*Following is an illustration of the relationship between MRG Amount, Actual Revenue and Benchmark Revenue. The figures shown are hypothetical and have no bearing on the Project.*

***Revenue shortfall Scenario 1***

|  |  |
| --- | --- |
| ***MRG Amount is less than the Benchmark Revenue and Actual Revenue is less than the MRG Amount*** | *MRG triggered* |
|  | *Amounts in PKR (in a year)* |
| *Actual Revenue* | *1,500,000,000* |
| *Benchmark Revenue* | *2,000,000,000* |
| *MRG Amount* | *1,950,000,000* |
| ***MRG Amount*** |  |
| *Debt servicing (Principal payment + interest expense)* | *1,500,000,000* |
| *O&M* | *300,000,000* |
| *Tax* | *150,000,000* |
| *MRG Amount requested by a Bidder in a year* | ***1,950,000,000*** |
| ***Revenue shortfall (funded by the GOS) - Difference between MRG Amount and Actual Revenue*** | *450,000,000* |

**Revenue shortfall Scenario 2**

|  |  |
| --- | --- |
| **Revenue shortfall Scenario 2: MRG Amount is greater than the Benchmark Revenue and Actual Revenue is less than the MRG Amount** | *MRG triggered* |
|  | *Amounts in PKR (in a year)* |
| Actual Revenue | 1,500,000,000 |
| Benchmark Revenue | 2,000,000,000 |
| MRG Amount | 2,950,000,000 |
| **MRG Amount** |  |
| Debt servicing (Principal payment + interest expense) | 2,500,000,000 |
| O&M | 300,000,000 |
| Tax | 150,000,000 |
| *MRG Amount requested by a Bidder in a year* | ***2,950,000,000*** |
| **Revenue shortfall (funded by the GOS) - Difference between MRG Amount and Actual Revenue** | 1,450,000,000 |

**Excess revenue Scenario 1**

|  |  |
| --- | --- |
| **MRG Amount is less than the Benchmark Revenue and Actual Revenue is greater than the 120% of the Benchmark Revenue** | *Revenue sharing triggered* |
|  | *Amounts in PKR (in a year)* |
| Actual Revenue | 3,000,000,000 |
| Benchmark Revenue | 2,000,000,000 |
| MRG Amount | 1,950,000,000 |
| **MRG Amount** |  |
| Debt servicing (Principal payment + interest expense) | 1,500,000,000 |
| O&M | 300,000,000 |
| Tax | 150,000,000 |
| *MRG Amount requested by a Bidder in a year* | ***1,950,000,000*** |
| *120% of the Benchmark Revenue* | 2,400,000,000 |
| **Revenue attributable to the Concessionaire** |  |
| 120% of the Benchmark Revenue | 2,400,000,000 |
| 25% of the Excess Revenue - (Actual Revenue less 120% of the Benchmark Revenue) multiplied by the Concessionaire's excess revenue sharing percentage (25%) | 150,000,000 |
| **Total revenue attributable to the Concessionaire** | **2,550,000,000** |
| **Revenue attributable to the GOS** |  |
| **75% of the Excess Revenue - (Actual Revenue less 120% of the Benchmark Revenue) multiplied by the GOS's excess revenue sharing percentage (75%)** | **450,000,000** |

**Excess revenue Scenario 2**

|  |  |
| --- | --- |
| **MRG Amount is greater than the Benchmark Revenue (less than 120% of the Benchmark Revenue) and Actual Revenue is greater than the 120% of the Benchmark Revenue** | *Revenue sharing triggered* |
|  | *Amounts in PKR (in a year)* |
| Actual Revenue | 3,000,000,000 |
| Benchmark Revenue | 2,000,000,000 |
| MRG Amount | 2,300,000,000 |
| **MRG Amount** |  |
| Debt servicing (Principal payment + interest expense) | 2,000,000,000 |
| O&M | 200,000,000 |
| Tax | 100,000,000 |
| *MRG Amount requested by a Bidder in a year* | ***2,300,000,000*** |
| *120% of the Benchmark Revenue* | 2,400,000,000 |
| **Revenue attributable to the Concessionaire** |  |
| 120% of the Benchmark Revenue | 2,400,000,000 |
| 25% of the Excess Revenue - (Actual Revenue less 120% of the Benchmark Revenue) multiplied by the Concessionaire's excess revenue sharing percentage (25%) | 150,000,000 |
| **Total revenue attributable to the Concessionaire** | **2,550,000,000** |
| **Revenue attributable to the GOS** |  |
| **75% of the Excess Revenue - (Actual Revenue less 120% of the Benchmark Revenue) multiplied by the GOS's excess revenue sharing percentage (75%)** | **450,000,000** |

**Excess revenue Scenario 3**

|  |  |
| --- | --- |
| **MRG Amount is greater than the Benchmark Revenue (greater than 120% of the Benchmark Revenue) and Actual Revenue is greater than the 120% of the Benchmark Revenue** | *Revenue sharing triggered* |
|  | *Amounts in PKR (in a year)* |
| Actual Revenue | 3,000,000,000 |
| Benchmark Revenue | 2,000,000,000 |
| MRG Amount | 2,600,000,000 |
| **MRG Amount** |  |
| Debt servicing (Principal payment + interest expense) | 2,200,000,000 |
| O&M | 300,000,000 |
| Tax | 100,000,000 |
| *MRG Amount requested by a Bidder in a year* | ***2,600,000,000*** |
| *120% of the Benchmark Revenue* | 2,400,000,000 |
| **Revenue attributable to the Concessionaire** |  |
| Higher of 120% of the Benchmark Revenue or the MRG Amount | 2,600,000,000 |
| 25% of the Excess Revenue - (Actual Revenue less higher of 120% of the Benchmark Revenue or the MRG Amount) multiplied by the Concessionaire's excess revenue sharing percentage (25%) | 100,000,000 |
| **Total revenue attributable to the Concessionaire** | **2,700,000,000** |
| **Revenue attributable to the GOS** |  |
| **75% of the Excess Revenue - (Actual Revenue less higher of 120% of the Benchmark Revenue or the MRG Amount) multiplied by the GOS's excess revenue sharing percentage (75%)** | **300,000,000** |