

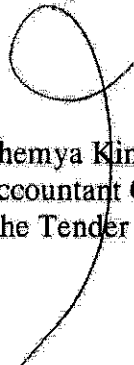
October 31, 2017

[All Participants]

Re: Invitation for Pre-Qualification in relation to the Participation in a Tender
For the Jerusalem "J-Net"
Addendum No. 7

1. Pursuant to the Invitation issued on April 9th, 2017, and in accordance with the provisions thereof, the attention of all Participants is drawn to the following clarifications and answers to questions regarding the Invitation.
2. In accordance with the provisions of the Invitation, you are kindly requested to acknowledge receipt of this Addendum, no later than 2 days following receipt thereof via email reply.

Respectfully Yours,



Nechemya Kind
Deputy Accountant General
Chairman of the Tender Committee

CC: Members of the Tender Committee



**ADDENDUM NO. 7
AMENDMENTS, CLARIFICATIONS AND
MODIFICATIONS TO THE INVITATION**

1.		The attention of the Participants is drawn to the updated Invitation and Pre-Qualification Forms which includes the amendments referenced herein below.	
2.		<p>The Participants are advised, that further to clarification no. 27 of Addendum no. 2, unless the Tender Committee receives formal notices from the representatives of the two major rolling stock manufacturers that their negotiations with respect to a merger between them will not be resumed, the two major rolling stock manufacturers shall not be entitled to participate in separate Bidders (groups) for the purpose of submitting a bid in the Tender Process.</p> <p>Nothing in the foregoing shall derogate from the provisions of any applicable law or shall constitute an opinion of the Tender Committee with respect to restrictions under applicable Law applying to companies in the process of a merger.</p>	General
3.	<p>Q: The Tender Committee was requested to clarify that the words "Contract Value" refer either to: (i) the payments paid with respect to the referenced contract, to the Experience Provider (if it actually executed the applicable project); or (ii) if the Experience Provider relies on a certain Entity with respect to a specific project (in accordance with the provisions of the Invitation), the payments paid to such Entity.</p> <p>A: The Tender Committee so clarifies. The attention of the Participants is drawn to the amendments introduced hereby to the provisions of definition of "Contract Value".</p>		Section 1.1 (Definitions) definition of "Contract Value" and Section 6.1B
4.	<p>Q: The Tender Committee was requested to clarify that with respect to the provisions of the Pre-Qualification Requirement specified in Section 5.4 (Securing Finance for an Infrastructure Project), "Substantially the Same Percentage of Holdings", shall include holdings that are higher than 10% above the holdings (X+10)% (e.g. if entity₁ holds X% in fund manager₁, it shall not hold less than (X-10)% in any other fund manager or general partner presented but may hold more than (X+10)% in any other fund manager or general partner.</p> <p>A: The Tender Committee rejects the request.</p>		Section 1.1 (Definitions) definition of "Substantially the Same Percentage of Holdings" (as part of the definition of "General Partner" or "Fund Manager")
5.	<p>Q: The Tender Committee was requested to amend the provisions of the Section so that: (i) the service agreement may be executed by an Entity in which the Operator holds at least 75% of all Means of Control (directly or indirectly); or (ii) the service agreement can be executed by an SPV comprised of the Operator and another Entity provided that both Entities are jointly and severally liable for all obligations pursuant to the service agreement.</p> <p>A: The Tender Committee confirms that the service agreement may be executed by an SPV in which the Operator Effectively hold at least 75% of all Means of Control (directly or indirectly), provided that the Operator and the other Entity which holds Means of Control in the SPV are jointly and severally liable for all obligations pursuant to the service</p>		Section 1.5.4.2 (The Tender Process; and Expected Requirements)

		agreement. The attention of the Participants is drawn to the amendments introduced hereby to the provisions of Section .1.5.4.2.	
6.	<p>Q: The Tender Committee was requested to clarify that if an Entity has existing engagements with advisors listed in Annex 2 to the Invitation, for purposes which are not connected to the Pre-Qualification Process, the Tender Process or the Project (the "Existing Unconnected Engagements"), it is sufficient to provide details with respect to such Existing Unconnected Engagements within the Pre-Qualification Submission (within Pre-Qualification Form 3 or Pre-Qualification Form 5 (as applicable)), and that no further notice or approval is required with respect to such Existing Unconnected Engagements.</p> <p>A: The Tender Committee rejects the request.</p>		Section 2.14 (Advisors to the Tender Committee)
7.	<p>Q: The Tender Committee was requested to confirm that if a limited liability partnership is incorporated prior to the Pre-Qualification Submission Date for the purpose of the Project, then for the purpose of demonstrating compliance with the Pre-Qualification Requirements, such partnership will be transparent and all of its partners will be deemed Members for all intents and purposes other than with respect to the restriction on the number of Members in the Participant (for which the new partnership shall be deemed as the Member).</p> <p>A: The Tender Committee rejects the request. The Tender Committee clarifies that such partnership may rely on only one of its partners as a Guarantor.</p>		Section 3.2.2 (Members of the Participant)
8.	<p>Q: The Tender Committee was requested to amend the provisions of the referenced Sections, so that the statements stipulated in the Sections shall be submitted during the Tender Process (instead of as part of the Pre-Qualification Submission).</p> <p>A: The Tender Committee rejects the request.</p>		Sections 3.5.7 and 3.5.8 (Participation – General Requirements)
9.	<p>The Participants are advised that:</p> <ol style="list-style-type: none"> 1. Pursuant to the provisions of Section 3.10 of the Invitation (Promotion of Competition and Reduction of Concentration Law, 2013) (the "Competition Law"), the Tender Committee approached the applicable committee pursuant to the Competition Law and provided the information included in the Preliminary Information Notice received from the relevant Entities. 2. The applicable committee notified the Tender Committee of its intention to provide its opinion with respect to two Entities (Electra and Shikun & Binui), in connection with the provisions of section 5 to the Competition Law by no later than December 8, 2017. The Tender Committee shall update the Participants following receipt of such opinion. 		Section 3.10 (Promotion of Competition and Reduction of Concentration Law, 2013)

		<p>3. In addition, questions were raised with respect of industry competition, inter alia with respect to the relationship between the future LRT operator and the operator of public buses in Jerusalem. The Antitrust Authority informed the Tender Committee that, pursuant to the provisions of sections 11 and 12 to the Competition Law, it intends to provide its opinion with respect of the foregoing, however, such opinion cannot be provided, at this time, as certain decisions have not been reached (yet), including, inter alia, with respect to the level of competition which is expected between the J-Net and the public bus alignment and that the opinion will be provided within ninety (90) days following: (a) review of the final Tender Documents; or (b) the receipt of the Tender Committees decisions which respect of the foregoing.</p>	
10.	<p>Q: The Tender Committee was requested to amend the provisions of the Section so that only two (2) of the referenced projects will be required to consist of not less than twelve (12) km of Routes (each) and that the remaining km of Routes, may be presented by multiple projects which may consist of less than twelve (12) km of Routes (each); provided however, that cumulatively all referenced projects shall be at least thirty-six (36) km of Routes.</p> <p>A: The Tender Committee accepts the request. The attention of the Participants is drawn to the amendments introduced hereby to the provisions of Section 4.1.1.</p>	<p>Section 4.1 (Experience in the Design and Construction of Systems)</p>	
11.	<p>Q: The Tender Committee is requested to clarify that two (2) Networks that comply with the following shall be considered as a single Network for the purposes of demonstrating compliance with the requirements of Section 4.6.1 to the Invitation:</p> <ul style="list-style-type: none"> (a) Each Network is operated by an SPV in which the designated Experience Provider's holdings (directly) exceed 24% and the holding structure of both SPVs are substantially the same; (b) both SPVs share the same management and board of directors; (c) both Networks share the same functions, technologies and equipment as well as a single customer service system and website; (d) both Networks are operated in the same urban environment; and (e) the SPVs of both Networks have executed a contract with the same client. <p>A: The Tender Committee accepts the request.</p>	<p>Section 4.6 (Operation Experience)</p>	
12.	<p>Q: The Tender Committee was requested to amend the provisions of this Section so that the required number of years of Operation may be reduced if the size of the Networks presented is larger than that referenced in the Section.</p>	<p>Section 4.6 (Operation Experience)</p>	

	A:	The Tender Committee rejects the request.	
13.	Q:	The Tender Committee was requested to clarify that the required amount of twenty-five million (25,000,000) passengers from LRT Lines and Metro Lines, represents an annual average since 2013, with a standard deviation of 10%.	Section 4.6.3 (Operation Experience)
	A:	The attention of the Participants is drawn to the amendments introduced hereby to the Section 4.6.3 (Operating Experience).	
14.	Q:	The Tender Committee was requested to clarify that if a Member and/or a Guarantor has been incorporated only in 2016, then such Member and/or Guarantor will be required to submit only its 2016 Financial Statement and that, accordingly, it should fill in the words “zero (0)” with regard to financial parameters of previous years (i.e. prior to 2016) in Pre-Qualification Form “13”.	Section 5.8 (Content and Submission Form)
	A:	The Tender Committee clarifies that such is the case only with respect of Members who are Financial Entities (and therefore, the requirements of Sections 5.1-5.3 are not applicable with respect to such).	
15.	Q:	The Tender Committee was requested to clarify that a Private Investment Fund that was established in 2016 may serve as a Member and submit only its 2016 Financial Statements as well as a signed letter from the fund custodian confirming the funds capital commitments (in addition to the submission of Pre-Qualification Form “15”).	Section 5.8 (Content and Submission Form)
	A:	The attention of the Participants is referred to clarification no. 14 hereinabove.	
16.	Q:	The Tender Committee was requested to add to Annex 3, annual average exchange rates with respect to the years 1988-2005.	Section 6.2.1 (Exchange of

A: The Participants are advised that if a contract with respect to a referenced project (herein: "**Contract**"), was executed (signed) prior to 1996, the addition of 2% per annum to the total amount of all payments which were paid to the Entity (in accordance with the definition of "Contract Value"), shall be added only as of January 1, 1996.

Without derogating from the foregoing, it is further clarified that if a Contract was denominated in a currency that ceased to exist prior to the date the referenced project was Completed or prior to the date that funds were drawn (utilized) (e.g. certain currencies of European countries which were replaced with Euro), the Contract Value shall be calculated in the following manner:

(a) all amounts paid in the original currency shall be converted into NIS in accordance with the respective exchange rate effective as of the year the Contract was executed (signed); and

(b) all amounts paid in the currency which replaced the original currency shall be converted into NIS in accordance with the exchange rate effective at the year the replacing currency was instituted (e.g. with respect to Euro, the exchange rate effective on the date the Euro replaced the original currency in accordance with the regulations of the applicable country in which the Contract was executed).

(c) the addition of the 2% per annum for amounts paid in the currency which replaced the original currency shall be added as of the year the replacing currency was instituted (if such is later than January 1, 1996).

For example, for a project which was executed at 1.6.1994, was Completed at 1.6.2008 and included the following payments:

- (i) ITL 1,000,000,000 and EUR 100,000,000.
The Contract Value will be calculated in accordance with the following:
Conversion of ITL to NIS in accordance with the average exchange rate at the year of execution (1994).
- (ii) $ITL\ 1,000,000,000 \times 1.869\ ITL/NIS = NIS\ 1,869,000,000$
- (iii) Conversion of EUR to NIS in accordance with the average exchange rate at replacing ITL currency to EUR currency (2002)
- (iv) $EUR\ 100,000,000 \times 4.4822\ EUR/NIS = NIS\ 448,220,000$
- (v) Addition of 2% per annum to the converted ITL amount starting from 1996 till Submission Date
- (vi) $NIS\ 1,869,000,000 \times (1.02)^{21.86} = NIS\ 2,881,436,519$
- (vii) Addition of 2% per annum to the converted EUR amount starting from 2002 till Submission Date
- (viii) $NIS\ 448,220,000 \times (1.02)^{15.86} = NIS\ 613,606,506$
- (ix) Contract Value = NIS 3,495,043,025

The attention of the Participants is drawn to the amendments introduced hereby to the definition of "Contract Value".

17.	<p>Q: The Tender Committee was requested to approve the submission of Financial Statements related to the fiscal years 2015 (April 2014 until March 2015), 2016 (April 2015 until March 2016) and 2017 (April 2016 until March 2017), all of which are based on IFRS accounting principles (including with respect to cash flow statements, IAS No. 7 and IFRS updates).</p> <p>A: The attention of the Participants is referred to the provisions of the updated Annex 3 introduced hereby.</p>	Section 6.3.1 (Conversion and Other Currencies)
18.	<p>Q: The Tender Committee was requested to approve exchange rates for Australian Dollars (A\$) as at March 31, 2017.</p> <p>A: The attention of the Participants is referred to the provisions of the updated Annex 3 introduced hereby.</p>	Section 6.3.1 (Conversion and Other Currencies)
19.	<p>Q: The Tender Committee was requested to confirm that the Financial Statements of an Entity incorporated in the State of Israel, may be submitted in Hebrew.</p> <p>A: The Tender Committee so confirms.</p>	Section 8.3 (Language of the Pre-Qualification Submission)
20.	<p>Q: The Tender Committee was requested to clarify the manner by which a Participant, which is not incorporated by the Pre-Qualification Submission Date, is to sign the Pre-Qualification Submission and the relevant Pre-Qualification Forms.</p> <p>A: The attention of the Participants is referred to clarification no. 56 of Addendum no. 4.</p>	Section 8.4 (Signing of the Pre-Qualification Submission)
21.	<p>Q: The Tender Committee was requested to clarify who is required to sign Pre-Qualification Form "4", in the event that the Participant is not yet incorporated at the Pre-Qualification Submission Date.</p> <p>A: The attention of the Participants is drawn to the amendments introduced hereby to Pre-Qualification Forms "1", and "5" and to the deletion of Pre-Qualification Form "4".</p>	Pre-Qualification Forms 1, 4 and 5
22.	<p>Q: The Tender Committee was requested to confirm that in the event an Experience Provider is also a Member, it shall not be required to submit both Pre-Qualification Form "3" and Pre-Qualification Form "5".</p> <p>A: The Tender Committee rejects the request.</p>	Pre-Qualification Form 5
23.	<p>Q: The Tender Committee was requested to clarify which statements the auditor should complete (i.e.: (i) statement 1 and either 2 or 3; or (ii) statement 1 or 2 and statement 3).</p> <p>A: The Tender Committee clarifies that the auditor should complete statement 1 or statement 2 or statement 3 (one of the three statements).</p>	Pre-Qualification Form 13

24.	Q:	The Tender Committee was requested to clarify that in the event the auditor completes the third statement in the Pre-Qualification Form, the sentence: " <i>for the purpose of this letter of section 3(c), [opinions/reports] which include additions as specified in audit standard 99 shall not be deemed as reservations and/or notes or other deviations.</i> ", may be deleted from the Auditor's statement.	Pre-Qualification Form 13
	A:	The Tender Committee accepts the request.	