRTq) comprised of revenues which are to be collected from Toll Tariffs and Collection Fees in accordance with Appendix E (*Toll Tariffs*) and payments collected from Enforcement Payments in accordance with the applicable Law and regulations, on an annual (and quarterly) basis, respectively.

The ATRT (and the ATRTq) shall be based on the Toll Revenue Target (TRT) in accordance with the provisions of Sections 2.1 (*Toll Revenue Target (TRT)*), 2.2 (*Adjusted Quarterly Toll Revenue Target (ATRTq)*) and 2.3 (*Adjusted Toll Revenue Target (ATRT)*).

2.1. TOLL REVENUE TARGET (TRT)

Table 1 determines the Annual Toll Revenue Target, before adjustments “**Toll Revenue Target**”, abbreviated “**TRT**”.

Table 1: The Toll Revenue Target (all sums are in Million NIS, and exclusive of V.A.T.)

Year(<i>i</i>)	1	2	3	4	5	6	7	8	9	10	11
TRT(<i>i</i>)	23.6	31.6	38.1	42.7	47.3	51.7	55.8	59.4	63.2	66.6	69.6

Year(<i>i</i>)	12	13	14	15	16	17	18	19	20	21	22
TRT(<i>i</i>)	72.1	74.7	77.1	79.7	82.5	85.1	87.6	90.2	92.9	95.8	98.3

Year(<i>i</i>)	23	24	25	26	27	28	29	30	31	32
TRT(<i>i</i>)	100.7	103.5	106.1	108.8	111.5	114.2	117.1	120.0	122.9	126.0

TRT_(*i*) shall be the Annual Toll Revenue Target, before adjustments, for Year *i*.

If the Commercial Operation Phase begins before or on the 1st of July, then TRT₍₁₎ shall apply until the end of the same Year, and the second Operating Year (TRT₍₂₎) shall commence on the 1st of January of the next Year; (e.g. if PTO shall be on 1.4.2017, then the second year shall commence on 1.1.2018. That is, the Toll Revenue Target for Year 2018 shall be TRT(2)=31.6).

If the Commercial Operation Phase begins after the 1st of July, then TRT₍₁₎ shall continue until the end of the next Year. The second Operating Year shall begin on the 1st of January of the Year succeeding the next Year; (e.g. if PTO shall be on 8.7.2017 the second year shall commence on 1.1.2019. That is, the Toll Revenue Target for Year 2019 shall be TRT(2)=31.6).

In the event that $TRT_{(i)}$ is not a full year of Operation, then the $TRT_{(i)}$ shall be adjusted pro-rata to the duration of the Operation Period during such year.

The “**Quarterly Toll Revenue Target**”, abbreviated “**TRTq**”, shall represent the Toll Revenue Target for every quarter of a Year.

TRTq_(i,j) shall represent the Quarterly Toll Revenue Target for quarter j of Year i , such that $TRTq_{(i,j)} = TRT_{(i)}/4$.

In the event that $TRTq_{(i,j)}$ is not a full quarter of a Year of Operation, then the $TRTq_{(i,j)}$ shall be adjusted pro-rata to the duration of Operation of the Highway during such quarter, in accordance with the provisions of this Section 2.1 (*Toll Revenue Target (TRT)*) in this Appendix D1 (*Toll Revenue Guarantee*), above.

2.2. ADJUSTED QUARTERLY TOLL REVENUE TARGET (ATRTQ)

The “**Adjusted Quarterly Toll Revenue Target**” abbreviated “**ATRTq**” shall define the adjusted Quarterly Toll Revenue Target ($TRTq$), according to the following and in accordance with the provisions of Section 2.1 (*Linkage to the CPI*) in Appendix E (*Toll Tariffs*):

For every quarter j of every Year i , $TRTq_{(i,j)}$ shall be linked to the CPI, in the same manner as the Toll Tariff is linked at the end of quarter j .

i.e. for the 2nd and 4th quarters of a Year, if the Toll Tariff was adjusted to the CPI at the beginning of such quarter, then $TRTq$ shall be adjusted on the same terms as the Toll Tariff, for such quarter.

For each quarter of a Year that the Toll Tariff was not adjusted to the CPI, $TRTq$ shall be adjusted on the same terms as the Toll Tariff, that is, $TRTq$ shall be adjusted according to the previous adjustment of the Toll Tariffs to the CPI.

According to the aforesaid, and to Section 2.1 (*Linkage to the CPI*) of Appendix E (*Toll Tariffs*), $TRTq$ shall be adjusted according to the previous adjustment of the Toll Tariffs to the CPI, for the period commencing upon the date of the

Interim Permit to Operate for the Partial Operation and Maintenance of a Section of the Highway, and ending on the adjustment date (either April 1st or October 1st) following a twenty four (24) months period.

In the event that quarter j of Year i , is not entirely in the Commercial Operation Phase, then $TRT_{q(i,j)}$ shall be adjusted pro-rata to the duration of Operation in such quarter, in accordance with such adjustments made in accordance with Section 2.1 (*Toll Revenue Target (TRT)*) above.

ATRT $_{q(i,j)}$ shall define the Adjusted Quarter toll Revenue Target for quarter j in Year i .

2.3. ADJUSTED TOLL REVENUE TARGET (ATRT)

The “**Adjusted Toll Revenue Target**” abbreviated “**ATRT**” shall define the adjusted Toll Revenue Target (TRT) according to the following:

For every Year i , $TRT(i)$ shall be linked to the CPI, in the same manner as the Toll Tariff, at the end of Year i , in accordance with Section 2.1 (*Linkage to the CPI*) of Appendix E (*Toll Tariffs*), and in accordance with Section 2.2 (*Adjusted Quarterly Toll Revenue Target (ATRT $_{q}$)*), above.

i.e., $TRT(i)$ shall be adjusted according to the adjustment of the Toll Tariffs, to the CPI, on the 1st of October for the applicable Year.

In the event that Year i , is not entirely in the Commercial Operation Phase, then $TRT(i)$ shall be adjusted pro-rata to the duration of Operation in such Year, in accordance with such adjustments made in accordance with Section 2.1 (*Toll Revenue Target (TRT)*) above.

3. ACTUAL TOLL REVENUES

The “**Actual Toll Revenues**” abbreviated “**ATR**” shall include the following:

- a. The total revenues from Toll Tariffs and Collection Fees in accordance with Appendix E (*Toll Tariffs*), which the Concessionaire was entitled to collect from Vehicles during the relevant period, regardless of any actual collection of such

amounts or failure to collect, and regardless of any discounts granted by the Concessionaire.

- b. Notwithstanding the aforesaid, in the event that Toll revenues were absolved due to the occurrence of a traffic event (either in the Highway or in other roads) for which the Concessionaire shall provide the Implementing Authority with an approval by an authorized Police officer, that it has diverted traffic into the Highway or that due to such events traffic delays were encountered in the Highway, which the Concessionaire could not avoid, such absolved Toll revenues shall be deducted from the Actual Toll Revenues.
- c. The Enforcement Payments, in accordance with the provisions of the Law and the applicable regulations.

The Actual Toll Revenues shall be calculated exclusive of any V.A.T.

The responsibility for the collection of the Tolls, the Collection Fees and the Enforcement Payments and all other risks associated with the collection described in (a)-(b) whether collected or not, lies entirely with the Concessionaire.

3.1. **Monthly Actual Toll Revenue (ATRM)**

The Actual Toll Revenues on a monthly basis shall be referred to as “**Monthly Actual Toll Revenues**”, abbreviated “**ATRM**”.

ATRM shall be based on the “Quarterly Report”, in accordance with Section 6 (*The Quarterly Report*), on a monthly basis.

$ATRM_{(i,k)}$ shall refer to the Monthly Actual Toll Revenues, for every month k of Year i .

In the event that the Operation Phase began or ended during month k of Year i , then $ATRM_{(i,k)}$ shall be adjusted pro-rata to the duration of Operation in such month.

3.2. **Adjusted Quarterly Actual Toll Revenue (AATRq)**

The adjusted quarterly Actual Toll Revenue shall be based on the Monthly Actual Toll Revenue (ATRM), and shall be referred to as the “**Adjusted Quarterly Actual Toll Revenue**”, abbreviated “**AATRq**”.

AATRq_(i,j) shall refer to the Adjusted Quarterly Actual Toll Revenue for quarter *j* of Year *i*.

In the event that the Operation Phase began or ended during quarter *j* of Year *i*, then **AATRq_(i,j)** shall be adjusted pro-rata to the duration of Operation in such quarter, in accordance with such adjustments made in accordance with Section 3.1 (*Monthly Actual Toll Revenue (ATRM)*) above.

AATRq shall be based on ATRM, in accordance with the following:

3.3. **Linkage to the CPI**

For every quarter *j* of every Year *i*, **AATRq_(i,j)** shall be based on **ATRM_(i,m)**, **ATRM_(i,n)** and **ATRM_(i,p)** (where *m,n,p* are the months in quarter *j* of Year *i*), adjusted according to the ratio between the Known CPI at the end of such quarter *j*, and the Known CPI at the beginning of such month.

3.4. **Adjusted Actual Toll Revenue (AATR)**

The adjusted Actual Toll Revenue shall be based on the Monthly Actual Toll Revenue (ATRM), and shall be referred to as the “**Adjusted Actual Toll Revenue**”, abbreviated “**AATR**”.

AATR_(i) shall refer to the Adjusted Actual Toll Revenue for Year *i*.

In the event that the Operation Phase began or ended during Year *i*, then **AATR_(i)** shall be adjusted pro-rata to the duration of Operation in such Year, in accordance with such adjustments made in accordance with Section 3.1 (*Monthly Actual Toll Revenue (ATRM)*) above.

AATR shall be based on ATRM, in accordance with the following:

3.5. Linkage to the CPI

For every Year i , $AATR_{(i)}$ shall be based on $ATRM_{(i,m)}$, (where m shall denote the months of Year i , that is $m = \{1,2,3,\dots,12\}$).

For every Year i , every $ATRM_{(i,m)}$ shall be adjusted according to the ratio between the Known CPI at the end of such Year i , and the Known CPI at the beginning of such month m .

4. CALCULATION OF THE TOLL REVENUE GUARANTEE

This Section 4 (*Calculation of the Toll Revenue Guarantee*) determines the manner of calculation of the Quarterly Toll Revenue Guarantee and the Toll Revenue Guarantee Modification, which shall be referred to as the “**Quarterly Toll Revenue Guarantee**” or “**TRGq**”, and the “**Toll Revenue Guarantee Modification**” or “**TRGM**”, respectively, in accordance with Sections 2 (*Toll Revenue Target*) and 3 (*Actual Toll Revenues*) above.

The Quarterly Toll Revenue Guarantee (TRGq) shall be part of the Actual State Periodic Payment (ASPP) on a quarterly basis, and shall be considered an advance payment (deduction) to the Toll Revenue Guarantee Modification (TRGM), in accordance with the provisions of this Appendix D1 (*Toll Revenue Guarantee*), and the provisions of Appendix D (*Adjustment of the Payments*).

The Toll Revenue Guarantee Modification (TRGM) shall be part of the Actual State Periodic Payment (ASPP) on an Annual Basis in accordance with the provisions of this Appendix D1 (*Toll Revenue Guarantee*).

4.1. Quarterly Toll Revenue Guarantee

Without derogating from the provisions of Sections 2 (*Toll Revenue Target*) and 3 (*Actual Toll Revenues*) of this Appendix D1 (*Toll Revenue Guarantee*), the method of determining the Quarter Toll Revenue Guarantee shall be according to the following formula:

$$TRGq_{(i,j)} = [ATRTq_{(i,j)} - AATRq_{(i,j)}] * \frac{2}{3}$$

For the purpose of this Section:

TRGq_(i,j) shall refer to the Quarterly Toll Revenue Guarantee, and shall describe an advance payment to (deduction from) the ASPP, regarding the Toll Revenue Guarantee, for every quarter *j* of every Year *i*, throughout the Commercial Operation Phase.

ATRTq_(i,j) shall refer to the Adjusted Quarterly Toll Revenue Target for every quarter *j* of every Year *i*, throughout the Commercial Operation Phase.

AATRq_(i,j) shall refer to the Adjusted Quarterly Actual Toll Revenue for every quarter *j* of every Year *i*, throughout the Commercial Operation Phase.

4.2. Toll Revenue Guarantee Modification

At the end of every year *i*, throughout the Commercial Operation Phase, the Implementing Authority shall pay the Concessionaire the difference between the Payment that would have been paid throughout the year, had the Payment been calculated on an annual bases, and the Payment that had been paid throughout the year; or deduct such difference from the Concessionaire in the event that the quarterly payments exceeded the payment which the Concessionaire was entitled to, calculated on an annual basis.

Without derogating from the provisions of this Appendix D1 (*Toll Revenue Guarantee*), the method of determining the Toll Revenue Guarantee Modification shall be calculated according to the following formula:

$$TRGM_{(i,j)} = \left\{ \begin{array}{ll} \left[ATRT_{(i)} - AATR_{(i)} \right] * \frac{2}{3} - ATRGq_{(i)} & ; j = 4 \\ 0 & ; \text{Otherwise} \end{array} \right\} .$$

For the purpose of this Section:

TRGM_(i,j) shall refer to the Toll Revenue Guarantee Modification for every quarter *j* of every Year *i*, throughout the Commercial Operation Phase.

$ATRT_{(i)}$ shall refer to the Adjusted Toll Revenue Target for Year i .

$AATR_{(i)}$ shall refer to the Adjusted Actual Toll Revenue for Year i .

“**ATRG $q_{(i)}$** ” shall refer to the “**Annual Quarterly Toll Revenue Guarantee**” throughout Year i , which shall be equal to the sum of the following adjustments of $TRGq_{(i,j)}$, for every quarter j in Year i :

For every quarter j , $TRGq_{(i,j)}$ shall be multiplied by the ratio between the Known CPI at the end of Year i , and the Known CPI at the end of quarter j .

4.3. Calculating the Toll Revenue Guarantee

The “**Toll Revenue Guarantee**” abbreviated “**TRG**”, is based on the difference between the Adjusted Toll Revenue Target ($ATRT$) and the Adjusted Actual Toll Revenue ($AATR$).

$TRG_{(i,j)}$ shall refer to the Toll Revenue Guarantee for quarter j of Year i .

The Toll Revenue Guarantee (TRG) shall be calculated according to the following:

$$TRG_{(i,j)} = TRGq_{(i,j)} + TRGM_{(i,j)}$$

Where:

$TRG_{(i,j)}$ shall refer to the Toll Revenue Guarantee for every quarter j of every Year i ;

$TRGq_{(i,j)}$ shall refer to the Quarterly Toll Revenue Guarantee for every quarter j of every Year i ;

$TRGM_{(i,j)}$ shall refer to the Toll Revenue Guarantee Modification for every quarter j of every Year i ;

5. CHANGES IN TOLL TARIFFS

In the event that the Implementing Authority shall change the Toll Tariffs or Collection Fees in accordance with Section 3 (*Change of Toll Tariffs and Collection Fee*) of Appendix E (*Toll Tariffs*), the following provisions shall apply:

- a. The Toll Revenue Guarantee shall be adjusted as to ensure that the Concessionaire shall be in a "no better no worse" situation due to such Change.
- b. Such instruction of the Implementing Authority shall not be considered as a Change Order, and the Concessionaire's sole remedy shall be the adjustment of the Toll Revenue Guarantee.
- c. The Concessionaire shall not be entitled to contest such decision and the determination of the Implementing Authority with respect to the changes in the Toll Revenue Guarantee and such determination shall be final and conclusive.

6. THE QUARTERLY REPORT

The Quarterly Report submitted by the Concessionaire in accordance with the provisions of Appendix D2 (*Payment Procedure*) shall be submitted on a quarterly basis.

The Quarterly Report shall be signed by the Concessionaire and by an external Auditor, the identity of which has been approved by the Implementing Authority.

6.1. The Quarterly Report shall include the following:

- a. The monthly Toll Tariffs and Collection Fees shall be in accordance with the provisions of Appendix E (*Toll Tariff*) according to the following subdivisions:
 - i. Type of Vehicle (Heavy or Regular);
 - ii. Whether the Vehicle is subscribed;
 - iii. Time of Day used (Peak or Off-Peak);
 - iv. The Toll Section(s) used;

- v. The applicable Toll Tariff and rate of discount (if applicable).
 - vi. Average number of the Toll Sections used per Vehicle.
 - vii. The sum of collected Revenue from Tolls and Collection Fees,
- b. The monthly Enforcement Payments collected, calculated in accordance with the provisions of the Law and the applicable regulations, according to the following subdivisions:
- i. The number of days between the use of the Toll Section until the Payment of the Enforcement Payments;
 - ii. The Enforcement Payments in NIS;
 - iii. Types of Enforcement Payments;
 - iv. The Payment date of the Enforcement Payments:
- c. The following adjustments and calculations, regarding the end of the applicable quarter, in accordance with the provisions of Sections 2 (*Toll Revenue Target*), 3 (*Actual Toll Revenues*), 4 (*Toll Revenue Guarantee*) in this Appendix D1 (*Calculation of Toll Revenue Guarantee*), and (a) and (b) above:
- i. Monthly Actual Toll Revenue (ATRM);
 - ii. Adjusted Quarterly Actual Toll Revenue (AATRq);
 - iii. Adjusted Actual Toll Revenue (AATR) (if applicable);
 - iv. Adjusted Quarterly Toll Revenue Target (ATRTq);
 - v. Adjusted Toll Revenue Target (ATRT) (if applicable);
 - vi. Quarterly Toll Revenue Guarantee (TRGq);
 - vii. Toll Revenue Guarantee Modification (TRGM) (if applicable);
 - viii. Toll Revenue Guarantee (TRG);
- d. Any information requested by the Implementing Authority, regarding the Project.
- e. In Addition to (a)-(c) above and the provisions of this Concession Agreement, the Quarterly Report of the fourth quarter of every Year shall include:
- i. (a) - (c) above calculated on an Annual basis *mutatis mutandis*.
 - ii. An Annual comparative analysis of (a)-(c), above, for the preceding 5 Years.