

APPENDIX H

TERMS FOR THE ASSUMPTION OF BALANCE OF SENIOR DEBT

[Note: This Appendix will be executed between the State and the Senior Debt Finance Providers on the date of Financial Closing]

1. DEFINITIONS

All terms used in this Appendix shall have the definitions ascribed to them herein:

- "Assumption Base Interest Rate"** Shall mean:
- (i) The Reference CPI Long Term Interest Rate, the Reference Nominal Long Term Interest Rate, the Reference USD Long Term Interest Rate, the Reference Euro Long Term Interest Rate, 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, the Reference Bank of Israel Interest Rate, the Reference LIBOR USD Rate, the Reference EURIBOR Rate (as applicable, all as such terms are defined under the Concession Agreement);

or

 - (ii) In the event of a reset of the interest rate under the Senior Debt Financing Agreements – the Long Term CPI Interest Rate, the Long Term Nominal Interest Rate, the Long Term USD Interest Rate or the Long Term Euro Interest Rate (as applicable, all as such terms are defined under the Concession Agreement), calculated on the Reset Date as such term is defined under the Concession Agreement
- "Assumed Debt"** Shall have the meaning ascribed thereto in Section 2 (*Assumed Debt*) of this Appendix H (*Terms for the Assumption of Balance of Senior Debt*).
- "Business Day"** Any day (other than Friday, Saturday or Sunday), on which banks are open for business in London and Tel-Aviv.

"Concession Agreement"	Shall mean the agreement between the Government of Israel on behalf of the State of Israel, represented by the Accountant General of the State of Israel, and between the Concessionaire, dated _____, including all Contract Documents (as defined therein), as amended from time to time.
"Concessionaire"	Shall have the meaning ascribed thereto in the Concession Agreement.
"Determining Date"	Shall have the meaning ascribed thereto in the Concession Agreement.
"Interest Period"	Shall mean each period of one (1) quarter, provided that no Interest Period may extend beyond the last Repayment Date.
Notice of Termination	Shall have the meaning ascribed thereto in the Concession Agreement.
"Prepayment Date"	Shall have the meaning ascribed thereto in Section 3 (<i>Repayment</i>) of this Appendix H (<i>Terms for the Assumption of Senior Debt</i>).
"Prepayment Interest Rate"	The Long Term CPI Interest Rate, the Long Term Nominal Interest Rate, the Long Term USD Interest Rate, the Long Term Euro Interest Rate, the Short Term Nominal Interest Rate, the Short Term CPI Interest Rate, the Short Term USD Interest Rate, the Short Term Euro Interest Rate (as applicable, all such terms as defined under the Concession Agreement), on the Prepayment Date
"Repayment Date"	Shall have the meaning ascribed thereto in Section 3 (<i>Repayment</i>) of this Appendix H (<i>Terms for the Assumption of Senior Debt</i>).
"Repayment Schedule"	Shall have the meaning ascribed thereto in Section 3 (<i>Repayment</i>) of this Appendix H (<i>Terms for the Assumption of Senior Debt</i>).
"Senior Agent"	Shall have the meaning ascribed thereto in the Senior Debt Financing Agreements.
"Senior Debt Financing Agreements"	Shall have the meaning ascribed thereto in the Concession Agreement.
"State"	Shall have the meaning ascribed thereto in the Concession Agreement

"Termination Date" Shall mean the date of entry into force of the Notice of Termination.

"Transferee" Shall have the meaning ascribed thereto in Section 8 (*Transfer and Assignment*) of this Appendix H (*Terms for the Assumption of Senior Debt*).

2. ASSUMED DEBT

In the event the State shall decide, at its sole discretion, to assume the Senior Debt, all in accordance with the provisions of the Concession Agreement and subject to the terms and conditions therein, the State shall be liable for the repayment of the amount assumed by the State thereunder (the "**Assumed Debt**").

Notwithstanding anything to the contrary in the Senior Debt Financing Agreements, repayment of the Assumed Debt by the State shall be made in accordance with the provisions of this Appendix H (*Terms for the Assumption of Senior Debt*).

3. REPAYMENT

- a. The State shall repay the Assumed Debt by consecutive repayment installments on the dates and in amounts stated in the Repayment Schedule.
- b. The repayment schedule of the Assumed Debt, shall be the repayment schedule under the Senior Debt Financing Agreements, adjusted to reflect the changes made to the interest rate to be paid by the State on the Assumed Debt in accordance with the terms of this Appendix H (*Terms for the Assumption of Senior Debt*). The first Repayment Date shall occur sixty (60) days following the Termination Date ("**Repayment Schedule**").
- c. On each repayment date set forth in the Repayment Schedule ("**Repayment Date**"), the State shall transfer the amount to be repaid to the Senior Debt Finance Providers bank account as set forth in Section 7 (*Terms of Payment*) below.
- d. If a Repayment Date is not a Business Day, the due date for such payment shall be the immediately succeeding Business Day. In such event, the interest shall be calculated based on actual repayment date and not on the original Repayment Date.

4. INTEREST

4.1. Annual Interest Rate

The annual rate of interest applicable to the Assumed Debt as of the Termination Date shall be the Assumption Base Interest Rate plus:

- a. zero point six percent (0.6%) - In the event that the State shall assume the Assumed Debt pursuant to the provisions of Section 18.6.2 b) (*Termination Due to Force Majeure - Compensation; Assumption of Balance of Senior Debt*) of the Concession Agreement; or
- b. zero point five percent (0.5%) - In the event that the State shall assume the Assumed Debt pursuant to the provisions of Section 19.5 (*Termination by the State - Assumption of Balance of Senior Debt*) of the Concession Agreement; or
- c. one percent (1%) - In the event that the State shall assume the Assumed Debt pursuant to the provisions of Section 20.5 (*Termination by Concessionaire - Assumption of Balance of Senior Debt*) and Section 16.3.2 (*Compensation for Termination for Convenience*) of the Concession Agreement.

4.2. Interest Dates

- a. The State shall pay interest on each Repayment Date.
- b. Interest shall accrue on a quarterly basis. The effective annual interest rate applicable to each Interest Period shall be calculated on the basis of the following formula:

$$I_e = (1 + i/4)^4 - 1$$

Where:

“i” - the annual interest rate calculated pursuant to Section 4.1 (*Annual Interest Rate*) above;

“I_e” - the effective annual interest rate

5. LINKAGE

5.1. Linkage to CPI

The NIS amount of the Assumed Debt and the interest thereon shall be linked to the CPI, in accordance with the following:

- a. For the purposes of this Appendix H (*Terms for the Assumption of Senior Debt*), the "**Base Index**" shall be equal to the CPI known on the Termination Date.
- b. If the known CPI on any Repayment Date ("**New Index**"), changed in comparison to the Base Index, then, to the relevant amount paid on such Prepayment Date shall be added or deducted, by an amount equal to that amount multiplied by the difference between the New Index and the Base Index and divided by the Base Index;

5.2. Linkage to Other Currencies

As of the Termination Date until any applicable Repayment Date, the pro-rated parts of the US Dollar and/or Euro, as the case may be, in the Assumed Debt, and the interest thereon, shall be linked to the applicable linkage indicators specified in the Senior Debt Financing Agreements.

6. VOLUNTARY PREPAYMENT

- a. The State may, at any time, prepay all or any part of the Assumed Debt, subject to a prior notice in accordance with sub-Section (e) below.
- b. The prepayment date shall be the Repayment Date immediately following the date of issuance of the notice in accordance with sub-Section (e) below ("**Prepayment Date**").
- c. The prepayment amount shall be in multiples of five hundred thousand NIS (NIS 500,000).
- d. In the event of voluntary prepayment of the Assumed Debt, the State will add only the Make-whole Payment.

The Make-whole Payment will be payable only if the prepayment Interest Rate on the voluntary prepayment date is lower than the Assumption Base Interest Rate shall be calculated as follows:

$$MW = \sum_{t=1}^T \frac{ER_t}{\prod_{i=1}^t \left(1 + \frac{R + M_i - P}{4} \right)} - OD$$

Where:

MW = the Make-whole Payment

ER_t= the expected quarterly repayment of the principal and interest in accordance with the repayment schedule of the Assumed Debt on the Prepayment Date, during period "t" (where ER₁ is the first expected quarterly repayment under the Assumed Debt as of the Prepayment Date).

R = the Long Term CPI Interest Rate, the Long Term Nominal Interest Rate, the Long Term USD Interest Rate, the Long Term Euro Interest Rate, the Short Term Nominal Interest Rate, the Short Term CPI Interest Rate, the Short Term USD Interest Rate, the Short Term Euro Interest Rate (as applicable, all such terms as defined under the Concession Agreement), valid on the Prepayment Date.

M_i= the applicable margin under Assumed Debt.

P = either:

0% - in the event of termination of the Concession Agreement pursuant to Section 18.6.2 (*Termination Due to Force Majeure - Compensation; Assumption of Balance of Senior Debt*);

or

0.5% - in the event of termination of the Concession Agreement pursuant to Sections 20.5 (*Termination by the Concessionaire - Assumption of Balance of Senior Debt*) or 16.3.2 (*Compensation for Termination for Convenience*).

T = the number of remaining quarters "t" until prepayment of the Assumed Debt as of the last repayment made prior to the Prepayment Date.

OD = the outstanding Assumed Debt on the Prepayment Date.

The provisions of this sub-Section (d) will apply *mutatis mutandis*, with respect to any partial voluntary repayment made by the State pursuant to this Appendix H (*Terms for the Assumption of Senior Debt*).

- e. The State shall give a written notice to the Senior Debt Finance Providers at least twenty one (21) days prior to the Prepayment Date and shall specify: (i) the aggregate principal amount of the Assumed Debt subject to the prepayment; (ii) the interest thereon to be paid on the Prepayment Date; (iii) the State's best estimate of the linkage differentials calculated pursuant to the provisions of Section 5 (*Linkage*); and (iv) State's best estimate of the Make-whole Payment due in connection with the prepayment calculated as if the date of such notice was the Prepayment Date. The notice shall be irrevocable.
- f. For the removal of doubt, in the event of termination of the Concession Agreement pursuant to the provisions of Section 19.5 (*Termination by the State – Assumption of Balance of Senior Debt*) of the Concession Agreement, the State shall not be required to pay any prepayment premium, make-whole amount, penalty, early repayment charge or similar payment required to be paid under a Senior Debt Financing Agreement.

7. TERMS OF PAYMENT

7.1. Place

Payments under this Appendix H (*Terms for the Assumption of Senior Debt*) shall be made to the following account, or to any other account with respect to which the Senior Debt Finance Providers have provided the State with a prior written notice:

7.2. Time of Settlement

Payments under this Appendix H (*Terms for the Assumption of Senior Debt*) shall be made for value by no later than 13:00 pm on the Repayment Date.

7.3. Currency

Payments under this Appendix H (*Terms for the Assumption of Senior Debt*) shall be made in NIS, US Dollar or Euro, or a basket of these currencies. The weight of each of the NIS, US Dollar or Euro in the basket of currencies shall be equal to the weight thereof in the Assumed Deb.

7.4. Default Interest

If the State fails to pay any amount due under this Appendix H (*Terms for the Assumption of Senior Debt*), it shall pay interest on the overdue amount, from due date until actual payment date, at a rate which is zero point five (0.5%) per annum above the applicable interest rate specified in Section 4.1 (*Annual Interest Rate*).

For the purposes of this section, any amount due by the State shall be deemed overdue (i) immediately following a Repayment Date (if the Repayment Scheduled for such Repayment Date was not met); or (ii) in the event of any other payments 14 days following a receipt of demand for payment sent by the Senior Debt Finance Providers (if the payment requirement was not met).

8. TRANSFER AND ASSIGNMENT

8.1. Transfer and Assignment; General Requirements

A Senior Debt Finance Provider shall be entitled to transfer or assign its rights, benefits and obligations under this Appendix H (*Terms for the Assumption of Senior Debt*) following receipt of the prior written approval of the State.

8.2. Permitted Transfer and Assignment

- a. Notwithstanding the Concession Agreement provisions and instructions with respect to the submission of the Project Agreements and any amendments thereof for Approval by the State, in the event that all of the following cumulative conditions are met, a transfer by a Senior Debt Finance Provider of its rights and obligations pursuant to the Senior Debt Financing Agreements, shall be notified to the State at least thirty (30) days prior to the designated date of transfer, but shall not be subject to the prior approval of the State:
 - (i) the transferred amount shall be of at least ten million NIS (NIS 10,000,000);
 - (ii) the transferee is a financial institution;
 - (iii) during the Availability Period (as such term is defined under the Senior Debt Financing Agreements):
 - (a) the transferee's long term unsecured debt is rated A- international rating; **or**
 - (b) AA- Israeli rating; **or**
 - (c) the transferee is listed in a list to be approved by the State, at the request of the Concessionaire, in advance for the duration of the Availability Period **and** its long term unsecured debt rating has not fallen below its rating at the date of approval of the list;
 - (iv) the transferee is neither incorporated in nor is a citizen of a state with whom the State does not have diplomatic relations;
 - (v) the Senior Debt Finance Provider has made available to the Concessionaire all amounts which it was obligated to make available to the Concessionaire pursuant to the Financing Agreement(s) prior to the designated date of transfer;
 - (vi) the transfer is permitted under the Senior Debt Financing Agreements;

- (vii) the transfer does not entail any further amendments or changes to the Senior Debt Financing Agreements, and does not constitute Refinance (excluding a mere transfer or syndication pursuant to this Section 8.2 (*Permitted Transfer and Assignment*));
- b. In the event of a transfer by the Agent (as such term is defined under the Senior Debt Financing Agreements) - subject to the approval of the State, it may be replaced by an Agent having experience, during the three (3) years preceding the purported replacement, as an agent for long term senior debt financing agreements of BOT/PFI infrastructure projects of a similar scope to this Project.
- c. Notwithstanding the provisions of the Concession Agreement with respect to the submission of Project Agreements and amendments thereof for the Approval of the State, in the event that the following conditions are met, a transfer by a Senior Debt Finance Provider of its rights and obligations pursuant to the Senior Debt Financing Agreements to any Pension Fund or other persons listed in Sections (2)-(4) of the 1st Schedule to the Securities Law, 1968 (for the purpose of Section 15 (a) (b) (1) thereof) (each a "**Transferee**"), shall be notified to the State at least thirty (30) days prior to the designated date of transfer, but shall not be subject to the prior approval of the State:
 - (i) the Transferee is licensed to practice business in Israel and is registered in Israel;
 - (ii) the assumption by the Transferee of such rights, benefits and obligations is not in violation of any law or regulation applicable to the Transferee;
 - (iii) the Transferee is neither incorporated in nor is a citizen of a state with whom the State does not have diplomatic relations;
 - (iv) the Senior Debt Finance Provider has made available to the Concessionaire all amounts which it was obligated to make available to the Concessionaire pursuant to the Financing Agreement(s) prior to the designated date of transfer;
 - (v) the transfer is permitted under the Senior Debt Financing Agreements;
 - (vi) the transfer does not entail any further amendment or change to the Senior Debt Financing Agreements, and does not constitute Refinance (excluding a mere transfer or syndication pursuant to this Section 8.2 (*Permitted Transfer and Assignment*));