

SCHEDULE 11

Base Case Financial Model

Part 1 – Intentionally Omitted

SCHEDULE 11

Base Case Financial Model

Part 2 – Updating and Revising the Base Case Financial Model

1. Definitions

1.1 In this Schedule the following expressions (in addition to those specified in Schedule 1 (Definitions)) shall, save where the context or express provisions of this Contract otherwise require or admit, have the following meanings:

- (a) “**Base Case Financial Model Change Date**” means the date that the Relevant Event becomes operative as set out in this Contract, or if no date is specified, the date agreed by the Parties pursuant to paragraph 4.2 of this Schedule.
- (b) A “**Revision**” of the Base Case Financial Model shall mean that in addition to Updating the model, the logic, formulae and assumptions may also be revised as permitted by this Schedule, and “**Revise**” and other cognate terms shall be construed accordingly.
- (c) An “**Update**” of the Base Case Financial Model shall mean that the data inputs within the model may be brought up to date at the relevant time but that the logic, formulae and assumptions may not be changed, and “**Updated**” and other cognate terms shall be construed accordingly.

2. Application – Relevant Events, Annual Updates and Refinancings

2.1 This Schedule describes the arrangements agreed by the Parties where, pursuant to the terms of this Contract, or as determined by the Dispute Resolution Procedure or otherwise agreed between the Parties

- (a) the Base Case Financial Model shall be kept current and fit for use as envisaged by this Contract; and
- (b) Revenue Compensation Payments or adjustments to the GP Snow and Ice Control Services Fee or the GP Routine Maintenance Fee shall be agreed or determined and paid.

2.2 Where this Contract provides that a Revenue Compensation Payment may be made then, subject to paragraph 4.1, the financial consequences of the Relevant Event, or the payment of or release from any sum as a consequence of such an event shall be facilitated by an adjustment to the Base Case Financial Model in accordance with this Schedule. References in this Part to the “release from” any sum are references to cost savings made by the Concessionaire as a consequence of a Relevant Event.

2.3 An Update (the “Annual Update”) of the most recent undisputed Base Case Financial Model will be carried out within 120 Days following the end of each Year, to reflect audited historical cash flows for the most recently audited Year. Such Annual Update will not include changes in forecast cash flows.

2.4 Upon each Refinancing whether a Scheduled Refinancing or not, the most recent undisputed Base Case Financial Model will be Revised to reflect the terms of the Funding Agreements and executed to effect such Refinancing (but there shall be no other Revisions made to the

EXECUTION VERSION

Base Case Financial Model save for the minimum Revisions strictly necessary to reflect the terms of the Refinancing).

3. **Delivery and safekeeping arrangements for the Base Case Financial Model**

3.1 The Concessionaire shall deliver to HPTE one (1) electronic copy on CD-ROM in Microsoft Excel 2007 (or any media/software that replaces this) of the Base Case Financial Model:

(a) no later than ten (10) Business Days after HPTE has approved the Base Case Financial Model pursuant to paragraph 6 for Revisions or Updates required by paragraphs 2.3 or 2.4; and

(b) no later than fifteen (15) Business Days after any Base Case Financial Model Change Date;

in each case subject to the Revisions or Updates being effected and agreed with HPTE or determined by the Dispute Resolution Procedure.

3.2 If there is a Revision to the Base Case Financial Model, the Concessionaire will deliver an audit report and opinion as described in paragraph 7.1 concurrently with the Base Case Financial Model as described in paragraph 3.1.

3.3 The Base Case Financial Model and any Financial Model Audit Letter shall be placed in Escrow as Escrow Documents.

3.3 The Concessionaire will not cause or permit the Base Case Financial Model to be password protected or contain any password protected macros, hidden rows, columns, cells or sheets.

3.4 Any Revisions to the Base Case Financial Model shall reflect, be consistent with and be made only in accordance with the provisions of this Contract, and will be incorporated into the Base Case Financial Model's documentation.

3.5 Either Party shall have the right to inspect and audit the Base Case Financial Model at their own cost at all reasonable times.

4. **Revisions or Updates to the Base Case Financial Model following Relevant Events, Revenue Compensation Payments and other payments**

4.1 The Parties may agree that the financial consequences of any Relevant Event or the payment of or release from any sum to achieve the result that the Concessionaire is in no better and no worse position (as defined by paragraph 5.3 of this Schedule) as a consequence of a Relevant Event are best dealt with without making either an Update or a Revision to the Base Case Financial Model. If they so agree then they may either:

(a) make a one-off payment; or

(b) make payments on a recurrent basis;

in full and final settlement of such financial consequences.

4.2 Subject to any express provision of this Contract to the contrary, prior to making any changes to the Base Case Financial Model, the Parties shall agree upon the Base Case Financial Model Change Date for the change and the basis of the Update of or Revision to the Base Case Financial Model.

EXECUTION VERSION

- 4.3 Except for revisions due to a Concessionaire Change which results in costs savings (and such costs savings are shared in accordance with paragraph 4 of Part 5 (Concessionaire Change) of Schedule 21 (Change Procedure)), one-off or recurrent Revenue Compensation Payments following a Relevant Event will be agreed or determined pursuant to this Part and (where applicable) Schedule 21, with the intent the Revenue Compensation Payment (or where applicable the payment under paragraph 4.4) will have the result that the Concessionaire is in no better and no worse position (as defined by paragraph 5.3 of this Schedule) than it was prior to the Base Case Financial Model Change Date and the event which gave rise to the need for the Update or Revision. In no circumstances shall any Update or Revision provide compensation to the Concessionaire for any deviation in performance or shortfall in Toll Revenues from that predicted in the most recent undisputed Base Case Financial Model as agreed between the Parties or determined in accordance with the Dispute Resolution Procedure save to the extent that such deviation or shortfall is caused by the Relevant Event.
- 4.4 If the net effect of a Change in Costs arising from an HPTE Change or a Qualifying Change in Law is negative (so that the Concessionaire and/or its sub-contractors make a cost saving) then the Concessionaire will make a payment or payments to HPTE agreed or determined in accordance with paragraph 4.3 and the rest of this Part.
- 4.5 In calculating the Estimated Change in Costs and in assessing other adjustments to be made to the Base Case Financial Model arising from a Relevant Event in order to determine whether a Revenue Compensation Payment or any other payment should be made under this paragraph 4, the Concessionaire shall be entitled to take into account, inter alia:
- (a) Any Change in Costs (without double counting any financing costs relating to the additional Capital Expenditure); and
 - (b) Changes in the prospective technical performance of the Project arising as a result of the Relevant Event, provided that HPTE shall not be required (and the Concessionaire shall not be entitled) to take into account the financial impact up to the date of the Relevant Event of those risks which the Concessionaire bears under the terms of this Contract, including (to the extent so borne by the Concessionaire under this Contract) changes in the volume of traffic on the Managed Lanes and the amount of Toll Revenues, taxation rates, Indexation, foreign exchange and the impact of Noncompliance Revenue Shares in accordance with Schedule 10 (Noncompliance Points System).
- 4.6 The Concessionaire shall take all reasonable and appropriate steps to mitigate the effects of any Update or Revision in particular including mitigating any adverse impact on HPTE.
- 4.7 To the extent that a Relevant Event causes positive or negative Changes in Costs in relation to the GP Snow and Ice Control Services and/or the GP Routine Maintenance Services the financial effects of the Relevant Event (assessed in the same way as a Revenue Compensation Payment is assessed) shall be implemented through adjustments to the GP Snow and Ice Control Services Fee and/or the GP Routine Maintenance Fee, as the case may be.
- 4.8 Unless it is agreed pursuant to paragraph 4.1 that no Update or Revision to the Base Case Financial Model shall be made, when the consequences of the Relevant Event pursuant to this paragraph 4 have been agreed or determined then the Updates or Revisions to the Base Case Financial Model shall be made in accordance with paragraphs 5 and 6 of this Schedule.
5. **Principles of adjustment**

EXECUTION VERSION

- 5.1 The following guidelines shall be followed in adjusting the Base Case Financial Model:
- (a) Wherever possible the Base Case Financial Model shall be Updated but shall not be Revised;
 - (b) Where it is necessary to Revise the Base Case Financial Model this shall be carried out to the minimum extent necessary and in accordance with generally accepted accounting principles;
 - (c) Where any Revision is made to the Base Case Financial Model, the Base Case Financial Model (as amended) shall first be run with the data included in the Base Case Financial Model immediately prior to Revision to ensure that the outputs (including but not limited to loan life cover and debt service ratios) from the Base Case Financial Model (as amended) correspond to the outputs immediately prior to amendment and there is no difference in the real post-tax Actual Equity IRR after and immediately prior to the amendment; and
 - (d) The Parties may only agree changes or additions to the guidelines set out in paragraph 5.1 of this Schedule if these changes are required in relation to circumstances not dealt with by the assumptions in the Base Case Financial Model.
- 5.2 Any Updates and Revisions incorporated in the Base Case Financial Model shall be fully recorded so that the manner in which the Actual Equity IRR and any other outputs of the Base Case Financial Model can be readily verified.
- 5.3 Any reference in this Schedule to “no better and no worse” and to leaving the Concessionaire being in a “no better and no worse position”, shall be construed so as to ensure that:
- (a) On comparing the output of the Base Case Financial Model (as at the Base Case Financial Model Change Date) before and after the required Base Case Financial Model Revision, the comparison of the output from the Base Case Financial Model shows that the Concessionaire shall be in a position which is unchanged in relation to the real post-tax Actual Equity IRR, the minimum and average debt service coverage ratio, and the minimum and average loan life cover ratio; and
 - (b) The ability of the Concessionaire to comply with this Contract is not adversely affected or improved as a consequence of the Relevant Event.
6. **Procedure**
- 6.1 If the Base Case Financial Model is to be Updated or Revised the Concessionaire shall at its own cost, save as otherwise expressly provided, make appropriate electronic amendments to its copy of the most recent undisputed Base Case Financial Model in order to effect the subsequent Updates or Revisions (the “**Adjusted Base Case Financial Model**”), and submit to HPTE the Adjusted Base Case Financial Model for approval (such approval not to be unreasonably withheld).
- 6.2 The Adjusted Base Case Financial Model shall, if approved by HPTE, become the Base Case Financial Model for the purposes of this Contract until its further amendment in accordance with this Schedule and the Concessionaire shall promptly deliver a copy of the Base Case Financial Model to HPTE in accordance with paragraph 3.2 of this Schedule.
- 6.3 The Concessionaire shall ensure that each iteration of the Base Case Financial Model is provided with a unique reference number and date.

EXECUTION VERSION

- 6.4 The costs of undertaking an Update or Revision of the Base Case Financial Model shall be treated as part of the Estimated Change in Costs in respect of all Relevant Events and (for the avoidance of doubt) shall be incorporated within the revised inputs associated with the revisions to the Financial Model as a result of such Relevant Event.
- 6.5 Where practicable, the Concessionaire shall use all reasonable endeavors to implement any payments from HPTE at the end of a Year in order that any such payments may take effect at the beginning of the next Year.
- 6.6 If the Concessionaire does not perform the Updates or Revisions required by, and in accordance with this Schedule then HPTE may do so. All costs incurred by HPTE in doing so shall be paid by the Concessionaire.

7. **Audit of Financial Model**

- 7.1 In the event of any Revision to the Base Case Financial Model, the Concessionaire will deliver to HPTE a Financial Model Audit Letter.
- 7.2 Copies of the Financial Model Audit Letters will be addressed to HPTE and HPTE will be expressly identified therein as an entity entitled to rely upon such reports and opinions.
- 7.3 The Concessionaire will pay the fees and expenses of the Financial Model Auditor

8. **Disputes**

- 8.1 Where the Concessionaire and HPTE are unable to agree the Updates or Revisions to the Base Case Financial Model (including the actual version of the Base Case Financial Model to be used prior to the required changes being made) within twenty (20) Business Days of submission of the Adjusted Base Case Financial Model by the Concessionaire to HPTE, (or such other time period as is agreed between the Parties) then the matter shall be determined in accordance with the Dispute Resolution Procedure. Where the Independent Expert so requires, he shall have the assistance of an independent financial model auditor appointed by agreement between the Concessionaire and HPTE, or failing such agreement by the Independent Expert.
- 8.2 Where the Parties are unable to agree any matter arising under this Schedule, either party may refer matters for determination pursuant to the Dispute Resolutions Procedure.