

## **APPENDIX D3**

### **EXAMPLE OF CALCULATION OF THE ACTUAL STATE PERIODIC PAYMENT**

This Appendix presents two examples for the calculation of the Actual State Periodic Payment (ASPP), in accordance with Appendices D (*Adjustment of the Payments*), D1 (*Toll Target Guarantee*), D2 (*Payment Procedure*) and Section 4.7.6 (*Actual State Periodic Payment*) in the Concession Agreement.

This Appendix D3 (*Example of Calculation of the Actual State Periodic Payment*) is attached herein for convenience purposes only, and solely for the purpose of demonstrating the manner of calculation of the Actual State Periodic Payment.

The calculations in this Appendix (*Example of Calculation of the Actual State Periodic Payment*), are exclusive of any V.A.T.

This Appendix is constructed in the following manner:

- Sections 1.1-1.6 shall present assumptions on which the examples in this Appendix shall be based.
- Section 2 shall present an analysis of the Toll Revenue Target (TRT).
- Section 3 shall present an analysis of the Adjusted Total Target Income (ATTI).
- Section 4 shall present Example A, in which the Actual Toll Revenue (ATR) is calculated. In addition, Section 4 shall present the Toll Revenue Guarantee (TRG) and the Actual State Periodic Payment (ASPP), which shall rely on the analysis of Sections 1, 2 and 4. Example A presents a situation in which the Actual Toll Revenue (ATR) is lower than the Toll Revenue Target (TRT).
- Section 5 shall present Example B, in which the Actual Toll Revenue (ATR) is calculated. In addition, Section 5 shall present the Toll Revenue Guarantee (TRG) and the Actual State Periodic Payment (ASPP), which shall rely on the analysis of Sections 1, 2 and 5. Example B presents a situation in which the Actual Toll Revenue (ATR) is higher than the Toll Revenue Target (TRT).

#### **1. ASSUMPTIONS**

Section 2-5 in this Appendix D3 (*Example of Calculation of the Actual State Periodic Payment*), shall be based on the assumptions in this Section 1:

- 1.1 All Sums shall be in Million NIS;
- 1.2 The ATTI is linked 100% to the CPI;
- 1.3 The Actual Toll Revenue is distributed uniformly throughout a Year;
- 1.4 **Linkage of the Toll Tariffs to the CPI**

The Toll Tariffs have been adjusted to the CPI on the 1.10.2020, the 1.4.2021, and the 1.10.2021, in accordance with the provisions of Section 2.1 (*Linkage to the CPI*) of Appendix E (*Toll Tariffs*) of the Concession Agreement.

1.5 **CPI Assumptions**

The following tables present the growth of the CPI:

**Table 1– CPI During the Construction Phase**

Date	Date	CPI
Bids Submission Date	1/3/2013	100
Financial Closing date	1/6/2014	102.5
Date of Permit to Operate	1/10/2017	109

**Table 1– Adjustment of the CPI**

Year from PTO	Quarter of Year	Month of Year	CPI at the end of Month	Linkage of Toll Tariff at end of Month
Year 3 (2020)	Third Quarter	September	115	
Year 3 (2020)	Fourth Quarter	December	115.667	115.167
Year 4 (2021)	First Quarter	January	115.833	115.167
Year 4 (2021)	First Quarter	February	116	115.167
Year 4 (2021)	First Quarter	March	116.167	115.167

Year from PTO	Quarter of Year	Month of Year	CPI at the end of Month	Linkage of Toll Tariff at end of Month
Year 4 (2021)	Second Quarter	April	116.333	116.167
Year 4 (2021)	Second Quarter	May	116.5	116.167
Year 4 (2021)	Second Quarter	June	116.667	116.167
Year 4 (2021)	Third Quarter	July	116.833	116.167
Year 4 (2021)	Third Quarter	August	117	116.167
Year 4 (2021)	Third Quarter	September	117.167	116.167
Year 4 (2021)	Fourth Quarter	October	117.333	117.167
Year 4 (2021)	Fourth Quarter	November	117.5	117.167
Year 4 (2021)	Fourth Quarter	December	117.667	117.167

## 2. CALCULATION OF THE TOLL REVENUE TARGET (TRT)

The Toll Revenue Target (TRT) for Year 2021 is  $TRT(4)=42.7$ , in accordance with the provisions of Section 2.1 (*Toll Revenue Target (TRT)*) of Appendix D1 (*Toll Revenue Guarantee*).

$TRTq(4, j) = \frac{42.7}{4} = 10.675$ , for every quarter of a Year  $j = \{1,2,3,4\}$ , in accordance with Section 2.1 (*Toll Revenue Target (TRT)*) of Appendix D1 (*Toll Revenue Guarantee*).

### 2.1 Calculating the Adjusted Quarterly Toll Revenue Target (ATRTq)

The Adjusted Quarterly Toll Revenue Target (ATRTq) shall be calculated in accordance with the provisions of Section 2.2 (*Adjusted Quarterly Toll Revenue Target (ATRTQ)*) of Appendix D1 (*Toll Revenue Guarantee*) and Table 2 in Section 1.5 (*CPI Assumptions*) in this Appendix D3 (*Example of Calculation of the Actual State Periodic Payment*), as follows:

$$ATRTq(4,1) = 10.675 * \left( \frac{115.167}{100} \right) = 12.294$$

$$ATRTq(4,2) = 10.675 * \left( \frac{116.167}{100} \right) = 12.401$$

$$ATRTq(4,3) = 10.675 * \left( \frac{116.167}{100} \right) = 12.401$$

$$ATRTq(4,4) = 10.675 * \left( \frac{117.167}{100} \right) = 12.508$$

## 2.2 Calculating the Adjusted Toll Revenue Target (ATRT)

The Adjusted Toll Revenue Target (ATRT) shall be calculated in accordance with the provisions of Section 2.3 (*Adjusted Toll Revenue Target (ATRT)*) of Appendix D1 (*Toll Revenue Guarantee*), as follows:

$$ATRT(4) = TRT(4) * \left( \frac{117.167}{100} \right) = 42.7 * 117.167 = 50.03$$

## 3. THE ADJUSTED TOTAL TARGET INCOME (ATTI)

The Total Target Income (TTI) is 40 million NIS per Quarter, true to the Bid Submission Date.

The ATTI is linked 100% to the CPI in accordance with Section 1.2 in this Appendix D3 (*Example of Calculation of the Actual State Periodic Payment*).

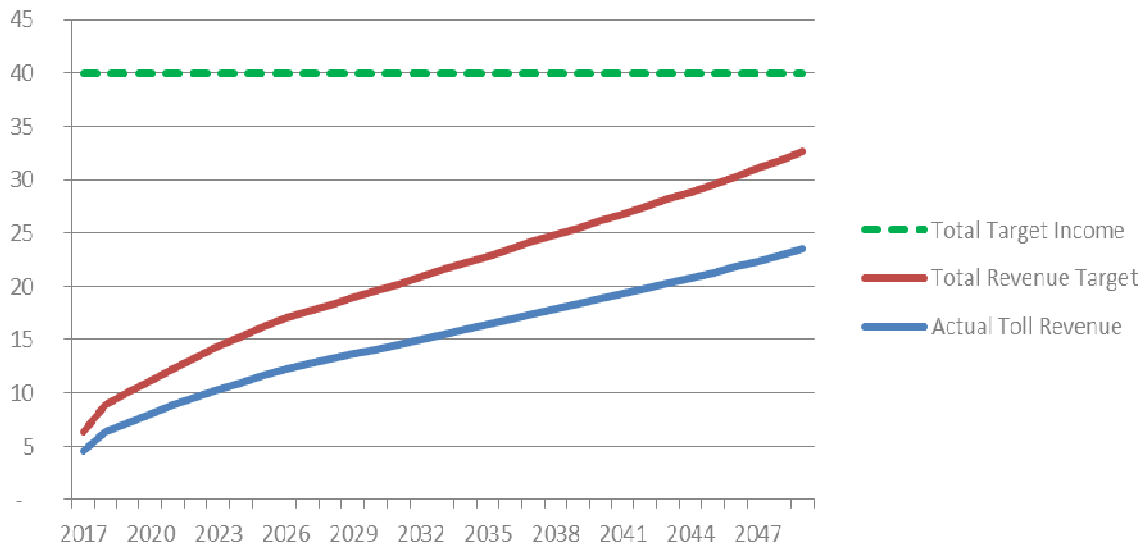
The Adjusted Total Target Income (ATTI) for the 3<sup>rd</sup> and 4<sup>th</sup> quarters of Year 2020, in accordance with the provisions of Section 8 (*Adjusted Total Target Income*) of Appendix D (*Adjustment of the Payments*), shall be:

$$ATTI(4,3) = 40 * \frac{116.833}{100} = 46.733$$

$$ATTI(4,4) = 40 * \frac{117.667}{100} = 47.067$$

## 4. EXAMPLE A

The Following Graph Illustrates the Total Target Income (TTI), the Actual Toll Revenue (ATR) (in real terms) and the Total Revenue Target (TRT), on a quarterly basis. TTI, ATR and TRT are presented in real terms true to the Bids Submission Date.



This Graph, describes a situation, in which the Toll Revenue Target (TRT) is higher than the Actual Toll Revenue (ATR) in real terms true to Bid Submission Date, throughout the Contract Period.

For the purpose of analyzing the Actual State Periodic Payment for the 3<sup>rd</sup> quarter of Year 2020, the Actual Toll Revenue (ATR) shall be determined, according to Section 4.1 below.

#### 4.1 Calculating the Actual Toll Revenue

Calculating of the Actual Toll Revenue is done in accordance with the provisions of Section 3 (*Actual Toll Revenues*) of Appendix D1 (*Toll Revenue Guarantee*).

We shall assume that the Actual Toll Revenue for Year 2020 is  $ATR(4)=30$

##### 4.1.1 Calculating the Monthly Actual Toll Revenue (ATRM)

Due to uniform distribution in accordance with the assumption in Section 1.3 of this Appendix D3 (*Example of Calculation of the Actual State Periodic Payment*), we have:

$$ATRM(4, k) = \frac{ATR(4)}{12} = 2.5 \quad \text{for } k = \{1, 2, \dots, 12\}.$$

Specifically,

$$ATRM(4, 7) = ATRM(4, 8) = ATRM(4, 9) = 2.5$$

##### 4.1.2 Calculating the Adjusted Quarterly Actual Toll Revenue (AATRq)

Calculating the Adjusted Quarterly Actual Toll Revenue (AATRq) shall be done in accordance with the provisions of Section 3.2 (*Adjusted Quarterly Actual Toll Revenue (AATRq)*) of Appendix D1 (*Toll Revenue Guarantee*), and Section 4.1.1 (*Calculating the Monthly Actual Toll Revenue (ATRM)*), above.

$$AATRq(4,3) = ATRm(4,9) * \left( \frac{117.167}{117} \right) + ATRm(4,8) * \left( \frac{117.167}{116.833} \right) + ATRm(4,7) * \left( \frac{117.167}{116.667} \right) = 7.521$$

## 4.2 Calculating the Toll Revenue Guarantee (TRG)

### 4.2.1 Calculating the Quarterly Toll Revenue Guarantee (TRGq)

We shall Calculate the Quarterly Toll Revenue Guarantee (TRGq) in accordance with the provisions of Section 4.1 (*Quarterly Toll Revenue Guarantee*) of Appendix D1 (*Toll Revenue Guarantee*), and Sections 2.2 (*Calculating the Adjusted Toll Revenue Target (ATRT)*) and 4.1.2 (*Calculating the Adjusted Quarterly Actual Toll Revenue (AATRq)*), in this Appendix D3 (*Example of Calculation of the Actual State Periodic Payment*).

$$TRGq(4,3) = [ATRTq(4,3) - AATRq(4,3)] * \frac{2}{3} = [12.401 - 7.521] * \frac{2}{3} = 3.253$$

### 4.2.2 Calculating the Toll Revenue Guarantee Modification (TRGM)

We shall Calculate the Toll Revenue Guarantee Modification (TRGM) in accordance with Section 4.2 (*Toll Revenue Guarantee Modification*) of Appendix D1 (*Toll Revenue Guarantee*).

$$TRGM(4,3) = \begin{cases} [ATRT(4) - AATR(4)] * \frac{2}{3} - TRG(4) & ; j = 4 \\ 0 & ; \text{Otherwise} \end{cases}$$

Therefore  $TRGM(4,3) = 0$

### 4.2.3 Calculating the TRG

Calculating the Toll Revenue Guarantee (TRG) in accordance with the provisions of Section 4.3 (*Calculating the Toll Revenue Guarantee*) of Appendix D1 (*Toll Revenue Guarantee*) and 4.2.1 (*Calculating the Quarterly Toll Guarantee (TRGq)*) - 4.2.2 (*Calculating the Toll Revenue Guarantee Modification (TRGM)*) above.

Therefore:

$$TRG(4,3) = TRGq(4,3) + TRGM(4,3) = 3.253 + 0 = 3.253$$

### 4.3 Calculating the Actual State Periodic Payment

The Actual State Periodic Payment (ASPP) shall be calculated in accordance with the provisions of Section 4.7.6 (*Actual State Periodic Payment*) in the Concession Agreement, and Sections 2.2 (*Calculating the Adjusted Toll Revenue Target (ATRT)*), 3 (*The Adjusted Toll Target Income (ATTI)*), and 4.2.3 (*Calculating the TRG*) in this Appendix D3 (*Example of Calculation of the Actual State Periodic Payment*).

$$ASPP(4,3) = ATTI(4,3) - ATRTq(4,3) + TRG(4,3) = 46.733 - 12.401 + 3.253 = 37.585$$

### 4.4 The Concessionaires Revenue

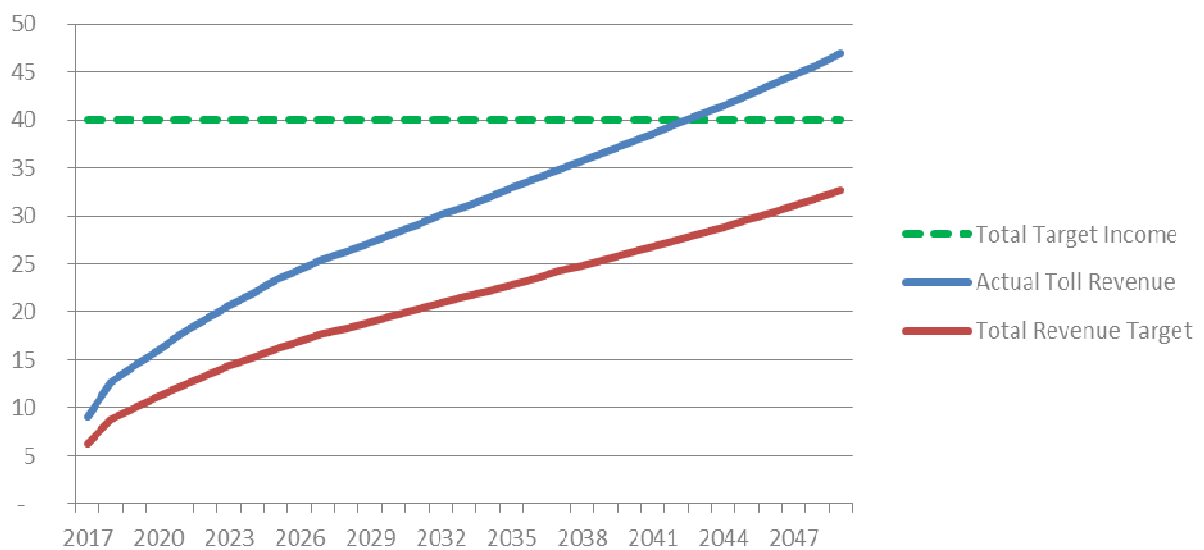
The Concessionaires Revenue exclusive of further adjustments pursuant of the Agreement, during the 3<sup>rd</sup> quarter of Year 2020 shall be

$$ASPP(4,3) + ATRm(4,7) + ATRm(4,8) + ATRm(4,9) = 37.585 + 2.5 + 2.5 + 2.5 = 45.085$$

in accordance with Section 4.1.1 (*Calculating the Actual monthly Toll Revenue (ATRm)*) and this Section 4.3 (*Calculating the Actual State Periodic Payment*).

## 5. EXAMPLE B

The Following Graph Illustrates the Total Target Income (TTI), the Actual Toll Revenue (ATR) (in real terms) and the Total Revenue Target (TRT), on a quarterly basis. TTI, ATR and TRT are presented in real terms true to the Bids Submission Date.



This Graph, describes a situation, in which the Toll Revenue Target (TRT) is lower than the Actual Toll Revenue (ATR) in real terms true to the Bid Submission Date, throughout the Contract Period.

For the purpose of analyzing the Actual State Periodic Payment for the 4<sup>th</sup> quarter of Year 2020, the Actual Toll Revenue (ATR) shall be determined, according to Section 5.1 below.

## 5.1 Calculating of the Actual Toll Revenue

Calculating of the Actual Toll Revenue is done in accordance with the provisions of Section 3 (*Actual Toll Revenues*) of Appendix D1 (*Toll Revenue Guarantee*).

Assuming that the Actual Toll Revenue for Year 2020 is  $ATR(4)=60$

### 5.1.1 Calculating the Monthly Actual Toll Revenue (ATRM)

Due to uniform distribution in accordance with the assumption in Section 1.3 of Appendix D3 (*Example of Calculation of the Actual State Periodic Payment*), we have:

$$ATRM(4, k) = \frac{ATR(4)}{12} = 5 \quad \text{for } k = \{1, 2, \dots, 12\}$$

Specifically,

$$ATRM(4,10) = ATRM(4,11) = ATRM(4,12) = 5$$

### 5.1.2 Calculating the Adjusted Quarterly Actual Toll Revenue (AATRq)

Calculating the Adjusted Quarterly Actual Toll Revenue (AATRq) shall be done in accordance with the provisions of Section 3.2 (*Adjusted Quarterly Actual Toll Revenue (AATRq)*) of Appendix D1 (*Toll Revenue Guarantee*), and Section 5.1.1 (*Calculating the Monthly Actual Toll Revenue (ATRM)*) above.

$$\begin{aligned} AATRq(4,4) &= ATRM(4,12) * \left( \frac{117.667}{117.5} \right) + ATRM(4,11) * \left( \frac{117.667}{117.333} \right) + \\ &+ ATRM(4,10) * \left( \frac{117.667}{117.167} \right) = 15.043 \end{aligned}$$

Calculating the Adjusted Actual Toll Revenue (AATR)

As we are considering the 4<sup>th</sup> quarter of the Year we shall calculate the Adjusted Actual Toll Revenue (AATR) in order to calculate the Toll Revenue Guarantee Modification (TRGM), in accordance with Section 4.2 (*Toll Revenue Guarantee Modification*) of Appendix D1 (*Toll Revenue Guarantee*).

We shall calculate the Adjusted Actual Toll Revenue (AATR) in accordance with the provisions of Section 3.4 (*Adjusted Actual Toll Revenue (AATR)*) of Appendix D1 (*Toll Revenue Guarantee*), and Section 5.1.1 (*Calculating the Monthly Actual Toll Revenue (ATRM)*) above).



$$AATR(4) = ATRm(4,1) * \frac{117.667}{115.667} + ATRm(4,2) * \frac{117.667}{115.833} + ATRm(4,3) * \frac{117.667}{116} + ATRm(4,4) * \frac{117.667}{116.167} + \dots + ATRm(2,12) * \frac{117.677}{117.5} = 60.559$$

## 5.2 Calculating the Toll Revenue Guarantee (TRG)

### 5.2.1 Calculating the Quarterly Toll Revenue Guarantee (TRGq)

We shall Calculate the Quarterly Toll Revenue Guarantee (TRGq) in accordance with the provisions of Section 4.1 (*Quarterly Toll Revenue Guarantee*) of Appendix D1 (*Toll Revenue Guarantee*), and Sections 2.2 (*Calculating the Adjusted Toll Revenue Target (ATRT)*) and 5.1.2 (*Calculating the Adjusted Quarterly Actual Toll Revenue (AATRq)*), in this Appendix D3 (*Example of Calculation of the Actual State Periodic Payment*).

$$TRGq(4,4) = [ATRTq(4,4) - AATRq(4,4)] * \frac{2}{3} = [12.508 - 15.043] * \frac{2}{3} = -1.69$$

### 5.2.2 Calculating the Toll Revenue Guarantee Modification (TRGM)

Calculating the Toll Revenue Guarantee Modification (TRGM) in accordance with the provisions of Section 4.2 (*Toll Revenue Guarantee Modification*) of Appendix D1 (*Toll Revenue Guarantee*).

Initially we shall calculate  $TRG(4)$ , in accordance with Sections 4.1 (*Quarterly Toll Revenue Guarantee*) and 4.2 (*Toll Revenue Guarantee Modification*) of Appendix D1 (*Toll Revenue Guarantee*), and Section 5.2.1 (*Calculating the Quarterly Toll Revenue Guarantee (TRGq)*) above.

$$TRGq(4,1) = -1.833$$

$$TRGq(4,2) = -1.761$$

$$TRGq(4,3) = -1.761$$

$$TRGq(4,4) = -1.69$$

$$TRG(4) = qTRG(4,1) * \left(\frac{117.667}{116.167}\right) + qTRG(4,2) * \left(\frac{117.667}{116.667}\right) + qTRG(4,3) * \left(\frac{117.667}{117.167}\right) +$$

$$+ qTRG(4,4) * \left(\frac{117.667}{117.667}\right) = -7.092$$

The Toll Revenue Guarantee Modification (TRGM) shall be calculated as follows:

$$TRGM(4,4) = [ATRT(4) - AATR(4)] * \frac{2}{3} - TRG(4) = [50.03 - 60.559] * \frac{2}{3} + 7.092 = 0.073$$

### 5.2.3 Calculating the TRG (TRG)

Appendix D3 (*Example of calculation of the Actual state Periodic payment*)

Calculating the Toll Revenue Guarantee (TRG) in accordance with the provisions of Section 4.3 (*Calculating the Toll Revenue Guarantee*) of Appendix D1 (*Toll Revenue Guarantee*) and 5.2.1 (*Calculating the Quarterly Toll Guarantee (TRGq)*) -5.2.2 (*Calculating the Toll Revenue Guarantee Modification (TRGM)*) above, shall be:

$$TRG(4,4) = TRGq(4,4) + TRGM(4,4) = -1.69 + 0.073 = -1.617$$

### 5.3 Calculating the Actual State Periodic Payment

The Actual State Periodic Payment (ASPP) shall be calculated in accordance with the provisions of Section 4.7.6 (*Actual State Periodic Payment*) in the Concession Agreement, and Sections 2.2 (*Calculating the Adjusted Toll Revenue Target (ATRT)*), 3 (*The Adjusted Toll Target Income (ATTI)*), and 5.2.3 (*Calculating the TRG*) in this Appendix D3 (*Example of Calculation of the Actual State Periodic Payment*).

$$ASPP(4,4) = ATTI(4,4) - ATRTq(4,4) + TRG(4,4) = 47.067 - 12.508 + (-1.617) = 32.942$$

### 5.4 The Concessionaires Revenue

The Concessionaires Revenue exclusive of further adjustments pursuant of the Agreement, during the 4<sup>th</sup> quarter of Year 2020 shall be

$$ASPP(4,4) + ATRm(4,10) + ATRm(4,11) + ATRm(4,12) = 32.942 + 5 + 5 + 5 = 47.942$$

in accordance with Section 5.1.1 (*Calculating the Monthly Actual Toll Revenue (ATRm)*) and this Section 5.3 (*Calculating the Actual State Periodic Payment*).