

APPENDIX D2

PAYMENT PROCEDURE

1. Issuance of a Pro Forma Invoice

Within ten (10) days following:

- a. The Interim Permit to Operate for Partial Operation and Maintenance - Section of the Highway;
- b. The end of each quarter of a Year following the Interim Permit to Operate for Partial Operation and Maintenance - Section of the Highway until the Permit to Operate;
- c. The Permit to Operate;
- d. The end of each quarter of a Year following the Permit to Operate until the end of the Concession;
- e. The Determining Date

The Concessionaire shall issue a pro forma invoice and shall submit it to the Implementing Authority. The pro forma invoice shall include the following data:

- a. The Actual State Periodic Payment (ASPP)
- b. The Construction Grant
- c. The Toll Revenue Guarantee (TRG) in accordance with Section 4 (*Calculation of the Toll Revenue Guarantee*) Appendix D1 (*Toll Revenue Guarantee*);
- d. The Enforcement Payments which have been collected;
- e. Deducting, for the Non-Availability Events, in accordance with Appendix N (*Availability Mechanism*):
- f. Deducting, for the Quality Events, in accordance with Volume 12 (*Operation and Maintenance*);
- g. Any Deferred Payment the Concessionaire was requested to pay the Implementing Authority during such Period;
- h. Deducting, to the extent applicable during the period prior to the relevant payment: (i) any Liquidated Damages for Delay; and accompanied by a detailed and itemized billing statement including the applicable records indicating the Liquidated Damages thereof (ii) any other deductions stipulated elsewhere in the Contract Documents, including withheld sums.
- i. Adding any compensation payments due to be paid to the Concessionaire in accordance with the Contract Documents, including any released amounts of any withheld sums, if such release is due to the Concessionaire.

All pro forma invoices shall include supporting documentation evidencing the details of (a)-(g) above during the applicable period, in accordance with the following:

- a. Following the Interim Permit to Operate for Partial Operation and Maintenance - Section of the Highway - until the Permit to Operate:
 - i. The first Periodic Payment for Partial Operation and Maintenance Phase based on the period of time between the Interim Permit to Operate for Partial Operation and Maintenance - sections of the Highway, until the end of the quarter of the Year.
 - ii. The following Periodic Payments for Partial Operation and Maintenance Phase based on the end of the quarter of a Year until the Permit to Operate;
- b. Following the Permit to Operate until the end of the Commercial Operation Phase:
 - i. The first Actual State Periodic Payment based on the period of time between the Permit to Operate until the end of the quarter of a Year.
 - ii. The following Actual State Periodic Payments based on the end of the quarter of a Year until the end of the Commercial Operation Phase;

2. Approval of the Pro forma Invoice by the Implementing Authority

- a. Pro forma Invoices shall be reviewed by the Implementing Authority. Approval of a Pro forma Invoice or comments on it shall be notified by the Implementing Authority to the Concessionaire as soon as is reasonably practicable and in any event no later than fifteen (15) days following receipt of the Pro forma Invoice by the Implementing Authority.
- b. If the Implementing Authority approves a Pro forma Invoice, the Concessionaire shall issue an invoice for payment ("**Invoice for Payment**") and submit it to the Implementing Authority.
- c. If the Implementing Authority comments on a pro forma invoice, the Concessionaire shall issue an amended pro forma invoice incorporating all the comments and submit it to the Implementing Authority, and the provisions of subsections a-b above shall apply with respect to the amended pro forma invoice.
- d. All sums payable pursuant to an Invoice for Payment shall be paid by the Implementing Authority to the Concessionaire within no later than thirty (30) days following receipt of the Invoice for Payment, the amended Invoice for Payment, if so required by the Implementing Authority (and subject to its amendment in a satisfactory manner enabling its approval, within such time frame).
- e. In the event of rejection of a pro forma invoice or disagreement or challenge of the pro forma Invoice or any part thereof, by either Party, the Implementing Authority shall pay the undisputed portion of the Invoice (if any), subject to a later settlement of the dispute in accordance with the provisions of this Concession Agreement.

- f. The undisputed portion of the Pro forma Invoice shall be paid by the Implementing Authority to the Concessionaire, within thirty (30) days following receipt by the Implementing Authority of the Invoice for Payment carrying the amount of the undisputed portion.

2.1. Payment Procedures

- a. Should the Implementing Authority fail to pay the sums payable pursuant to an Invoice for Payment or the undisputed portion of the Invoice within thirty (30) days following receipt by the Implementing Authority of the Invoice for Payment or the Invoice then, without prejudice to the Concessionaire exercising any other rights or remedies under this Concession Agreement, interest shall accrue on the amount due from the due date until payment thereof at the then current Accountant General Interest.
- b. Amounts paid by the Implementing Authority to the Concessionaire in excess shall be paid back by the Concessionaire to the Implementing Authority. Interest shall accrue on such amounts due from the date of payment thereof by the Implementing Authority until repayment thereof by the Concessionaire at the Accountant General Interest applicable at the time.
- c. The Implementing Authority reserves the right to request that Invoices for Payment are issued in the name of Cross- Israel Highway Company, on behalf of the State of Israel, this, without derogating from the Concessionaire's rights under the Concession Agreement.

2.2. Currencies of Payments

Any part of the Payments, payable in NIS, shall be paid to the Concessionaire's Bank Account in Israel. Any part of the Payments, payable in foreign currencies, shall be paid to the Bank Account of the Concessionaire either outside of Israel or in Israel, at the request of the Concessionaire

- a. Construction Grant: The Construction Grant will be adjusted in accordance with the provisions of Section 6 (*Adjusted Construction Grant*) of Appendix D (*Adjustment of the Payments*) relating to the period following Financial Closing; the Construction Grant shall be made in NIS, USD or Euro, or a basket of these currencies, based on the baskets of indices set forth in Section 6.1 (*Baskets of Indices; Construction Grant*) of Appendix D (*Adjustment of the Payments*).

The amount of the payment in USD and Euro shall be calculated based on the amount in NIS of the Construction Grant as adjusted in accordance with Section 9.5 (*Linkage to the USD Linked to US CPI and Euro Linked to the HICP*) of Appendix D (*Adjustment of the Payments*), based on the relevant Official Exchange Rate known of the last day of the applicable Period.

- b. Actual State Periodic Payment: The Actual State Periodic Payment will be calculated in accordance with the provisions of Section 4.7.6 (*Actual State Periodic Payment*) of the Concession Agreement relating to the period following the issuance of Permit to Operate; the Actual State Periodic Payment shall be made in NIS, USD or Euro, or a basket of these currencies, based on the baskets

of indices set forth in Section 8.1 (*Baskets of Indices; Total Target Income*) of Appendix D (*Adjustment of the Payments*).

The amount of the payment in USD and Euro shall be calculated based on the amount in NIS of the Adjusted Total Target Income as adjusted in accordance with Section 9.5 (*Linkage to the USD Linked to US CPI and Euro Linked to the HICP*) of Appendix D (*Adjustment of the Payments*), based on the relevant Official Exchange Rate known on the last day of the applicable Period, and multiplied by the ratio between the relevant Actual State Payment and the relevant Adjusted Total Target Income.

- c. Periodic Payment for Partial Operation and Maintenance Phase: The Periodic Payment for Partial Operation and Maintenance Phase will be paid in NIS, in accordance with Sections 7 (*Adjusted Periodic Payment for Partial Operation Phase*) and 9.1 a. (*Linkage to the CPI, IPB*) of Appendix D (*Adjustment of the Payments*).
- d. One-off Payment: The One-off Payment will be adjusted in accordance with the provisions of Section 5 (*Adjusted One-off Payment*) of Appendix D (*Adjustment of the Payments*) relating to the period following Financial Closing; the One-off Payment shall be made in NIS, USD or Euro, or a basket of these currencies, based on the baskets of indices set forth in Section 5 (*Adjusted One-off Payment*) of Appendix D (*Adjustment of the Payments*).

The amount of the payment in USD and Euro shall be calculated based on the amount in NIS of the One-off Payment as adjusted in accordance with Section 5 (*Adjusted One-off Payment*) of Appendix D (*Adjustment of the Payments*), based on the relevant Official Exchange Rate known on the date of issuance of the Determining Date.

3. Right to Offset

- a. The Implementing Authority shall be entitled to offset any sum, amount, payment, damages or debt which it is entitled to receive or to withhold from the Concessionaire with respect to the Project pursuant to this Concession Agreement, from any payment due to the Concessionaire under this Concession Agreement. Prior written notice of the intended offset will be provided by the Implementing Authority to the Concessionaire.
- b. The Concessionaire shall not be entitled to offset any payment which it is entitled to receive from the State or the Implementing Authority from any payment due to the State by the Concessionaire under this Concession Agreement, nor under any other agreement, or under any Law.