

Instead of using an O&M Contractor, the cost of lifecycle replacement and other maintenance of the infrastructure asset may or may not remain with the infrastructure provider to be met out of project revenues as and when it arises. As a result, the Obligor's revenue (and its ability to service the related Collateral Obligation) may suffer from performance reductions in an availability/capacity-based payment structure and/or the risk of lower demand/usage as the asset becomes less attractive to infrastructure users in a demand/usage based payment structure. An Obligor which services the asset is also subject to increases in maintenance costs due to an increase in usage volume. An operating failure may lead to fines, expropriation, termination or loss of a license, concession or contract on which an Obligor, or an asset owned or controlled by an Obligor, depends, which in turn may adversely impact an Obligor's ability to service its debt under any related Collateral Obligation.

### Revenue Risks

The main types of payment mechanisms applicable to infrastructure providers generally are (i) availability-based payment mechanisms and (ii) demand/usage-based payment mechanisms. Under an availability or capacity-based payment mechanism, the infrastructure provider is paid for making the relevant asset or service available for use to infrastructure users irrespective of actual usage. In a demand/usage based structure, the infrastructure provider receives payment based on actual use of the relevant assets or services and the relevant Obligor's income stream is subject to the risk of actual usage falling below the projected usage. In addition, any obsolescence of an Obligor's infrastructure assets may reduce its revenues.

Certain Collateral Obligations may involve a payment structure which requires the concession grantor to pay the agreed price for the provision of buildings, assets or services which are central to the infrastructure project during its operating life (the "**Availability Charge**") to the extent that such buildings, assets or services are available for use by the concession grantor (irrespective of actual use by such grantor). The Availability Charge will normally be subject to reductions if the services to be provided by the infrastructure provider fail to meet the agreed performance standards.

In an infrastructure finance payment mechanism where the infrastructure provider relies on payment from a public sector entity, the infrastructure provider is subject to the risk of a payment default. This, in turn, could affect the ability of the Obligor to make payments under the related Collateral Obligations. However, in infrastructure projects involving concessions, such payment default would typically trigger a termination of the relevant concession for default of the concession grantor. This is likely to be accompanied by a claim for compensation from the infrastructure provider. The collectability of such claim is subject to the creditworthiness of the concession grantor. In the event of delayed or inadequate compensation, an Obligor's ability to service the related Collateral Obligation could be adversely affected.

Obligors may be subject to rate controls or similar regulation by a governmental agency that determines or limits the prices that such Obligors may charge. Such Obligors may be subject to unfavorable regulatory determinations that may be final with no right of appeal or that, despite a right of appeal, could result in diminished revenues to such Obligors which could adversely affect their ability to satisfy their obligations under the relevant Collateral Obligation. Customers of the services provided by an Obligor may react negatively to any adjustments to rates being charged for the services, or public pressure may cause a government or agency to challenge such rates. In addition, adverse public opinion, or lobbying efforts by special interest groups, could result in political pressure on an Obligor to reduce its rates or to forego planned rate increases. Such risks could adversely affect an Obligor's ability to service the related Collateral Obligation.

### Project/Concession Termination Risks

Project/concession agreements typically specify events and circumstances upon which the authority or the infrastructure provider may terminate the agreement. If the authority defaults or the authority voluntarily terminates the project/concession agreement, it is typical for the infrastructure provider and its lenders and shareholders to be held harmless from such termination, including by receiving full repayment of the infrastructure debt obligations and payment of an agreed level of