

APPENDIX D

ADJUSTMENT OF THE PAYMENTS

1. DEFINITIONS

- a. All terms used in this Appendix shall have the definitions ascribed to them herein or in Appendix A (*Definitions*).
- b. Reference in this Appendix to Tender Forms shall mean such Tender Forms, as approved by the Tender Committee pursuant to the Tender Process and attached to this Concession Agreement as part of Annex A (*The Winning Bid*).

2. ADJUSTMENT OF THE BASE ONE-OFF PAYMENT

The One-Off Payment shall be paid to (or deducted from) the Concessionaire to reflect any changes in the Base Short Term Interest Rates during the period: from the Submission Date until the Determining Date, in accordance with Form O (*Selected Basket of Indices, Interest Rates Adjustments, Duration of Loans and Determining Date*) attached to this Concession Agreement as part of Annex A (*The Winning Bid*).

2.1. Short Term Interest Rate Adjustment of the Base One-Off Payment

- a. As of the Bids Submission Date, the Base One-off Payment is zero (0) NIS (the "**Base One-Off Payment**").
- b. On the Bids Submission Date, the Short Term Nominal Interest Rate was ____%, the Short Term CPI Interest Rate was ____%, the Short Term USD Interest Rate was ____% and the Short Term Euro Interest Rate was ____% ("Y" in the table in sub-Section (c) below) [*Rates to be completed in accordance with the Tender Committee's notice issued pursuant to Section 1 of Annex G (The Price Proposal) of the Invitation to Tender (attached to this Concession Agreement as part of Annex A (The Winning Bid))*].
- c. On the Determining Date, the Implementing Authority shall determine the Reference Short Term Nominal Interest Rate, which shall be equal to the weighted average of the Short Term Nominal Interest Rates ("**R**"), calculated based on the Short Term Nominal Interest Rates for each drawdown on account of the NIS Short Term Senior Debt Financing Agreements ("**r_i**"); The weight of the Short Term Nominal Interest Rate on the date of each drawdown will be the ratio between the future value (based on the Short Term Nominal Interest Rate for the drawdown) on the Determining Date of the amount

provided on each drawdown (" d_i ") and the total amount of all such future values of all drawdowns NIS Short Term Senior Debt Financing Agreements:

$$R = \frac{\sum_{i=1}^n d_i * r_i}{\sum_{i=1}^n d_i}$$

("Reference Short Term Nominal Interest Rates")

The provisions of this sub-Section (c) shall apply for the purposes of determining the "Reference Short Term CPI Interest Rate", the "Reference Short Term USD Interest Rate" and the "Reference Short Term Euro Interest Rate", *mutatis mutandis*.

On the Determining Date, if the Reference Short Term Nominal Interest Rate, the Reference Short Term CPI Interest Rate, the Reference Short Term USD Interest Rate, or the Reference Short Term Euro Interest Rate, shall differ from the applicable interest rate set forth in sub-Section (b) above ("Y" in the table below), the adjustment to the Base One-off Payment shall be determined, as of the Determining Date, in accordance with the following table [*the One-off Payment Adjustment Tables to be completed in accordance with the provisions of Tender Form O (Selected Basket of Indices, Interest Rates Adjustments, Duration of Loans and Determining Date) attached to this Concession Agreement as part of Annex A (The Winning Bid)*]:

Table 1 – Short Term Base Interest Adjustment of the Base One-Off Payment

Adjustments due to changes to the Short Term Nominal Interest Rate (in NIS)		Adjustments due to changes to the Short Term CPI Interest Rate (NIS)		Adjustments due to changes to the Short Term USD Interest Rate (in NIS)		Adjustments due to changes to the Short Term Euro Interest Rate (in NIS)	
Y-4%	___	Y-4%	___	Y-4%	___	Y-4%	___
Y-3.5%	___	Y-3.5%	___	Y-3.5%	___	Y-3.5%	___
Y-3%	___	Y-3%	___	Y-3%	___	Y-3%	___
Y-2.5%	___	Y-2.5%	___	Y-2.5%	___	Y-2.5%	___
Y-2%	___	Y-2%	___	Y-2%	___	Y-2%	___
Y-1.5%	___	Y-1.5%	___	Y-1.5%	___	Y-1.5%	___
Y-1%	___	Y-1%	___	Y-1%	___	Y-1%	___
Y-0.5%	___	Y-0.5%	___	Y-0.5%	___	Y-0.5%	___
Y%	Zero (0)	Y%	Zero (0)	Y%	Zero (0)	Y%	Zero (0)
Y+0.5%	___	Y+0.5%	___	Y+0.5%	___	Y+0.5%	___
Y+1%	___	Y+1%	___	Y+1%	___	Y+1%	___
Y+1.5%	___	Y+1.5%	___	Y+1.5%	___	Y+1.5%	___

Y+2%	___	Y+2%	___	Y+2%	___	Y+2%	___
Y+2.5%	___	Y+2.5%	___	Y+2.5%	___	Y+2.5%	___
Y+3%	___	Y+3%	___	Y+3%	___	Y+3%	___
Y+3.5%	___	Y+3.5%	___	Y+3.5%	___	Y+3.5%	___
Y+4%	___	Y+4%	___	Y+4%	___	Y+4%	___

- d. The total adjustment to the Base One-Off Payment shall be the sum of the amounts of adjustments resulting from the application of the provisions of sub-Section (c) above, adjusted in accordance with the provisions of Section 5 (*Adjusted One-Off Payments*). The One-Off Payment true to the Determining Date, as adjusted pursuant to the provisions of this Section 2.1 (*Short Term Interest Rate Adjustment of the Base One-Off Payment*), shall be notified to the Concessionaire by a notice to be issued by the Implementing Authority.
- e. Subject to the provisions of Section 2.3 (*Advance Payment of One-Off Payments*), in the event that the One-Off Payment calculated pursuant to sub-Section (c) above is positive, the One-Off Payment shall be payable by the Implementing Authority, to the Concessionaire, within thirty (30) days as of the Determining Date.

In the event that the One-off Payment is negative, the One-off Payment shall be deducted by the Implementing Authority from the first payment, (or in the event that the amount of the One-off Payment exceed the amount of the first payment and the first and the following payments) to be paid to the Concessionaire in accordance with the provisions of Section 4.7.6 (*Actual State Periodic Payment*) of the Concession Agreement following the Determining Date;

For the removal of doubt, in the event that neither the Reference Short Term Nominal Interest Rate, nor the Reference Short Term CPI Interest Rate, nor the Reference Short Term USD Interest Rate, nor the Reference Short Term Euro Interest Rate, differ from the applicable interest rate set forth in sub-Section (b) above, the One-off Payment shall remain zero (0) and shall not be paid by either Party to the other.

2.2. Floating Interest Rate Adjustment of the Base Floating One-Off Payment

- a. As of the Bids Submission Date, the Base Floating One-off Payment is zero (0) NIS (the "**Base Floating One-Off Payment**").
- b. On the Bids Submission Date, the EURIBOR Rate was ___%, the LIBOR USD Rate was ___%, and the Bank of Israel Interest Rate was ___% ("Z" in the table in sub-Section (d) below) [*Rates to be completed in accordance with the Tender Committee's notice issued pursuant to Section 1 of Annex G (The Price*

Proposal) of the Invitation to Tender (attached to this Concession Agreement as part of Annex A (The Winning Bid))].

- c. On the Determining Date, the Implementing Authority shall determine the Reference Bank of Israel Interest Rate, which shall be equal to the weighted average of the Bank of Israel interest rates ("**R**"), calculated based on the Bank of Israel Interest Rates on each month period until the Determining Date. ("**r_i**"); The weight of each such Bank of Israel Interest Rate will be the ratio between the balance of the NIS floating Interest Rate loan on the first day of the applicable month period based on the drawdowns made under the applicable Facility Senior Debt Financing Agreements) ("**b_i**") and the total amount of all such balances:

$$R = \frac{\sum_{i=1}^n b_i * r_i}{\sum_{i=1}^n b_i}$$

("Reference Bank of Israel Interest Rate")

The provisions of this sub-Section (c) shall apply for the purposes of determining the "**Reference EURIBOR Rate**", and the "**Reference LIBOR USD Rate**", *mutatis mutandis*.

- d. On the Determining Date, if the Reference Bank of Israel Interest Rate, the Reference Euribor Rate or the Reference LIBOR USD Rate, shall differ from the applicable interest rate set forth in sub-Section (b) above ("**Z**" in the table below), the adjustment to the Base Floating One-off Payment shall be determined, as of the Determining Date, in accordance with the following table [*the Floating One-off Payment Adjustment Tables to be completed in accordance with the provisions of Tender Form O (Selected Basket of Indices, Interest Rates Adjustments, Duration of Loans and Determining Date) attached to this Concession Agreement as part of Annex A (The Winning Bid)*]:

e. Table 2 – Floating Interest Rate Adjustment of the Base One-Off Payment

Adjustments due to changes to the Bank of Israel Interest Rate (in NIS)		Adjustments due to changes to the LIBOR USD Rate (in NIS)		Adjustments due to changes to the EURIBOR Rate (in NIS)	
Z-4%	___	Z-4%	___	Z-4%	___
Z-3.5%	___	Z-3.5%	___	Z-3.5%	___
Z-3%	___	Z-3%	___	Z-3%	___
Z-2.5%	___	Z-2.5%	___	Z-2.5%	___
Z-2%	___	Z-2%	___	Z-2%	___

Z-1.5%	___
Z-1%	___
Z-0.5%	___
Z%	Zero (0)
Z+0.5%	___
Z+1%	___
Z+1.5%	___
Z+2%	___
Z+2.5%	___
Z+3%	___
Z+3.5%	___
Z+4%	___

Z-1.5%	___
Z-1%	___
Z-0.5%	___
Z%	Zero (0)
Z+0.5%	___
Z+1%	___
Z+1.5%	___
Z+2%	___
Z+2.5%	___
Z+3%	___
Z+3.5%	___
Z+4%	___

Z-1.5%	___
Z-1%	___
Z-0.5%	___
Z%	Zero (0)
Z+0.5%	___
Z+1%	___
Z+1.5%	___
Z+2%	___
Z+2.5%	___
Z+3%	___
Z+3.5%	___
Z+4%	___

The total adjustment to the Base Floating One-off Payment shall be the sum of the amounts of adjustments resulting from the application of the provisions of this sub-Section (d), adjusted in accordance with the provisions of Section 5 (*Adjusted One-Off Payments*).

- f. The Floating One-Off Payment true to the Determining Date, as adjusted pursuant to the provisions of this Section 2.2 (*Floating Interest Rate Adjustment of the Base Floating One-Off Payment*), shall be notified to the Concessionaire by a notice to be issued by the Implementing Authority.
- g. Subject to the provisions of Section 2.3 (*Advance Payment of One-off Payments*), in the event that the Floating One-off Payment calculated pursuant to sub-Section (d) above is positive, the Floating One-off Payment shall be payable by the Implementing Authority, to the Concessionaire, within thirty (30) days as of the Determining Date.

In the event that the Floating One-off Payment is negative, the One-off Payment shall be deducted by the Implementing Authority from the first payment, (or in the event that the amount of the One-off Payment exceed the amount of the first payment and the first and the following payments) to be paid to the Concessionaire in accordance with the provisions of Section 4.7.6 (*Actual State Periodic Payment*) of the Concession Agreement following the Determining Date.

For the removal of doubt, in the event that neither the Reference Bank of Israel Interest Rate, nor the Reference LIBOR USD Rate, nor the Reference EURIBOR Rate, differ from the applicable interest rate set forth in sub-Section (b) above, the Floating One-off Payment shall remain zero (0) and shall not be paid by either Party to the other.

2.3. Advance Payment of One-Off Payments

Notwithstanding the provisions of Sections 2.1 (*Short Term Interest Rate Adjustment of the Base One-Off Payment*) and 2.2 (*Floating Interest Rate Adjustment of the Base Floating One-Off Payment*), should the Concessionaire request to receive an advance payment on account of the One-off Payment or on account of the Floating One-off Payment, or on account of both payments, the Concessionaire should submit a request to receive an advance payment of One-Off Payments, by no later than the date of its Request to Commence Operation of the Project, and the following will apply:

- a. On the date of Permit to Operate, the provisions of Sections 2.1 (*Short Term Interest Rate Adjustment of the Base One-Off Payment*) and 2.2 (*Floating Interest Rate Adjustment of the Base Floating One-Off Payment*) will be applied, respectively, in order to determine the One-Off Payment and the Floating One-Off Payment, as applicable, true to the date of Permit to Operate.
- b. In the event the One-Off Payment or the Floating One-Off Payment calculated pursuant to sub-Section (a) above are positive, each such payment will be deemed an advance payment which will be paid to the Concessionaire, within thirty (30) days as of the date of Permit to Operate the Project, linked, respectively, in accordance with the provisions of Sections 2.1 (*Short Term Interest Rate Adjustment of the Base One-Off Payment*) and 2.2 (*Floating Interest Rate Adjustment of the Base Floating One-Off Payment*), until the date of payment thereof (each, respectively, the "**Advance One-Off Payment**" and "**Advance Floating One-Off Payment**").
- c. On the Determining Date, the provisions of Sections 2.1 (*Short Term Interest Rate Adjustment of the Base One-Off Payment*) and 2.2 (*Floating Interest Rate Adjustment of the Base Floating One-Off Payment*), will be applied, respectively, in order to determine the One-off Payment and the Floating One-off Payment, as applicable, true to the Determining Date. At such time, the Implementing Authority shall determine the difference, if any, between the One-off Payment and the Floating One-off Payment calculated true to the Determining Date and the future value of the Advance One-off Payment and Advance Floating One-off Payment (such future value will be calculated based on the higher of (i) the applicable actual effective interest rate under the Senior Debt Financing Agreements that would have accrued between the date of Permit to Operate the Project and the Determining Date, had the Advance One-Off Payment and Advance Floating One-Off Payment not been paid; or (ii) the Accountant General Interest).
- d. In the event that the difference calculated in accordance with sub-Section (c) above is negative, such difference will be deducted by the Implementing Authority from the first payments to be paid to the Concessionaire in accordance with the provisions of Section 4.7.6 (*Actual State Periodic Payment*) of the Agreement following the Determining Date.

- e. For the removal of doubt, on termination of the Concession Agreement following the date of Permit to Operate the Project and prior to the Determining Date, any part of the Advance One-off Payment and the Advance Floating One-off Payment not used for repayment of the Balance of the Senior Debt will be deemed a Senior Debt Deduction for the purpose of determining the Balance of the Senior Debt.

3. LONG TERM INTEREST RATE ADJUSTMENT OF THE BASE TOTAL TARGET INCOME

- a. The Base Total Target Income set forth in Section 4.7.2 (*Base Total Target Income*) of the Concession Agreement has been determined with reference to the Long Term CPI Interest Rate of _____%, the Long Term Nominal Interest Rate of _____%, the Long Term USD Interest Rate of _____% and the Long Term Euro Interest Rate of ____% ("X" in the table in section (c) below). *[Rates to be completed in accordance with the Tender Committee's notice issued pursuant to Section 1 of Annex G (The Price Proposal) of the Invitation to Tender (attached to this Concession Agreement as part of Annex A (The Winning Bid))].*
- b. On the Determining Date, the Implementing Authority shall determine the Reference Long Term CPI Interest Rate, which shall be equal to the weighted average of the long term CPI interest rates ("R"), calculated based on the Long Term CPI Interest Rate for each drawdown on account of the CPI Long Term Senior Debt Financing Agreements ("r_i") which actually occurred until such date.

The weight of the Long Term CPI Interest Rate for each drawdown will be the ratio between the future value (based on the Long Term CPI Interest Rate on the date of the drawdown) on the Determining Date, of the amount provided on the relevant drawdown ("d_i") and the total amount of all such future values on the Determining Date of all such drawdowns:

$$R = \frac{\sum_{i=1}^n d_i * r_i}{\sum_{i=1}^n d_i}$$

("Reference CPI Long Term Interest Rate")

For the removal of doubt, it is hereby emphasized that if there is only one drawdown of the CPI Long Term Senior Debt, the Reference Long Term CPI Interest Rate shall be the Long Term CPI Interest Rate on the date of such drawdown.

The provisions of this sub-Section (b) shall apply for the purposes of determining the **"Reference Long Term Nominal Interest Rate"**, the

"Reference Long Term USD Interest Rate", and the "Reference Long Term Euro Interest Rate", *mutatis mutandis*.

- c. If the Reference Long Term CPI Interest Rate, the Reference Long Term Nominal Interest Rate, the Reference Long Term USD Interest Rate or the Reference Long Term Euro Interest Rate, shall differ from the applicable interest rate set forth in sub-Section (a) above ("X" in the table below), the adjustment to the Base Total Target Income shall be determined, as of the Determining Date, in accordance with the following table [*the Base Total Target Income Adjustment Tables to be completed in accordance with the provisions of Tender Form O (Selected Basket of Indices, Interest Rates Adjustments, Duration of Loans and Determining Date) attached to this Concession Agreement as part of Annex A (The Winning Bid)*]:

Table 3 – Long Term Interest Rate Adjustment of the Base Total Target Income

Adjustment due to changes to the Long Term CPI Interest Rate (in NIS)		Adjustment due to changes to the Long Term Nominal Interest Rate (in NIS)		Adjustment due to changes to the Long Term USD Interest Rate (in NIS)		Adjustment due to changes to the Long Term Euro Interest Rate (in NIS)	
X-4%	___	X-4%	___	X-4%	___	X-4%	___
X-3.5%	___	X-3.5%	___	X-3.5%	___	X-3.5%	___
X-3%	___	X-3%	___	X-3%	___	X-3%	___
X-2.5%	___	X-2.5%	___	X-2.5%	___	X-2.5%	___
X-2%	___	X-2%	___	X-2%	___	X-2%	___
X-1.5%	___	X-1.5%	___	X-1.5%	___	X-1.5%	___
X-1%	___	X-1%	___	X-1%	___	X-1%	___
X-0.5%	___	X-0.5%	___	X-0.5%	___	X-0.5%	___
X%	Zero (0)	X%	Zero (0)	X%	Zero (0)	X%	Zero (0)
X+0.5%	___	X+0.5%	___	X+0.5%	___	X+0.5%	___
X+1%	___	X+1%	___	X+1%	___	X+1%	___
X+1.5%	___	X+1.5%	___	X+1.5%	___	X+1.5%	___
X+2%	___	X+2%	___	X+2%	___	X+2%	___
X+2.5%	___	X+2.5%	___	X+2.5%	___	X+2.5%	___
X+3%	___	X+3%	___	X+3%	___	X+3%	___
X+3.5%	___	X+3.5%	___	X+3.5%	___	X+3.5%	___
X+4%	___	X+4%	___	X+4%	___	X+4%	___

- d. The total adjustment to the Base Total Target Income shall be the sum of the amounts of adjustments resulting from application of the provisions of sub-Section (c) above, adjusted in accordance with the provisions of Section 8.2 (*Adjustments of the Long Term Interest Adjustments of the Base Total Target*)

Income). The Base Total Target Income on the Determining Date, as adjusted pursuant to the provisions of this Section 3 (*Long Term Interest Rate Adjustment of the Base Total Target Income*), shall be notified to the Concessionaire by a notice to be issued by the Implementing Authority.

- e. All references to the Base Total Target Income prior to the Determining Date shall be deemed to mean the Base Total Target Income as set forth in Section 4.7.2 (*Base Total Target Income*) of the Concession Agreement, as adjusted in accordance with the provisions of Section 8 (*Adjusted Total Target Income*) (and without giving effect to the provisions of this Section 3 (*Long Term Interest Rate Adjustment of the Base Total Target Income*)).
- f. All references to the Base Total Target Income following the Determining Date shall be deemed to mean the Base Total Target Income as adjusted in accordance with Section 4.7.2 (*Base Total Target Income*), and the provisions of this Section 3 (*Long Term Interest Rate Adjustment of the Base Total Target Income*).

4. INTEREST ADJUSTMENTS - GENERAL PROVISIONS

The provisions of this Section 4 (*Interest Adjustments - General Provisions*) will apply with respect to the Base Total Target Income Interest Adjustments Tables detailed in Section 3 (*Long Term Interest Rate Adjustment of the Base Total Target Income*), the Base One-off Payment Interest Adjustments Tables detailed in Section 2.1 (*Short Term Interest Rate Adjustment of the Base One-Off Payment*) and the Base Floating One-off Payment Interest Adjustments Tables detailed in Section 2.2 (*Floating Interest Rate Adjustment of the Base Floating One-Off Payment*) (all, in this Section, the "**Interest Adjustments Tables**"):

- a. In each of the Interest Adjustments Tables, the adjustment associated with an interest rate that is between two (2) interest rates which are stated in the applicable Interest Adjustments Table, shall be calculated on a linear basis based on the adjustments associated with the two (2) adjacent interest rates stated in the applicable Interest Adjustments Table. The adjustment associated with an interest rate outside the range of the interest rates stated in the applicable Interest Adjustments Table, shall be calculated on a linear basis based on the adjustment associated with the interest rates stated in the first or last two (2) cells of the applicable Interest Adjustments Table, as the case may be.
- b. With respect to drawdowns made on account of Long Term Senior Debt Financing Agreements and Short Term Senior Debt Financing Agreements (either fixed or floating interest rate), the Concessionaire will (i) notify the Implementing Authority at least four (4) trading days in advance of the date in which the applicable drawdown will be made; and (ii) immediately after

executing the drawdown, provide the Implementing Authority with details concerning the principal and interest therein (and the breakdown to the base interest rate and margin).

- c. It is hereby clarified that in the event that on the Determining Date, it becomes evident that the Concessionaire utilized less than the credit facility available pursuant to the Tender Form O (*Selected Basket of Indices, Interest Rates Adjustments, Duration of Loans and Determining Date*) attached to this Concession Agreement as part of Annex A (*The Winning Bid*) (for the removal of doubt, excluding stand-by facilities), the applicable interest adjustment which the Concessionaire is entitled to pursuant to the provisions of this Concession Agreement will be reduced on a pro-rated basis.
- d. It is hereby clarified that changes to the Interest Adjustment Tables will not be permitted, including omission or addition of columns, except if the cumulative conditions detailed in this sub-Section (d) are met;
 - (i) The Concessionaire notified the Implementing Authority that it wishes to change the Interest Adjustments Tables, in a manner which will ensure minimum or maximum interest rates, or both, to the senior debt finance providers due to the composition of the senior debt under the proposed Senior Debt Financing Agreements (the "**Requested Change**"), prior to approval by the Implementing Authority of the Senior Debt Financing Agreements upon Financial Closing.
 - (ii) The Requested Change may only be allowed once, and will enter into effect upon the Financial Closing;
 - (iii) The Implementing Authority will be entitled to due remuneration for allowing the Requested Change, to reflect the costs for providing different interest hedging in comparison to the one selected in the Bid; such remuneration will be based, among other parameters, on the following principles:
 - (I) Black Interest Option Pricing Model;
 - (II) Project IRR;
 - (III) Value of underlying Asset;
 - (IV) Tenor of the option;
 - (V) Volatility of the relevant [requested] interest rate;
 - (VI) Strike price;
 - (VII) Nature of the hedging; and

(VIII) Current Base rates.

5. ADJUSTED ONE-OFF PAYMENTS

Each currency's One-off Payment and Floating One-off Payment, as applicable, will be adjusted according to changes in NIS, USD or Euro, respectively, from the Bids Submission Date until the Determining Date.

6. ADJUSTED CONSTRUCTION GRANT

The Base Construction Grant shall be linked to any of the following indices: the NIS, the CPI, the USD linked to the US CPI, the USD, the Euro Linked to the HICP, the Euro, the IRC, the IPB, or any basket combined from these indices, as specified in Section 6.1. (*Baskets of Indices; Construction Grant*) below, from the Bids Submission Date until the Permit to Operate, in accordance with the provisions of Sections 6.2 (*Construction Grant Date of Adjustment*), 6.3 (*Adjustment of the Construction Grant; General Provisions*), and 9 (*Linkage to Indices*).

6.1. Baskets of Indices; Construction Grant

The baskets of indices applicable for the different adjustment periods of the Base Construction Grant are:

Table 4– Index Adjustment of the Base Construction Grant

The Applicable Period	CPI	NIS	USD Linked to US CPI	USD	Euro Linked to HICP	EURO	IRC	IPB	IAW	Total
As of Bids Submission Date and until the date of Financial Closing	_%	_%	_%	_%	_%	_%	_%	_%	N/A	100%
As of Financial Closing date until six (6) months of the beginning of the Construction Phase	_%	_%	_%	_%	_%	_%	_%	_%	N/A	100%

The Applicable Period	CPI	NIS	USD Linked to US CPI	USD	Euro Linked to HICP	EURO	IRC	IPB	IAW	Total
7-12	_%	_%	_%	_%	_%	_%	_%	_%	N/A	100%
13-18	_%	_%	_%	_%	_%	_%	_%	_%	N/A	100%
19-24	_%	_%	_%	_%	_%	_%	_%	_%	N/A	100%
25-30	_%	_%	_%	_%	_%	_%	_%	_%	N/A	100%
31 -until the issuance of the Interim Permit to Operate for Partial Operation and Maintenance of a Section of the Highway	_%	_%	_%	_%	_%	_%	_%	_%	N/A	100%
As of the issuance of the Interim Permit to Operate for Partial Operation and Maintenance of a Section of the Highway until Permit to Operate	_%	_%	_%	_%	_%	_%	_%	_%	N/A	100%

[The weight of each of the NIS, the CPI, the USD linked to the US CPI, the USD, the Euro Linked to the HICP, the Euro, the IRC, and the IPB in the baskets of indices shall be as determined by the Concessionaire in Tender Form O (Selected Basket of Indices, Interest Rates Adjustments, Duration of Loans and Determining Date) attached to this Concession Agreement as part of Annex A (The Winning Bid)]. It is hereby clarified that changes to the baskets of indices specified in Tender Form O will not be permitted]

6.2. Construction Grant Date of Adjustment

Calculation of adjustment differences shall be carried out on each of the Construction Grant Dates of Adjustment, based on the basket of indices applicable to each adjustment period in accordance with the provisions of Section 6.1 (*Baskets of Indices; Construction*

Grant), and the provisions of Sections 6.3 (*Adjustment of the Construction Grant; General Provisions*), and 10 (*Linkage to Indices*).

"Construction Grant Date of Adjustment" shall mean each of the following:

- a. The date of Financial Closing;
- b. Until the Permit to Operate, at the Beginning of every Period of Index adjustments in accordance with Table 4 (Index Adjustment of the Base Construction Grant) above.

6.3. Adjustment of the Construction Grant; General Provisions

- a. **Until Interim Permit to Operate for the Partial Operation and Maintenance of a Sections of the Highway.** Until the Permit to Operate for Partial Operation and Maintenance of a Section of the Highway, at the Beginning of every Period of Index adjustments in accordance with Table 4 (Index Adjustment of the Base Construction Grant) above; The Construction Grant (in NIS), based on the percentages set forth in the above table, shall be adjusted based on the total amount of the Construction Grant (in NIS), as calculated at the end of the previous adjustment period.
- b. **Following the Permit to Operate for Partial Operation and Maintenance of a Section of the Highway and Until the Permit to Operate.** Following the Permit to Operate for Partial Operation and Maintenance of a Section of the Highway and Until Permit to Operate, at the Beginning of every Period of Index adjustments in accordance with Table 4 (*Index Adjustment of the Base Construction Grant*) above; The remaining Portion of the Base Construction Grant (in NIS), which is to be paid on the date of Permit to Operate, in accordance with Section 4.7.1 (*Construction Grant*) of this Agreement, shall be adjusted based on the percentages set forth in the above table, as calculated at the end of the previous adjustment period.

6.4. Adjustment of the Construction Grant due to Variations in Ground Conditions

The Adjusted Construction Grant in accordance with this Section 6 (*Adjusted Construction Grant*) shall be further adjusted due to variations in Ground Conditions actually encountered by the Concessionaire during the performance of the Tunneling Works, in accordance with Section 9.6 (*Variations in Ground Conditions*) of this Concession Agreement.

7. ADJUSTED PERIODIC PAYMENT FOR PARTIAL OPERATION PHASE

The Periodic Payment for Partial Operation Phase, in accordance with Section 4.7.3 (*Base Periodic Payment for Partial Operation Phase - Section of the Highway*) of this

Concession Agreement, shall be linked to the CPI from the Bids Submission Date until the Permit to Operate, in accordance with the provisions of Sections 9 (*Linkage to Indices*).

"**Periodic Payment for Partial Operation Phase Date of Adjustment**" shall mean the date of every Periodic Payment for Partial Operation Phase from the issuance of Interim Permit to Operate for Partial Operation and Maintenance - Section of the Highway.

8. ADJUSTED TOTAL TARGET INCOME

The Total Target Income, in accordance with Section 4.7.2 (*Base Total Target Income*) of this Concession Agreement, shall be linked to the NIS, the CPI, the USD linked to the US CPI, the USD, the Euro Linked to the HICP, the Euro, the IRC, the IPB, the AWI, or a basket of these indices, as specified in Section 8.1 (*Baskets of Indices; Total Target Income*) below, from the Bids Submission Date until the end of the Contract Period, in accordance with the provisions of Sections 8.3 (*Total Target Income Date of Adjustment*), 8.4 (*Adjustment of the Total Target Income; General Provisions*), 9 (*Linkage to Indices*).

8.1. Baskets of Indices; Total Target Income

The baskets of indices applicable for the different adjustment periods of the Base Total Target Income are:

Table 5– Index Adjustment of the Base Total Target Income

The Applicable Period	NIS	CPI	USD Linked to US CPI	USD	Euro Linked to HICP	EURO	IRC	IPB *	AWI **	Total
As of Bids Submission Date and until the date of Financial Closing	_%	_%	_%	_%	_%	_%	_%	_%	N/A	100%
As of Financial Closing date until six (6) months of the beginning of the Construction Phase	_%	_%	_%	_%	_%	_%	_%	_%	N/A	100%
7-12	_%	_%	_%	_%	_%	_%	_%	_%	N/A	100%

The Applicable Period	NIS	CPI	USD Linked to US CPI	USD	Euro Linked to HICP	EURO	IRC	IPB *	AWI **	Total
13-18	_%	_%	_%	_%	_%	_%	_%	_%	N/A	100%
19-24	_%	_%	_%	_%	_%	_%	_%	_%	N/A	100%
25-30	_%	_%	_%	_%	_%	_%	_%	_%	N/A	100%
31 -until the issuance of Interim Permit to Operate for Partial Operation and Maintenance-Section of Highway	_%	_%	_%	_%	_%	_%	_%	_%	N/A	100%
As of the issuance of Interim Permit to Operate for Partial Operation and Maintenance-Section of Highway until Permit to Operate	_%	_%	_%	_%	_%	_%	_%	_%	N/A	100%
The date of Permit to Operate and until the Determining Date [if applicable]	_%	_%	_%	_%	_%	_%	N/A	_%	_%	100%
As of the Determining Date and until the end of the Commercial Operation Phase	_%	_%	_%	_%	_%	_%	N/A	_%	_%	100%

[The weight of each of the NIS, the CPI, the USD linked to the US CPI, the USD, the Euro Linked to the HICP, the Euro, the IRC, the IPB, and the AWI in the baskets of indices shall be as determined by the Concessionaire in Tender Form O (Selected Basket of Indices, Interest Rates Adjustments, Duration of Loans and Determining Date) attached to this Concession Agreement as part of Annex A (The Winning Bid)]. It is hereby clarified that changes to the baskets of indices specified in Tender Form O will not be permitted]

8.2. Adjustments of the Long Term Interest Adjustments of the Base Total Target Income

The long term interest adjustment of the Base Total Target Income will be adjusted according to changes in currencies and in indices, in accordance with the following provisions:

- a. **As of the Bids Submission Date until the Determining Date** - each currency's long term interest adjustment of the Base Total Target Income will be adjusted according to changes in the NIS, USD and Euro, respectively, from the Bids Submission Date until the Determining Date.
- b. **As of the Determining Date and until the end of the Commercial Operation Phase** - in accordance with the basket of indices and currencies indicated with respect to this period in Section 8.1 (*Baskets of Indices; Total Target Income*).

8.3. Total Target Income Date of Adjustment

Calculation of adjustment differences shall be carried out on each of the Total Target Income Dates of Adjustment, based on the basket of indices applicable to each adjustment period in accordance with the provisions of Section 8.1 (*Baskets of Indices; Total Target Income*) and 8.2 (*Adjustments of the Long Term Interest Adjustments of the Base Total Target Income*), and the provisions of Sections 8.4 (*Adjustment of the Total Target Income; General Provisions*), and 9 (*Linkage to Indices*).

"Total Target Income Date of Adjustment" shall mean each of the following:

- a. The date of Financial Closing;
- b. At the Beginning of every Period of Index adjustments in accordance with Table 5 (Index Adjustment of the Base Total Target Income) above.
- c. The Determining Date.
- d. At the last day of each quarter of every Year following the Permit to Operate; it is hereby clarified that even though calculation of the adjustment to the Total Target Income following the Permit to Operate, will be carried out on the last day of each Quarter, such calculation will be subject to the baskets of currencies detailed in Table 5 (Index Adjustment of the Base Total Target Income).

8.4. Adjustment of the Total Target Income ; General Provisions

- a. **Until Permit to Operate.** Until the date of issuance of Permit to Operate; At the Beginning of every Period of Index adjustments, in accordance with Table 5 (Index Adjustment of the Base Total Target Income) above, the Total Target Income (in NIS), based on the percentages set forth in the above table, shall be

adjusted based on the total amount of the Total Target Income (in NIS), as calculated at the end of the previous adjustment period.

- b. **Following Permit to Operate and Until the Determining Date** Following the Permit to Operate the project until the Determining Date, the Total Target Income (in NIS), based on the percentages set forth in the above table, shall be adjusted based on the total amount of the Total Target Income (in NIS), which was set on the date of issuance of Permit to Operate the project pursuant to the provisions of sub-Section (a) above.
- c. **Following the Determining Date.** Following the Determining Date, the Total Target Income (in NIS), based on the percentages set forth in the above table, shall be adjusted based on the total amount of the Total Target Income (in NIS), which was set on the date of issuance of the Permit to Operate, as pursuant to the provisions of sub-Section (b) above.

9. LINKAGE TO INDICES

9.1. Linkage to the CPI, IPB

- a. **Until Permit to Operate.** Until the date of issuance of Permit to Operate; linkage to the CPI shall be based on the ratio of the CPI on the current Construction Grant or Periodic Payment for Partial Operation Phase or Total Target Income (as applicable) Date of Adjustment as compared with the CPI on the last Construction Grant or Periodic Payment for Partial Operation Phase or Total Target Income (as applicable) Date of Adjustment.
- b. **Following Permit to Operate and Until the Determining Date.** Following the issuance of Permit to Operate and Until the Determining Date; linkage to the CPI shall be based on the ratio of the CPI on the current Total Target Income Date of Adjustment as compared with the Permit to Operate CPI.
- c. **Following the Determining Date.** Following the Determining Date, linkage to the CPI shall be based on the ratio of the CPI on the current Total Target Income Date of Adjustment as compared with the Determining Date CPI.
- d. **Linkage to IPB.** Linkage to the IPB will be in accordance with the provisions of sub-Sections (a) - (c) above, *mutatis mutandis*.

9.2. Linkage to the IRC

Until Permit to Operate. Until the date of issuance of Permit to Operate; linkage to the IRC shall be based on the ratio of the IRC on the current Construction Grant or Total Target Income (as applicable) Date of Adjustment as compared with the IRC on the last Construction Grant or Total Target Income (as applicable) Date of Adjustment.

9.3. Linkage to the AWI

- a. **Following Permit to Operate and Until the Determining Date.** Following the issuance of Permit to Operate and until the Determining Date; linkage to the AWI shall be based on the ratio of the AWI on the current Total Target Income Date of Adjustment as compared with the Permit to Operate AWI.
- b. **Following the Determining Date.** Following the Determining Date, linkage to the AWI shall be based on the ratio of the AWI on the current Total Target Income Date of Adjustment as compared with the Determining Date AWI.

9.4. Linkage to the USD and Euro

- a. **Until Permit to Operate.** Until the date of issuance of Permit to Operate; linkage to the USD shall be based on the ratio of the Official USD Exchange Rate on the current Construction Grant or Total Target Income (as applicable) Date of Adjustment as compared with the Official USD Exchange Rate, on the last Construction Grant or Total Target Income (as applicable) Date of Adjustment.
- b. **Following Permit to Operate and Until the Determining Date.** Following the issuance of Permit to Operate and until the Determining Date; linkage to the USD shall be based on the ratio of the Official USD Exchange Rate on the current Total Target Income Date of Adjustment as compared with the Permit to Operate Official USD Exchange Rate.
- c. **Following the Determining Date.** Following the Determining Date, linkage to the USD shall be based on the ratio of the USD on the current Total Target Income Date of Adjustment as compared with the Determining Date USD.
- d. **Linkage to the Euro.** Linkage to the Euro will be in accordance with the provisions of sub-Sections (a) - (c) above, *mutatis mutandis*.

9.5. Linkage to the USD Linked to US CPI and Euro Linked to HICP

- a. **Linkage to the USD Linked to US CPI; Until Permit to Operate.** Until the date of issuance of Permit to Operate; linkage to the USD Linked to US CPI shall be based on (1) the ratio of the Official USD Exchange Rate on the current Construction Grant or Total Target Income (as applicable) Date of Adjustment as compared with the USD Exchange Rate on the last Construction Grant or Total Target Income (as applicable) Date of Adjustment; multiplied by (2) the ratio of the US CPI on the current Construction Grant or Total Target Income (as applicable) Date of Adjustment as compared with the US CPI on the last Construction Grant or Total Target Income (as applicable) Date of Adjustment;
- b. **Linkage to the USD Linked to US CPI; Following Permit to Operate and Until the Determining Date.** Following the date of issuance of Permit to

Operate and until the Determining Date; linkage to the USD Linked to US CPI shall be based on (i) the ratio of the Official USD Exchange Rate on the current Total Target Income Date of Adjustment as compared with the Permit to Operate Official USD Exchange Rate; multiplied by (ii) the ratio of the US CPI on the current Total Target Income Date of Adjustment as compared with the Permit to Operate US CPI.

- c. **Linkage to USD Linked to US CPI; Following the Determining Date.** Following the Determining Date, linkage to the USD Linked to US CPI shall be based on (i) the ratio of the Official USD Exchange Rate on the current Construction Grant or Total Target Income (as applicable) Date of Adjustment as compared with the Determining Date Official USD Exchange Rate; multiplied by (ii) the ratio of the US CPI on the current Construction Grant or Total Target Income (as applicable) Date of Adjustment as compared with the Determining Date US CPI.
- d. **Linkage to the Euro Linked to HICP.** Linkage to the Euro Linked to HICP will be in accordance with the provisions of sub-Sections (a) - (c) above, *mutatis mutandis*.

10. ADJUSTED PAYMENTS; OFFICIAL RATES

10.1. Index Rates

10.1.1. Bids Submission Date Rates

The following are the official rates for all required currencies and indices, true to the Bids Submission Date:

<u>Indices/Currency</u>	<u>Rates*</u>
Base CPI	
Base IPB	
Base IRC	
Base US CPI	
Base HICP	
Base Official USD Exchange Rate	
Base Official Euro Exchange Rate	

All, referred to as the "**Bids Submission Date Rates**".

[the Bids Submission Rates to be completed prior to the Signature Date, in accordance with the Tender Committee' notice issued pursuant to the provisions of Section 1 of Tender Form O (Selected Basket of Indices, Interest Rates Adjustments, Duration of Loans and Determining Date) attached to this Concession Agreement as part of Annex A (The Winning Bid)]*

10.1.2. Permit to Operate Rates

The official rates for all required currencies and indices, true to the date of the issuance of the Permit to Operate, shall be notified to the Concessionaire by a notice to be issued by the Implementing Authority.

10.1.3. Determining Date Rates

The official rates for all required currencies and indices, true to the Determining Date, shall be notified to the Concessionaire by a notice to be issued by the Implementing Authority.

10.2. Change to the Indices

In the event that either of the following will occur, and will necessitate the replacement of any of the indices stated in Sections 6 (*Adjusted Construction Grant*) or 8 (*Adjusted Total Target Income*), the Implementing Authority and the Concessionaire shall be entitled to determine by mutual consent, the new indices to be used:

- a. a modification of general application in the indices referred to in Sections 6 (*Adjusted Construction Grant*), or 8 (*Adjusted Total Target Income*);
- b. in the event any of the indices referred to in Sections 6 (*Adjusted Construction Grant*) or 8 (*Adjusted Total Target Income*) will cease to exist or become unavailable.