

THE STATE OF ISRAEL

INVITATION FOR PRE-QUALIFICATION

02/2024

**BUILD, OPERATE AND
TRANSFER (BOT) PROJECT -
UPGRADE AND EXPANSION OF THE EXISTING
120 MILLION M³/YEAR ASHKELON SWRO
DESALINATION FACILITY
AT ASHKELON TO FINAL PRODUCTION
CAPABILITIES
OF APPROXIMATELY 220 MILLION M³/YEAR**

February 29th, 2024

1. INVITATION FOR PRE-QUALIFICATION

1.1. General Introduction

The Government of Israel (the "**Government**"), acting on behalf of the State of Israel (the "**State**"), through the Ministries of Energy, Finance and the Water Authority (all are acting through the Tender Committee), initiated a project, to be carried out by the Private Sector, for the upgrade and expansion of the existing 120 million m³ per annum desalination facility at Ashkelon, to a facility of approximately 220 million m³ per annum, of desalinated sea water (the "**Project**").

It is the intention of the Tender Committee to execute the Project so that the Private Sector will be required to finance, design, construct, and operate and maintain the expanded facility for a period of twenty-four (24) years and eleven (11) months. At the end of the term of the Project, the Project will be transferred to the State at no cost.

During the term of the Project, the State will purchase desalinated water in accordance with the terms and conditions which will be determined and specified under the Tender Documents.

1.2. The Selection Process

The Tender Committee intends to select a Private Sector entity to execute the Project (the "**Seller**") in the following stages:

- a. This Pre-Qualification Process; and
- b. A tender process.

1.3. The Pre-Qualification Process

The purpose of this Pre-Qualification Process is to identify Eligible Participants, who will be invited to participate in the tender process.

During the Pre-Qualification Process, Participants will be required to submit Pre-Qualification Submissions in accordance with the provisions of this Invitation in order to demonstrate their compliance with all Pre-Qualification Requirements and all other applicable provisions of this Invitation.

Pre-Qualification Submissions submitted by the Participants will be evaluated by the Tender Committee in accordance with the provisions of this Invitation. Without derogating from the provisions of Sections 2.14 (Reservation of Rights) and 7 (Examination of the Pre-Qualification Submissions), at the end of its evaluation, the Tender Committee will announce the Eligible Participants.

1.4. The Tender Process

Following the completion of the Pre-Qualification Process, the Tender Committee intends to invite all Eligible Participants to participate in the tender process and submit bids for the Project.

Without derogating from the Tender Committee's rights to postpone any of the dates detailed in Section 1.6 (Anticipated Schedule) in accordance with the provisions of this Invitation, and/or from the State and/or Tender Committee's rights pursuant to Section 2.14 (Reservation of Rights), it is expected that the invitation to submit bids, including the procedures, requirements, selection criteria and the Project agreement (the "**Tender Documents**"), will be issued to Eligible Participants following the completion of the Pre-Qualification Process.

1.5. Invitation for Pre-Qualification

The Tender Committee hereby invites Entities or consortia of Entities (joint ventures), to participate in the Pre-Qualification Process, according to the terms and conditions of this Invitation.

1.6. Anticipated Schedule

Without in any way limiting the right of the Tender Committee to postpone any of the following dates in accordance with the provisions of this Invitation, the anticipated schedule for the submission of the Pre-Qualification Submissions is as follows:

- a. Questions submission deadline: May 2nd, 2024.
- b. Pre-Qualification Submissions: May 16th, 2024 (13:00 Israel time).

1.7. General Description of the Project

- a. The facility is situated at the industrial zone of the city of Ashkelon (the "**Site**").
- b. The upgrade and expansion of the Facility is regulated by National Infrastructure Scheme (TATAL) 141, which is available in Hebrew at:
<https://mavat.iplan.gov.il/SV4/1/99005314376/310>
- c. The existing Facility is regulated, *inter alia*, by Detailed Scheme 150/101/02/4.
- d. The existing IPP is regulated, *inter alia*, by National Scheme 10/D/4.
- e. Without derogating from the provisions of Section 2.14 (Reservation of Rights), a general description of the Project is provided in **Appendix "B"**.

2. TENDERING RULES

2.1. Definitions

All terms used in this Invitation shall have the meaning ascribed thereto herein or in **Appendix "A"**.

2.2. Governing Law and Jurisdiction

- a. The Pre-Qualification Process and Pre-Qualification Documents shall be governed and construed in accordance with the provisions of all applicable Laws, including the Mandatory Tenders Law 5752-1992, and the Mandatory Tender Regulations 5753-1993 ("**Regulations**").
- b. The attention of the Participants is also directed to the Trading with Enemy Act 1939, the Law on Struggle Against Iran's Nuclear Program 2012, and the Prevention of Distributing and Financing of Weapon of Mass Destruction Law 2018.
- c. The applicable court at Jerusalem shall have the sole jurisdiction over all matters and all disputes arising in connection with the Pre-Qualification Process.

2.3. Waiver

- a. Each Participating Entity, who submits or participates in a Pre-Qualification Submission in accordance with these Pre-Qualification Documents, hereby waives any right to seek an interim (including injunction) relief of any nature, or any other remedy the effect of which would be a delay in the Pre-Qualification process, with any court, in any legal proceeding, with respect to this process, against the Tender Committee and/or anyone on its behalf and/or against any of the others Participants, including the Eligible Participants, and shall be prohibited from seeking an injunction in such process.
- b. The foregoing does not derogate from the obligation of any Participating Entity, and anyone on their behalf, to address the Tender Committee, in writing, with a specific and detailed claim or complaint.

2.4. Preparation for Submission

- a. By submitting a Pre-Qualification Submission each Participating Entity confirms and will be deemed to have confirmed, that it has received the complete Pre-Qualification Documents, that it has read, considered and understood the Pre-Qualification Documents, and that it accepts the terms and conditions thereof and all obligations and undertakings specified or implied therein.
- b. Each Participating Entity shall be deemed to have the knowledge of any relevant Law with respect to the Pre-Qualification Process, the tender process and the Project. The Pre-Qualification Submissions shall be prepared and submitted in accordance with any applicable Law, and the Participating Entities are assumed to have obtained professional advice with respect to the relevant disciplines, including legal, financial and constructional disciplines, for participating in the Pre-Qualification Process.

- c. The Participating Entities and the Pre-Qualification Submissions shall abide by the Laws. Participating Entities shall be subject to any changes in any of the Laws, should such changes be introduced during the Pre-Qualification Process.

2.5. The Invitation

- a. The Pre-Qualification Documents include this invitation for Pre-Qualification, its Appendices, the Pre-Qualification Forms and any other document issued by the Tender Committee during the Pre-Qualification Process (the "**Invitation**" or "**Pre-Qualification Documents**"). Without derogating from the provisions of Sections 6.1 (Compliance with the Requirements of the Invitation) and 6.2 (No Unauthorized Modification), the Pre-Qualification Forms are also provided to all Participants in MS-Word format.
- b. In the event of discrepancies between any of the provisions of this Invitation, the most favorable provision to the Tender Committee, as determined by the Tender Committee at its sole discretion, shall prevail, unless otherwise determined by the Tender Committee and approved in writing. Any discrepancy shall be brought to the attention of the Tender Committee as soon as possible.

2.6. Severability

The invalidity or unenforceability of any part, provision or section of this Invitation shall not affect the validity or enforceability of other parts, provisions or sections thereof. Any invalid or unenforceable part, provision or section shall be deemed severed from this Invitation, and this Invitation shall be construed and enforced as if this Invitation did not contain such invalid or unenforceable part, provision or section.

2.7. Access to Documents and Purchase of the Invitation

- a. Any Entity wishing to participate in the Pre-Qualification Process may view the Pre-Qualification Documents, without any charge, at the offices of the Tender Committee, at the address set forth in Section 2.11.b) below, during Sunday-Thursday, between 9:30-14:30, subject to prior coordination with Ms. Liron Levy, the Coordinator of the Tender Committee, phone no. 973-3-9778169; or by sending her a request (via email address: PPP-Desalination@inbal.co.il) to receive the Pre-Qualification Documents by email; or at the following website: <https://mr.gov.il/ilgstorefront/he>
- b. Entities wishing to participate in the Pre-Qualification Process or raise questions to this Invitation are requested to provide a payment of 5,000 NIS (five thousand NIS) (VAT included). No additional payment with respect to the Tender Documents will be charged from the Eligible Participants.
- c. The payment shall be made by any of the following methods:
 - (i) By an Israeli credit card - at the following website:
https://ecom.gov.il/counterspa/home/62/1/AccountantGeneral_1_FastLanes
 - (ii) By a bank transfer from an Israeli bank account - to the Bank of Israel

bank code: 99
branch code: 001
bank account number 1310010081303
(Accountant General - NIS income account).

- (iii) By a bank transfer from a foreign bank account -
Final Beneficiary Bank = Bank of Israel, Jerusalem
Swift code = ISRAILIR
Beneficiary Name = Accountant General – NIS income account
Beneficiary IBAN = IL370990011310010081303
Text in Field 72: TTC/613
- d. Only Entities who have provided such payment as described in Section 2.7(a) may raise questions to this Invitation, as provided in Section 2.11 (Clarification of this Invitation), and participate in the Pre-Qualification Process, as provided in Section 4.3 (Receipt of Purchase).
- e. It is hereby clarified that an Entity who has not provided such payment may submit a Pre-Qualification Submission, provided that the right to participate pursuant to such payment was assigned or transferred to it from an Entity entitled to participate. A person or an Entity may provide such payment on behalf of another Entity. For the avoidance of doubt, one (1) such payment shall entitle the submission of one (1) Pre-Qualification Submission.
- f. It is hereby emphasized that the sale or purchase of this Invitation does not constitute any recognition of an Entity's (including a Participant's) eligibility, qualifications or competence to meet the requirements and terms of this Invitation and/or the Tender Documents.

2.8. Authorized Representative

- a. Each Participant shall appoint one of its Members, through one individual on its behalf, as an authorized representative for: (i) conducting correspondence with the Tender Committee; and (ii) receiving instructions from the Tender Committee for and on behalf of the Participant (an “**Authorized Representative**”).
- b. Participants shall submit a copy of the receipt for the purchase of the Invitation, as well as the Participant's contact details (*inter alia*, the name of the Participant, its Authorized Representative, address, phone number, fax number, address, email address etc.) to Ms. Liron Levy, the Coordinator of the Tender Committee, via email address: PPP-Desalination@inbal.co.il.
- c. It is hereby clarified that the Tender Committee or anyone on its behalf shall not be responsible in any respect for any damage or loss of any kind whatsoever, suffered by a Participant or anyone on its behalf, due to an error or omission with respect to any information provided by a Participant under this Section.

2.9. Cost of Participation in the Pre-Qualification Process

Any and all costs and expenses incurred by Entities (including Participants) and anyone on their behalf and connected to their participation in the Pre-Qualification Process will be borne by such Entities or Participants. Entities or Participants will not be reimbursed or otherwise compensated by the Tender Committee or the State for any costs or expenses so incurred thereby, including in the event of termination of the Pre-Qualification Process for any reason whatsoever.

2.10. Language of this Invitation

- a. This Invitation is published in English. However, the Tender Committee reserves the right to issue a Hebrew version of any part thereof.
- b. The Tender Committee reserves the right to conduct its business in Hebrew or English, including in meetings, discussions, negotiations, correspondences, protocols, written opinions etc.

2.11. Clarification of this Invitation

- a. Participants are responsible for examining, with appropriate care, this Invitation, including all Appendices and Addenda thereto, and for informing themselves with respect to any and all conditions which may in any way affect their participation in the Pre-Qualification Process, including in the preparation and submission of the Pre-Qualification Submissions.
- b. Any Entity who have purchased the Pre-Qualification Documents may raise questions and request clarifications or interpretations to this Invitation, in writing, from the Tender Committee, by no later than the deadline for the submission of questions, as set forth in Section 1.6 (Anticipated Schedule). Such requests shall be addressed to:

Mr. Amit Mirzai
Chairman of the Tender Committee
Co./ Ms. Liron Levy
Coordinator of the Tender Committee
Division of Public Private Partnership Projects
Inbal Insurance Company Ltd.
Inbal House, 3 Arava St., Airport City
P.O.B 282 Ben-Gurion Airport
Tel: (972-3) 977-8169
E-mail: PPP-Desalination@inbal.co.il

With a copy to:

Ms. Michal Schwartz, Adv.
Lipa Meir & Co., Attorneys-at-law
2 Weizmann St., Tel-Aviv

Tel: (972-3) 607-0600
Fax: (972-3) 607-0675
E-mail: Michals@lipameir.co.il

- c. Although the Tender Committee has no obligation to clarify or interpret this Invitation, the Tender Committee may issue an Addendum for purposes of clarification or interpretation in response to such questions or requests, in accordance with the provisions of Section 2.12 (Addenda). Participants shall acknowledge receipt of any Addendum in the manner set forth in Section 2.12 (Addenda).
- d. The Tender Committee shall not be bound by, and Participants shall not rely on, any oral interpretation or clarification to this Invitation.
- e. Any questions or any requests for clarifications or interpretation of this Invitation raised by Participants at a later date than the deadline for the submission of questions as provided in this Section 2.11 will be accepted or rejected at the sole discretion of the Tender Committee.
- f. Without derogating from the rights reserved to the Tender Committee and without in anyway limiting its discretion, the Tender Committee will endeavor to avoid the issuance of Addenda to this Invitation following seven (7) days before the Pre-Qualification Submission Date.

2.12. Addenda

- a. Notwithstanding any of the provisions of this Invitation and without derogating from the discretion of the Tender Committee under the provisions of Section 2.14 (Reservation of Rights), the Tender Committee reserves the right to revise, modify, amend, clarify, add, eliminate or otherwise change this Invitation or any part thereof, including but not limited to any instruction, requirement, specification, Pre-Qualification Requirement(s) or date contained therein, at any time. Such revisions, if any, shall be announced by written Addenda to this Invitation.
- b. Copies of Addenda shall be published at the following website:
<https://mr.gov.il/ilgstorefront/he>
and shall also be furnished to all Entities or Participants who have previously purchased this Invitation.
- c. Should any Addendum result from any request for clarification or interpretation submitted by a Participant, the identity of that Entity or Participant shall not be disclosed.
- d. Receipt of requests submitted by Entities or Participants in accordance with the provisions of Section 2.11 (Clarification of this Invitation) will not restrict the discretion of the Tender Committee in any way, and it will be free to exercise its right under this Section 2.12 whenever it is of the opinion that this Invitation or any part thereof requires amendment or revision.

- e. Without derogating from the generality of the provisions of Section 1.6, the date set for the submission of Pre-Qualification Submissions may be postponed by such number of days as shall be necessary, in the opinion of the Tender Committee, to enable the Participants to revise their Pre-Qualification Submissions as a result of any Addendum issued. The announcement of such new date, if any, will be included in the Addendum.
- f. Participants are required to acknowledge receipt of any Addendum in writing no later than two (2) days following receipt thereof by a written notice to the Tender Committee. In addition, Participants shall acknowledge receipt of all Addenda to this Invitation in their Pre-Qualification Submission Letters, specifically detailing each Addendum number the date of receipt thereof.

2.13. Conference and/or Site Visit

- a. The Tender Committee reserves the right to hold a conference and/or site visit ("**Conference**").
- b. It is hereby clarified that the participation of the Participant (or its Authorized Representative) in the Conference shall not be a Pre-Qualification Requirement nor a requirement for submission of the Pre-Qualification Submissions, and shall not be mandatory.
- c. At the Conference, the Tender Committee may answer questions referred to it by Participants in accordance with the provisions of Section 2.11 (Clarification of this Invitation).
- d. Should the Tender Committee answer or present any questions referred to it by a Participant, or any clarification, interpretation or amendment resulting from any request for clarification or interpretation submitted to it by a Participant, the identity of that Participant shall not be disclosed.
- e. Following the Conference, the Tender Committee may issue minutes of the Conference to all Participants, and may issue an Addendum to this Invitation. Only the minutes issued by the Tender Committee at the end of the Conference or any Addenda to this Invitation issued thereafter, shall be binding. The Tender Committee shall not be bound by, and Participants shall not rely on, any oral representation made by the Tender Committee or by Participants during the Conference.
- f. The fact that questions, clarifications, interpretations and amendments to this Invitation will be presented by the Tender Committee at the Conference does not, in any way, restrict the Tender Committee's right to issue an Addendum to this Invitation or to postpone any of the dates contained therein in accordance with the provisions of Section 2.12 (Addenda).

2.14. Reservation of Rights

- a. All Participants acknowledge that the Project description as specified in this Invitation is general and indicative only. All Participants further acknowledge that

at the date of issuance of this Invitation, the Project has not been completely formulated and the Tender Documents have not been completed. The issuance of this Invitation

is not intended to give rise to or create any representation, undertaking or warranty on behalf of the State or the Tender Committee or anyone on their behalf with respect to the Project.

Furthermore, the State and the Tender Committee reserve the right to redefine the Project, including the location of the Site, the exact quantity of desalinated water to be supplied by the Seller, the terms and conditions for the Project's execution (including sale of desalinated water) and the terms and conditions for the selection of the Seller (including additional pre-qualification or minimum requirements), as it shall deem appropriate.

For the removal of doubt, participation in this Pre-Qualification Process shall not confer upon an Entity, a Participant or an Eligible Participant any right with respect to the Project or any future proceedings which will be conducted with respect thereto, including the tender process.

- b. Even though the State and the Tender Committee express their intention to carry out a tender process for the selection of a Seller for the Project, the issuance of this Invitation is not intended to guarantee the initiation, execution or the implementation of the Project or any part thereof.
- c. It is expressly understood that any reliance by any Entity or Participant on any information or intention in their Pre-Qualification Submissions and the making of any deductions, interpretations or conclusions from the intention or information which is made available by the State and the Tender Committee is at the Entity or Participant's sole responsibility. The State, the Tender Committee and/or anyone on their behalf, shall not be responsible in any respect to any loss or damage whatsoever suffered by any Entity or Participant, their employees, officers, agents, or any other persons for whom any Entity or Participant may be contractually or legally responsible or accountable, by reason of any use of information contained in this Invitation or provided in connection therewith, or any action or forbearance in reliance thereon.
- d. Without derogating from the generality of the above, the State and the Tender Committee reserve the right not to proceed with this Pre-Qualification Process, or with the tender process for the Project or any part thereof, and may terminate or cancel this Invitation or any other proceedings which are conducted with respect thereto, or with respect to the Project, at any time, as it shall deem appropriate.
- e. Under the circumstance described herein, and without derogating from the provisions of Section 2.7(Access to Documents and Purchase of the Invitation), neither the State nor the Tender Committee nor anyone on their behalf shall be responsible in any respect to any loss or damage whatsoever suffered by any Entity or Participant, their employees, officers, agents, or any other persons for whom any Entity or Participant may be contractually or legally responsible or accountable, and shall not be required to compensate the Entity or the Participant, their employees, officers, agents, or any

other persons for whom the Entity or Participant may be contractually or legally responsible or accountable.

- f. The State and the Tender Committee may publish a new invitation to pre-qualify or other proceedings with respect to the Project, which may include other pre-qualification requirements, or require additional pre-qualification or minimum requirements in the Tender Documents, or invite or not the Participants to take part in such process, or execute the Project or any part thereof, in any other way deemed appropriate.

2.15. Advisors to the Tender Committee

- a. The Participant and any Participating Entity, shall refrain, during the Pre-Qualification Process, the tender process and the Project, from creating or maintaining a conflict of interests, including a conflict of interest which may arise as a result of engaging employees, advisors or sub-contractors of the Tender Committee.
- b. Without derogating from the foregoing, **Appendix "C"** of this Invitation contains a list of the advisors to the Tender Committee. Subject to the provisions of any and all applicable Laws, the Tender Committee may exercise its rights under this Invitation through its advisors.
- c. The advisors listed in **Appendix "C"** are not permitted to participate in the Pre-Qualification Process and/or the tender process or the Project, other than as advisors to the Tender Committee, without the prior written approval of the Tender Committee.
- d. The Tender Committee reserves the right, from time to time, to release any advisor or to engage additional advisors, update or otherwise amend **Appendix "C"** as it shall deem appropriate under the circumstances.
- e. The Participant is required to notify the Tender Committee of any engagement between any Participating Entity and an advisor listed in **Appendix "C"**.
- f. Without derogating from the provisions of this Section 2.15 (Advisors to the Tender Committee) and from any and all of the Tender Committee's rights under the Pre-Qualification Documents and under any Law, the Tender Committee shall be entitled, at its sole discretion, to take any action required to ensure the absence of a conflict of interests including, inter alia, request to amend the terms of any engagement of an Advisor, to disqualify a Participating Entity from participating in the Pre-Qualification Process or to impose further restrictions with respect to their participation in the Pre-Qualification Process, as the Tender Committee shall deem fit.

2.16. Intellectual Property Rights

The Invitation documents and any and all intellectual property right therein are exclusively owned by the State and are supplied to the Participants for the purpose of participation in the Pre-Qualification Process, only.

3. GENERAL PROVISIONS RELATING TO PARTICIPANTS

3.1. The Participant

3.1.1. Definition of a Participant

A Participant shall mean: (i) a single Entity which complies with all the requirements of this Invitation pertaining to a Member; or (ii) a number of Entities, each of which complies with all the requirements of this Invitation pertaining to a Member, acting jointly for the purpose of submitting a Pre-Qualification Submission ("**Participant**").

3.1.2. Content and Format of the Submission

In order to, *inter alia*, demonstrate compliance with the requirements specified under Section 3.1.1 (Definition of a Participant), Pre-Qualification Forms "A" and "B" should be duly completed and signed by the Participant.

3.2. Members of the Participant

3.2.1. Definition of Members of a Participant

Members of a Participant shall mean each of the Entities committed to directly hold shares or other interests in the Participant, as evidenced by Pre-Qualification Form "B", each of which complies with all of the following ("**Member**"):

- a. A Member of a Participant must be duly incorporated and validly existing under the laws of the jurisdiction in which such a Member was incorporated;
- b. It's most recent Financial Statements do not include a "going concern notice", as described in provisions of Section 5.4.7 (Going Concern);
- c. A Member of a Participant (including Interested Parties in the Member, provided that with respect to the directors or CEO thereof - only if they are involved in the Pre-Qualification Process and/or the tender process), shall not be residents of or domiciled (citizens) in a state which does not have diplomatic relations with the State;
- d. A Member of a Participant who is incorporated in or is a resident of the State must Maintain its books and records in accordance with the Israel Income Tax Ordinance and the Value Added Tax (VAT) Law.

Non-Israeli Members of a Participant must comply with the equivalent laws, if any, in their respective jurisdictions; and

A Member of a Participant (including the office holders thereof which are involved in the Pre-Qualification Process and/or the tender process) is not a Declared Entity and it is not a Related Entity of a Declared Entity.

3.2.2. Content and Format of the Submission

In order to, *inter alia*, demonstrate compliance with the requirements specified under

Section 3.2.1 (Definition of Members of a Participant), Pre-Qualification Forms "C" should be duly completed and signed by each Member.

3.3. Major Subcontractors

3.3.1. Definition of a Major Subcontractor

- a. For the purpose of executing the Project, the Eligible Participant shall be required to engage, during the tender process, as shall be further elaborated in the Tender Documents:
 - (i) an EPC Contractor - which shall assume on a "back-to-back" basis the design and construction obligations of the Seller vis-à-vis the State; and
 - (ii) an O&M Contractor - which shall assume on a "back-to-back" basis the operation and maintenance obligations of the Seller vis-à-vis the State.
- b. For the purpose of this Pre-Qualification Documents, "Major Subcontractors" are any of the anticipated members of the EPC Contractor and the O&M Contractor, namely:
 - (i) any of the EPC Expert and O&M Expert - which comply with the Pre-Qualification Requirements detailed in Sections 5.1 (Infrastructure Projects "Main Contractor" Experience) and/or 5.2 (Water-Treatment Facilities Operation and Maintenance); and
 - (ii) any other anticipated member of the EPC Contractor or the O&M Contractor; as is evidenced by Pre-Qualification Form "D" ("**Major Subcontractor**").
- c. The attention of all Participants is drawn to the fact that it is expected, that pursuant to the Tender Documents, the Eligible Participants will be required to present a Desalination Expert which shall comply with the Pre-Qualification Requirements detailed in Section 5.3 (Desalination Plants Design and Construction Experience).

The submission of the Desalination Expert to the approval of the Tender Committee will be after the declaration of the Eligible Participants and prior to the submission of the bids, at an exact stage as will be determined in the Tender Documents.

The Desalination Expert will also be considered a Major Subcontractor and will be subject to the provisions of this Invitation and the Tender Documents relating to Major Subcontractors.
- d. For the avoidance of doubt, a Major Subcontractor does not have to be a Member of the Participant.
- e. each of the Major Subcontractors shall comply with the following:
 - (i) A Major Subcontractor must be duly organized and validly existing under the laws of the jurisdiction in which such a Major Subcontractor was organized;

- (ii) It's most recent Financial Statements do not include a "going concern notice", as described in provisions of Section 5.4.7 (Going Concern);
- (iii) A Major Subcontractor (including Interested Parties in the Major Subcontractor, provided that with respect to the directors or CEO thereof - only if they are involved in the Pre-Qualification Process and/or the tender process)), shall not be a resident of or domiciled (citizen) in a state which does not have diplomatic relations with the State.
- (iv) A Major Subcontractor (including the office holders thereof which are involved in the Pre-Qualification Process and/or the tender process) is not a Declared Entity and it is not a Related Entity of a Declared Entity.

3.3.2. Content and Format of the Submission

In order to, *inter alia*, demonstrate compliance with the requirement specified under Section 3.3.1. (Definition of a Major Subcontractor), Pre-Qualification Forms "D", "E" and "F" should be duly completed and signed by the Participant and the relevant Major Subcontractor - the EPC Expert and the O&M Expert and any other Member of the EPC Contractor and/or O&M Contractor which has been nominated prior to the Pre-Qualification Submission Date.

3.4. Participation in One Pre-Qualification Submission

- a. Each Participant may submit only one Pre-Qualification Submission.
- b. Each Member and each Guarantor may participate in only one Participant.
- c. Each Major Subcontractor may participate in only one Pre-Qualification Submission.
- d. For the purpose of the provisions of this Section 3.4, the terms "**Member**", "**Guarantor**" and "**Major Subcontractor**", shall be deemed to include any Entity which exercises Control over such Member, Guarantor or Major Subcontractor, an Entity under the common Control of such Member, Guarantor or Major Subcontractor, and an Entity Controlled by such Member, Guarantor or Major Subcontractor.

3.5. Participation of Government Companies

Companies budgeted by the State as defined under Section 21 of the State Budget Law 1985 [אגוף מתוקצב], Municipal Companies or subsidiaries thereof as defined under Section 21 of the State Budget Law, 1985, Companies supported by the State as defined under Section 32 of the State Budget Law 1985 [אגוף נתמך], and/or Companies subject to the provisions of the Government Companies Law 1975 and/or any Entity incorporated by Law (a statutory corporation), are not permitted to participate in the Pre-Qualification Process either as a Participant, as a Member of a Participant, as a Guarantor, nor as a Major Subcontractor of a Participant.

For the removal of doubt, the above does not apply to non-Israeli public Entities.

The above shall not apply to an Institution of Higher Education, if such institution only participates in the Pre-Qualification Process in the capacity of an investor in a Private Investment Fund.

3.6. Promotion of Competition and Reduction of Concentration Law

- a. Participants are hereby informed that additional limitations in relation to the participation in this Pre-Qualification Process may be imposed due to the Promotion of Competition and Reduction of Concentration Law, 5774-2013 (if applicable).
- b. The participation of a Participating Entity in any stage of the Pre-Qualification Process and tender process will be subject to any further instructions, restrictions or conditions, issued by the Tender Committee or by any other applicable body pursuant to the Competition Law, including without limitation following the Pre-Qualification Process.
- c. To the extent that any limitation is imposed pursuant to this Law, the Tender Committee will favorably consider allowing changes required for the removal of such limitation, including changes to the composition of the Participant, Member, Guarantor and/or Major Subcontractor, and to the Pre-Qualification Submission, provided that following such changes, the Participant shall meet the Pre-Qualification Requirements.

3.7. Security Considerations

Participants are hereby informed that new conditions, limitations, prohibitions, or restrictions may be imposed with respect to the participation of a Participating Entity in the tender process or in the Project, due to security considerations, all in accordance with the applicable Law.

To the extent that any such limitation is imposed, the Tender Committee will favorably consider allowing changes required for the removal of such limitation, including changes to the composition of the Participant, Member, Guarantor and/or Major Subcontractor, and to the Pre-Qualification Submission, provided that following such changes, the Participant shall meet the Pre-Qualification Requirements.

3.8. Participation in multiple capacities

In the event an Entity participates in the process in more than one capacity (role), such Entity shall comply with the all the requirements pertaining to each such capacity.

3.9. Formation of a Single Purpose Company

Following completion of the Pre-Qualification Process, in order to participate in the tender process and submit a bid, it is expected that each Eligible Participant will be required to form a new company, incorporated under the Laws, the sole purpose of which shall be the participation in the tender process, the submission of a bid therein and the execution of the Project (if eventually selected to do so) (the "**Single Purpose Company**" or "**SPC**").

The shares and other interests in the SPC will be held by the Members who participated, through the Participant, in the Pre-Qualification Submissions, and were approved by the Tender Committee pursuant to the Pre-Qualification Process. The shareholdings and the holdings of other interests by each such Member in the SPC shall be as provided in Pre-Qualification Form "B".

4. PRE-QUALIFICATION SUBMISSIONS

4.1. Pre Qualification Submission Letter

Each Participant shall attach to its Pre-Qualification Submission the Pre-Qualification Submission Letter in the form of Pre-Qualification Form "A", duly completed and signed.

4.2. Description of the Participant, Members and the Major Subcontractors

Each Participant shall submit Pre-Qualification Forms "B", "C", "D" and "E" duly completed and signed, in order to demonstrate compliance with the provisions of Sections 3.1 (The Participant), 3.2 (Members of the Participant) and 3.3 (Major Subcontractors).

4.3. Receipt of Purchase

Each Participant shall include in its Pre-Qualification Submission a copy of the receipt for payment, or a written approval from the Office of the Accountant General, for the purchase of the Invitation by the Participant or any one of its Members.

4.4. Identification of Sensitive Information

Each Participant shall detail in Pre-Qualification Form "A" all information contained in its Pre-Qualification Submission which it considers to be of a commercially sensitive or secret nature, in accordance with the provisions of Section 6.6 (Identification of Sensitive Information).

5. PRE-QUALIFICATION REQUIREMENTS

- a. Each Participant will be required to demonstrate its compliance with all of the pre-qualification requirements detailed in Sections 5.1 (Infrastructure Projects "Main Contractor" Experience), 5.2 (Water-Treatment Facilities Operation and Maintenance and 5.4 (Financial Pre-Qualification Requirements) (each, a "**Pre-Qualification Requirement**" and collectively "**Pre-Qualification Requirements**").
- b. The attention of all Participants is drawn to the fact that it is expected, that pursuant to the Tender Documents, the Eligible Participants will be required present a Desalination Expert which shall comply with the Pre-Qualification Requirements detailed in Section 5.3 (Desalination Plants Design and Construction Experience). The submission of the Desalination Expert to the approval of the Tender Committee will be after the declaration of the Eligible Participants and prior to the submission of the bids, at an exact stage as will be determined in the Tender Documents
- c. For the removal of doubt, the same project may be presented pursuant to Sections 5.1 and 5.2 (and 5.3) (or any of them).

5.1. Infrastructure Projects "Main Contractor" Experience

5.1.1. Experience as a Main Contractor

The Participant is required to demonstrate that either it, or one of its Members or one of its Major Subcontractors (the "**EPC Expert**"), has executed, as a Main Contractor:

- a. one (1) infrastructure project, with a total cost of not less than 150 million US Dollars;
or
- b. several (up to three (3)) infrastructure projects, with an aggregate total cost of not less than 250 million US Dollars;

Each such project has been completed within the period commencing on 1st January 2012 and ending upon the Pre-Qualification Submission Date; Each such project utilizing the combined services of all the following engineering disciplines: civil, mechanical, electrical and controls and instrumentation.

The project cost shall be calculated based on the official exchange rates last published by the Federal Reserve prior to the contract execution date, and shall exclude VAT.

5.1.2. Execution as part of a Sole Purpose Entity

For purposes of demonstrating compliance with the Pre-Qualification Requirement specified in Section 5.1.1 (Experience as a Main Contractor) above, the EPC Expert is allowed to present also project(s) which it executed as a part (member) of a sole purpose Entity, which was the Main Contractor of the project, provided that:

- a. The EPC Expert held (directly, or indirectly through a wholly owned sole purpose holding company) at least 30% of the rights in the sole purpose Entity; and

- b. In case the sole purpose Entity was an unincorporated joint venture - the EPC Expert was jointly and severally responsible for the execution of the applicable project(s).

5.1.3. Content and Format of the Submission

In order to demonstrate compliance with the Pre-Qualification Requirement specified under Section 5.1.1 (Experience as a Main Contractor), Pre-Qualification Forms "F" and "H" should be duly completed and submitted. Participants are encouraged to present as many reference projects as possible in order to demonstrate their compliance with the Pre-Qualification Requirement specified in Section 5.1.1 (Experience as a Main Contractor).

5.1.4. The Tender Process – Expected Requirement

- a. The attention of all Participants is drawn to the fact that it is expected, that pursuant to the Tender Documents, bidders will be required to demonstrate that the EPC Expert shall hold at least 30% of the rights in the EPC Contractor.
- b. For the removal of doubt, in case the EPC Expert is also the (future) Desalination Expert, such entity shall be required to hold at least 30% (and not an aggregate of at least 60%) of the rights in the EPC Contractor.

5.2. Water-Treatment Facilities Operation and Maintenance Experience

5.2.1. Experience

The Participant is required to demonstrate that either it, or one of its Members or one of its Major Subcontractors (the "**O&M Expert**"), has operated and maintained:

- a. during a period of twenty four (24) months within the period commencing on 1st January 2017 and ending upon the Pre-Qualification Submission Date - one or more desalination or other water or waste-water treatment facilities, with an accumulated production capacity of not less than 150,000 m³/day, of which at least one (1) facility is a sea-water desalination facility, based on the reverse osmosis process design, with production capacity of not less than 50,000 m³/day; **or**
- b. during a period of twenty four (24) months within the period commencing on 1st January 2017 and ending upon the Pre-Qualification Submission Date - one (1) sea-water desalination facility, based on the reverse osmosis process design, with production capacity of not less than 100,000 m³/day.

5.2.2. Execution as part of a Sole Purpose Entity

For purposes of demonstrating compliance with the Pre-Qualification Requirements specified in Section 5.2.1 (Operation and Maintenance of Desalination Facilities; Experience), the O&M Expert is allowed to present also project(s) which it executed as a part (member) of a sole purpose Entity, which was the O&M Contractor of the project, provided that:

- a. the O&M Expert held (directly, or indirectly through a wholly owned sole purpose holding company) at least 30% of the rights in the sole purpose Entity; and
- b. In case the sole purpose Entity was an unincorporated joint venture - the O&M Expert was jointly and severally responsible for the operation and maintenance of the facility(ies).

5.2.3. Content and Format of the Submission

In order to demonstrate compliance with the Pre-Qualification Requirement specified under Section 5.2.1 (Operation and Maintenance of Desalination Facilities; Experience), Pre-Qualification Forms "E" and "I" should be duly completed and submitted. Participants are encouraged to present as many reference projects as possible in order to demonstrate their compliance with the Pre-Qualification Requirement specified in Section 5.2.1 (Operation and Maintenance of Desalination Facilities; Experience).

5.2.4. The Tender Process - Expected Requirement

The attention of all Participants is drawn to the fact that it is expected, that pursuant to the Tender Documents, bidders will be required to demonstrate that the O&M Expert shall hold at least 30% of the rights in the O&M Contractor, and shall actually perform specific activities as shall be further described in the Tender Documents.

5.3. Desalination Plants Design and Construction Experience

5.3.1. Desalination Plants Design and Construction Experience

The attention of all Participants is drawn to the fact that it is expected, that pursuant to the Tender Documents, the Eligible Participant will be required to demonstrate that either it, one of its Members or one of its Major Subcontractors (the "**Desalination Expert**"), has designed, installed on site and commissioned, one (1) sea-water desalination plant, based on the reverse osmosis process design, with production capacity of not less than 100,000 m³/day. The said referenced desalination plant must have been completed within the period commencing on 1st January 2012 and ending upon the date of its submission to the approval of the Tender Committee, and have been in operation during the twenty four (24) months period immediately preceding the date of its submission.

Design, installation and commissioning of a plant - also as part of a project for the expansion of an existing original plant, which have been completed within the period commencing on 1st January 2012 and ending upon the date of its submission to the approval of the Tender Committee. For the removal of doubt, in the event that the construction of the original plant was completed prior to 1st January 2012, then for purposes of calculating the production capacity, only the scope of the expansion shall be taken into account.

5.3.2. Execution as a Sole Purpose Entity

- a. For purposes of demonstrating compliance with the Pre-Qualification Requirement specified in Section 5.3.1 (Desalination Plants Design Construction Experience), the Desalination Expert will be allowed to present also project(s) which it executed as a part (member) of a sole purpose Entity, which was the Main Contractor of the project, provided that:
 - (i) The Desalination Expert held (directly, or indirectly through a wholly owned sole purpose holding company) at least 30% of the rights in the sole purpose Entity; and
 - (ii) In case the sole purpose Entity was an unincorporated joint venture - the Desalination Expert was jointly and severally responsible for the execution of the applicable project(s); and
 - (iii) Within such sole purpose Entity, the Desalination Expert actually performed design of the applicable project(s).
- b. In the event that the Desalination Expert is the sole purpose Entity which was the Main Contractor of the project - there was no other entity which actually performed the process design of the applicable project, pursuant to an agreement with the Desalination Expert or otherwise.

5.3.3. The Tender Process - Expected Requirement

- a. The attention of all Participants is drawn to the fact that it is expected, that pursuant to the Tender Documents, bidders will be required to demonstrate that the Desalination Expert shall hold at least 30% of the rights in the EPC Contractor, and shall actually perform the process design of the Facility, and additional specific activities as shall be further described in the Tender Documents.
- b. For the removal of doubt, in case the Desalination Expert is also the EPC Expert, such entity shall be required to hold at least 30% (and not an aggregate of at least 60%) of the EPC Contractor.

5.4. Financial Pre-Qualification Requirements

Each Participant is required to demonstrate its Members' compliance (by themselves or through a Guarantor as described in Section 5.4.8 below), with **all** the relevant Financial Pre-Qualification Requirements detailed below.

- a. Each Member of the Participant which is not a Financial Entity, is required to demonstrate compliance with all the requirements detailed in Sections 5.4.1 and 5.4.2 below ("**Alternative A**"), or alternatively - demonstrate compliance with the requirement detailed in Section 5.4.3 below ("**Alternative B**").

- b. Each Member of the Participant which is a Private Investment Fund is required to demonstrate compliance with the requirement detailed in Section 5.4.45.4.5 below.
- c. Each Member of the Participant which is an Institutional Investor is required to demonstrate compliance with the requirement detailed in Section 5.4.5 below.
- d. Each Member of the Participant which is an Investment Entity is required to demonstrate compliance with the requirement detailed in Section 5.4.6 below.

5.4.1. Financial Pre-Qualification Requirements; Operating Cash Flow

- a. Each Member of the Participant which is not a Financial Entity and chooses to demonstrate its compliance with the Financial Pre-Qualification Requirements according to Alternative A, is required to demonstrate that its Average Operating Cash Flow based on its Financial Statements for the last three (3) years, is not negative (either positive or equal to zero).
- b. For the purpose of this Pre-Qualification Requirement, the Average Operating Cash Flow of the Member, shall be calculated in the following manner:

$$(CF_{(t)} + CF_{(t-1)} + CF_{(t-2)})/3$$

Where:

CF = The Member's annual operating cash flow for the relevant year, based on the Member's respective Financial Statement for that year.

t = year 2023; and if the Member has not yet published audited Financial Statements for year 2023 - then year 2022.

("Average Operating Cash Flow")

or:

- c. In the event that the Average Operating Cash Flow of the Member is negative, the Member is required to demonstrate that the ratio between the absolute value of (a) and (b) below is less than 25%:
 - (a) Shall be the lesser of:
 - (i) The Average Operating Cash Flow of the Member ; or -
 - (ii) The Operating Cash Flow of the Member for the last year (t).
 - (b) The Equity of the Member on 31 December of the last year (t), based on its Financial Statements for the last year (t), minus the Member's Required Equity (as defined below).

So that -

$$\frac{\text{ABS} [\min [(CF(t) + CF(t - 1) + CF(t - 2))/3], [CF(t)]]}{(\text{Equity}_{(t)} - \text{Required. Equity})} < 0.25$$

Where:

ABS [x] = the absolute value of X.

CF = the Member's Operating Cash Flow of the relevant year, based on its Financial Statements for that year.

Equity = the equity of the Member on 31 December of the last year (t), based on its Financial Statements for that year.

Required Equity = the equity required from the Member pursuant to Section 5.4.2 below.

t = year 2023; and if the Member has not yet published audited Financial Statements for year 2023 - then year 2022.

5.4.2. **Financial Pre-Qualification Requirements; Equity**

Each Member which is not a Financial Entity and chooses to demonstrate its compliance with the Financial Pre-Qualification Requirements according to Alternative A, is required to demonstrate equity of not less than NIS 2,700,000, for each one percent (1%) of Anticipated Holdings in the Participant, on 31 December of the last year (t), based on its Financial Statements for that year.

t = year 2023; and if the Member has not yet published audited Financial Statements for year 2023 - then year 2022.

5.4.3. **Financial Pre-Qualification Requirements; Increased Equity**

Each Member which is not a Financial Entity and chooses to demonstrate its compliance with the Financial Pre-Qualification Requirements according to Alternative B, is required to demonstrate equity of not less than NIS 8,000,000, for each one percent (1%) of Anticipated Holdings in the Participant, on 31 December of the last year (t), based on its Financial Statements for that year.

t = year 2023; and if the Member has not yet published audited Financial Statements for year 2023 - then year 2022.

5.4.4. Financial Pre-Qualification Requirements; Private Investment Fund

Any Member which is a Private Investment Fund, is required to demonstrate that as of the date commencing 14 days prior the Pre-Qualification Submission Date, the amount of Unutilized Commitments under its management is not less than NIS 8,000,000, for each one percent (1%) of its Anticipated Holdings in the Participant.

5.4.5. Financial Pre-Qualification Requirements; Institutional Investors

Any Member which is an Institutional Investor, is required to demonstrate that:

- a. As of 31 December of the last year (t), its equity (excluding minimal equity required by Law, to the extent relevant) was not less than NIS 4,000,000 for each one percent (1%) of Anticipated Holdings in the Participant, based on the Member's Financial Statements for that year;

or:

- b. As of 31 December of the last year (t), it managed assets with a net worth of not less than NIS 70,000,000 for each one percent (1%) of Anticipated Holdings in the Participant, based on the Financial Statements of the Member for the last year (t).

t = year 2023; and if the Member has not yet published audited Financial Statements for year 2023 - then year 2022.

5.4.6. Financial Pre-Qualification Requirements; Investment Entity

Any Member which is an Investment Entity, is required to demonstrate that as of 31 December of the last year (t), its equity (excluding minimal equity required by Law, to the extent relevant) was not less than NIS 4,000,000 for each one percent (1%) of Anticipated Holdings in the Participant, based on the Member's Financial Statements for that year.

t = year 20123 and if the Member has not yet published audited Financial Statements for year 2023 - then year 2022.

5.4.7. **Going Concern**

The most recent audited Financial Statements of each Member (even if relying on a Guarantor), Guarantor, and Major Subcontractor, shall not contain a "Going Concern Notice" (or a notice of similar effect).

For this purpose, each Member, Guarantor and Major Subcontractor is required to submit its most recent audited Financial Statements.

If the relevant Entity has not yet published audited Financial Statements for year 2023, it is required to submit a statement by its CFO/CEO or external auditor, stating the following:

"I hereby confirm that _____ [*name of the relevant Entity*] is not under any voluntary or involuntary bankruptcy process (liquidation or reorganization), or receivership or commencement of a similar insolvency proceedings, and there are no real doubts as to its ability to continue as a "Going Concern" (as such term is defined in the _____ Standard no. ___ [*the Accounting Standards applicable to the relevant Entity*])".

5.4.8. **Reliance on a Guarantor**

- a. A Member which is not a Financial Entity, may demonstrate compliance with the Financial Pre-Qualification Requirements in Sections 5.4.1-5.4.2 or 5.4.3 (as the case may be) by relying on:
 - (i) one Entity Controlling such Member; or
 - (ii) another Member (which will act as a Guarantor for such Member);("Guarantor");

Provided that the Guarantor itself complies (in aggregate) with all the Financial Pre-Qualification Requirements applicable to such Guarantor, and provided that the Guarantor complies with the requirements under Sections 3.2.1(a)-(e) (in the applicable changes) (including that both the Member and its Guarantor comply with the requirement under Section 5.4.7 (Going Concern) above).

A Member relying on a Guarantor shall attach to its Pre-Qualification Submission Pre-Qualification Form "K", duly executed by the Guarantor.

- b. A Member which is a sole purpose investment vehicle wholly held by a Private Investment Fund, may demonstrate compliance with the Financial Pre-Qualification Requirement in Section 5.4.4 by relying on the financial robustness of the Private Investment Fund ("**Guarantor**"), provided that the Guarantor complies with the requirements under Sections 3.2.1(a)-(e) (in the applicable changes) (including that both the Member and its Guarantor comply with the requirement under Section 5.4.7 (Going Concern)above).

A Member relying on a Guarantor shall attach to its Pre-Qualification Submission Pre-Qualification Form "K", duly executed by the Guarantor.

- c. In the event that the Guarantor is also a Member of the Participant, for the purpose of determining compliance with all Financial Pre-Qualification Requirements, the Anticipated Holdings of such Guarantor in the Participant will be deemed to also include all Anticipated Holdings of the Member seeking to rely on such Guarantor in the Participant

5.4.9. Content and Submission Form

- a. In order to demonstrate compliance with the Financial Pre-Qualification Requirements, the Participant shall submit the Financial Statements of each Member and each Guarantor (to the extent relevant) for the years 2023, 2022 and 2021. However, if the Member or Guarantor has not yet published audited Financial Statements for year 2023 - then its Financial Statements for years 2022, 2021 and 2020 shall be submitted.

Notwithstanding the above, if the financial results of any Member are not required in order to demonstrate compliance with Sections 5.4.1-5.4.2, 5.4.3, 5.4.4, 5.4.5 or 5.4.6 above (namely, excluding Section 5.4.7 above), and such Member does not have any of the required Financial Statements specified above, it shall not be required to submit such non-existent Financial Statements. Under such circumstances, it will be required to submit a statement by its CFO/CEO or external auditor, stating that the Member does not have such Financial Statements and the reason to this.

- b. Such Financial Statements shall be duly prepared and presented in accordance with one of the following:
 - (i) Israeli GAAP (including Standard No. 51 of the Institute of Certified Public Accountants in Israel);
 - (ii) US GAAP (published by the FASB);
 - (iii) International Financial Reporting Standards (including, with respect to the cash flow statements, IAS (International Accounting Standards) IAS No. 7 and IFRS updates);
 - (iv) French GAAP;
 - (v) Spanish GAAP;
 - (vi) Hong Kong Financial Reporting Standards (HKFRS);
 - (vii) Chinese Accounting Standards (CAS);

and duly executed by the Entity's management (or the equivalent thereof) and by its external auditors

Entities whose Financial Statements are presented based on acceptable accounting principles in their domicile, which are different from those specified in Sections (i)-(vii) above, are required to submit at least 30 days prior to the Pre-Qualification Submission Date a specific request to the Tender Committee in accordance with the provisions of Section 2.11 (Clarification of this Invitation) in order to receive its approval for submission of such Financial Statements; the Tender Committee will consider each request on a case by case basis, at its sole discretion, and may issue an Addendum as a result thereof.

- c. Without derogating from the generality of Section (b) above, the Financial Statements must include a balance sheet statement, a profit and loss statement, a cash flow statement, and auditor's report and notes.
- d. An Entity whose Financial Statements do not include cash flow statements, shall provide such statements in accordance with the same accounting principles used in its Financial Statements, provided that such accounting principles are listed as one of the accounting principles set out in Sections (b)(i)-(vii) above, duly executed by the Entity's external auditors.

The above shall not apply to Financial Entities which the accounting principles applicable thereto does not require cash flow statements to be included in the audited Financial Statements.

With respect to a Member which is relying on a Guarantor, if the Financial Statements of such Member do not include a cash flow statement, such Member shall not be required to submit a cash flow statement pursuant to this Section (d).

- e. The Financial Statements will be provided either in English or in Hebrew, but in no other language.
- f. In the event of a reliance by a Participant or by a Member on a Guarantor, the Financial Statements of such Guarantor shall also be included (in addition to those of the Member), and shall be subject to the provisions of Section 5.4.8 (Reliance on a Guarantor) above.
- g. [reserved]
- h. In order to demonstrate compliance with the Financial Pre-Qualification Requirements specified in Section 5.4.4 (Financial Pre-Qualification Requirements; Private Investment Fund) above, a Member, who is a Private Investment Fund, is required to submit a statement by its CFO/CEO depicting the overall amount of the Unutilized Commitments, as required pursuant to the provisions of Section 5.4.4 above.
- i. In order to demonstrate compliance with the Financial Pre-Qualification Requirements, each Participant and Member, and the CEO or CFO of the Member, shall complete, execute and submit Pre-Qualification Forms "J" and/or "J₁" and/or "J₂" and/or "J₃", as applicable.

- j. Without derogating from the rights reserved by the Tender Committee in accordance with these Pre-Qualification Documents and pursuant to any Law, in the event of a discrepancy between the Financial Statements and the Pre-Qualification Forms, as applicable, the provisions of the Financial Statements shall prevail.

5.4.10. Exchange of Currency

- a. All of the financial figures included in the Pre-Qualification Documents must be submitted using New Israeli Shekels (NIS).

In the event that financial data (such as a Contract Value), or the Financial Statements, are presented using USD (US\$), Euro (€) or British Pounds (£), Hong Kong Dollar (HKD) or Chinese Yuan (CNY ¥), the financial data shall be converted to NIS in the following manner:

(i) Operating Cash Flow

The operating cash flow shall be converted to NIS in accordance with the average exchange rates for the relevant calendar fiscal year, as follows:

Calendar Fiscal Year	Currency	NIS (₪)
January 1, 2020, until December 31, 2020	1 USD (US\$)	3.4367
	1 EUR (€)	3.9252
	1 GBP (£)	4.4130
	1 HKD (HK\$)	0.4434
	1 CNY	0.4985
January 1, 2021, until December 31, 2021	1 USD (US\$)	3.2293
	1 Euro (€)	3.8196
	1 GBP (£)	4.4430
	1 HKD (HK\$)	0.4156
	1 CNY	0.5007
January 1, 2022, until December 31, 2022	1 USD (US\$)	3.3577
	1 Euro (€)	3.5361
	1 GBP (£)	4.1511
	1 HKD (HK\$)	0.4290
	1 CNY	0.4992
January 1, 2023, until December 31, 2023	1 USD (US\$)	3.6897
	1 Euro (€)	3.9895
	1 GBP (£)	4.5895
	1 HKD (HK\$)	0.4709
	1 CNY	0.5204

(ii) Equity

An Entity's equity shall be converted to NIS, in accordance with the following exchange rates, as follows:

Day	December 31, 2022	December 31, 2023
Currency	NIS (₪)	NIS (₪)
1 USD (US\$)	3.519	3.627
1 Euro (€)	3.753	4.0116
1 GBP (£)	4.2376	4.6209
1 HKD (HK\$)	0.4507	0.4633
1 CNY	0.5096	0.5098

(iii) Unutilized Commitments - the exchange rates applicable to 14 days prior to the Pre-Qualification Submission Date, shall be published by the Tender Committee at least 10 days prior to the Pre-Qualification Submission Date.

- b. An Entity whose financial data is presented in currencies other than NIS/US\$/€/£/HK\$/CNY (the exchange rates of which are presented above) is required to submit a specific request to the Tender Committee for other currency conversion to NIS, at least thirty (30) days prior to the Pre-Qualification Submission Date.
- c. An Entity whose fiscal year, according to its place of registration, ends on a day other than December 31, is required to request the Tender Committee's consent to use alternative exchange rates, at least thirty (30) days prior to the Pre-Qualification Submission Date. The request must specify all the relevant information and exchange rate tables, on which the Entity relies. The Tender Committee will consider each request on a case by case basis and may issue an Addendum as a result thereof.

6. METHOD OF SUBMISSION

The Pre-Qualification Submission shall be submitted in accordance with the following provisions:

6.1. Compliance with the Requirements of the Invitation

Participants shall prepare their Pre-Qualification Submissions in strict conformity with the requirements of this Invitation. Participants shall complete all applicable parts of the Pre-Qualification Submission in an accurate and detailed manner, disclosing all the information requested, as well as any additional information or data required to clarify, substantiate and, in general, support the Pre-Qualification Submission.

6.2. No Unauthorized Modification

Participants shall not modify or supplement the instructions of this Invitation. Unauthorized conditions, limitations, modifications, supplements, reservations, disclaimers or provisions attached to a Pre-Qualification Submission may result in the disqualification of the Pre-Qualification Submission and of the Participant. For the purposes of this Section 6.2, any conditions, limitations, modifications, supplements, reservations, disclaimers or provisions attached to the Pre-Qualification Submission, which were not submitted by the Participant to the Tender Committee in accordance with the provisions of Section 2.11 (Clarification of this Invitation) and approved by the Tender Committee in the form of an Addendum to this Invitation, issued in accordance with the provisions of Section 2.12 (Addenda), may be deemed unauthorized.

6.3. Language of the Pre-Qualification Submission

All the Pre-Qualification Submissions, including Pre-Qualification Forms and the statements contained therein, shall be submitted in English.

Notwithstanding the above, Financial Statements, official documents and authenticated certificates of Israeli corporations, may be submitted in English or in Hebrew.

Supporting documents and printed literature furnished by a Participant in any other language should be accompanied by a translation to Hebrew or English (authenticated by a Public Notary or any other person who is legally qualified by law within his/her domicile to do so (in such case the translation shall be accompanied by a legal opinion explaining the legal basis for the local authentication process)), in which case, for purposes of interpretation, the translation to Hebrew or English (as the case may be), shall prevail.

6.4. Signing of the Pre-Qualification Submission

- a. Each page of the Pre-Qualification Submission, including all Pre-Qualification Forms and appendices, shall be duly signed by the authorized signatories of the Participant and each of its Members, either by a wet inked signature or by a digital signature.
- b. Each form of the Pre-Qualifications Forms and any information submitted therein, shall be duly signed by the authorized signatories of the relevant Entity described

in such form, as applicable.

- c. Without derogating from the generality of the foregoing, in the event a document or a set of documents consisting part of the Pre-Qualification Submission are set in binders, the relevant Entities which are required to sign on such documents may only sign the first and last pages of each of the binders and clearly indicate the number of pages of such binder.
- d. All pages of the Pre-Qualification Submission will be enumerated, and the Pre-Qualification Submission will include a detailed table of contents.

6.5. Authorization of Signatures by an Attorney

Adjacent to every signature (excluding signatures in initials only) on the signature page of each Pre-Qualification Form of the Participant, its Members, Guarantor(s) and Major Subcontractors (if applicable) within the Pre-Qualification Submission, there shall be a confirmation by an attorney (or any person who is legally qualified by law within his/her domicile to do so) that the signatory is authorized to commit such Entity in relation to the document on which such signatures appear.

6.6. Identification of Sensitive Information

Without derogating from the generality of the provisions of Regulation 21(e) of the Regulations (and the discretion granted thereunder to the Tender Committee), Participants will detail, within the Pre-Qualification Submission Letter, in a clear, complete and legible manner, all information contained in their Pre-Qualification Submissions, which they consider to be of a commercially sensitive or confidential nature, and which in their mind should not be disclosed to the other Participants and the reasons for such assertion of confidentiality for each of the items identified as such.

For the removal of doubt, general confidentiality statements will be disregarded.

For the removal of doubt, the Tender Committee may allow the review of information which the Participant considers to be of a commercially sensitive or confidential nature, and to act in accordance with the provisions of Section 7.10 below.

6.7. Number of Pre-Qualification Submission Copies

A printed copy of the Pre-Qualification Submission must be submitted, and clearly marked so, as one (1) original and three (3) identical copies (four (4) altogether). Notwithstanding the above, a printed copy of the Financial Statements may be submitted in only one(1) copy (original).

Each printed copy shall include a disk-on-key containing the Pre-Qualification Submission, in its entirety, in PDF format.

In the event of a discrepancy between the original and the other Pre-Qualification Submission documents, and/or the disk-on-key, the original printed copy shall prevail.

6.8. Sealing and Marking of Pre-Qualification Submissions

Participants shall seal the original and each of the three (3) copies of the Pre-Qualification Submission in separate envelopes. The envelopes shall then be sealed in an outer envelope or a box.

The envelopes and boxes shall be addressed to the Tender Committee at the following address:

Ms. Liron Levy
Coordinator of the Tender Committee
Private Public Partnerships Division
Inbal Insurance Company Ltd.
Inbal House, 3 Arava St., 5th Floor
Airport City, P.O.B 282
Ben-Gurion Airport 7015103
Tel: (972-3) 977-8169

6.9. Pre-Qualification Submission Date

- a. Pre-Qualification Submissions should be submitted at the address noted in Section 6.8 (Sealing and Marking of Pre-Qualification Submissions) by the date designated for such submission, as set forth in Section 1.6 (Anticipated Schedule) ("**Pre-Qualification Submission Date**"), no later than 13:00 Israel time.
- b. The Tender Committee may, at its sole discretion, extend the Pre-Qualification Submission Date by issuing an Addendum in accordance with the provisions of Section 2.12 (Addenda).

6.10. Opening of Pre-Qualification Submissions

The Tender Committee will leave unopened any and all Pre-Qualification Submissions received after the Pre-Qualification Submissions Date specified in Section 6.9 (Pre-Qualification Submission Date). All unopened Pre-Qualification Submissions will be promptly returned to the applicable Participants.

The opening of the Pre-Qualification Submissions shall be documented in a protocol.

7. EXAMINATION OF THE PRE-QUALIFICATION SUBMISSIONS

7.1. Examination of the Pre-Qualification Submissions by the Tender Committee

- a. The Tender Committee shall examine the Pre-Qualification Submissions in order to determine whether the Participants meet the requirements of this Invitation, including all Pre-Qualifications Requirements.
- b. The Pre-Qualification Submissions will not be graded by the Tender Committee.
- c. The Tender Committee will distinguish between the substantive requirement and the manner of proof of compliance therewith.
- d. The Tender Committee will be entitled to allow proof of compliance with any Pre-Qualification Requirement in a different way from that which was defined in this Invitation or in the Pre-Qualification Submission.
- e. Proof of compliance with any Pre-Qualification Requirement can be implemented, *inter alia*, in the following ways:
 - Presenting data or documents after the Pre-Qualification Submission Date, including information and documents that were generated or prepared after that date.
 - Presenting different data from that which was originally presented to the Tender Committee, including with respect to referenced projects other than those that were originally presented in the Pre-Qualification Submission.
 - All the data that has been placed before the Tender Committee, including data that was presented to it with respect to other pre-Qualification Requirements.
 - All data that has been placed before the Tender Committee including data that is in its possession or that came into its hands other than within the Pre-Qualification Process or the Pre-Qualification Submission.
 - Presenting data that refers to any of the Participating Entities, even if that Participant did not originally seek to rely on such data or such Entity.
- f. In cases where the manner of proof of compliance with a Pre-Qualification Requirement was not specified, Participants are entitled to provide satisfactory proof as they see fit.
- g. The Tender Committee will be entitled to exchange a Pre-Qualification Requirement for another equivalent requirement that fulfills the purpose of the original Pre-Qualification Requirement, or to waive and to forgive minor Deviations or immaterial Deviations from the Pre-Qualification Requirement.
- h. The Tender Committee will be entitled to ascribe the qualifications of one Entity to another Entity, even if such Entities are not identical.

- i. The Tender Committee shall have a wide discretion in examining, approving or disqualifying, the referenced projects that were presented in the Pre-Qualification Submission, including, *inter alia*:
 - the level of success or satisfaction from the project, such as with respect to extreme cases of gross failures of design, construction, operation and/or maintenance.
 - with respect to an "availability plant" - whether such a plant may deem to be "operated" during its preservation periods.
- j. The above powers and discretion of the Tender Committee are in addition and does not derogate from any additional powers and discretion pursuant to the Law.

7.2. Requests for Clarifications

The Tender Committee may request a Participant to clarify any item contained in its Pre-Qualification Submission and to submit any additional information necessary, in the opinion of the Tender Committee, for the evaluation of its Pre-Qualification Submission.

Participants will comply with the requests of the Tender Committee and will submit all clarifications and additional information requested within the time period stipulated by the request.

The requests for clarifications will be in writing, delivered to the Participants by e-mail. Their receipt should be confirmed by return e-mail, to the e-mail noted in Section 6.8 (Sealing and Marking of Pre-Qualification Submissions) above, within forty-eight (48) hours of receipt.

Participants' responses to the requests for clarifications will form an integral part of their Pre-Qualification Submissions. The said responses will be attached to the Pre-Qualification Submission, along with copies of the requests for clarifications, and will replace or take precedence over corresponding items within the Pre-Qualification Submission documents that are contradictory.

The Tender Committee may exercise its right under this Section 7.2 any number of times during the examination of the Pre-Qualification Submissions.

7.3. Deviation

- a. In any event that a Pre-Qualification Submission contains an unauthorized modification or a Deviation, the Tender Committee may act as it deems appropriate, including in any one or more of the following ways:
 - (i) disqualify the Participant and the Pre-Qualification Submission;
 - (ii) ignore the unauthorized modification or the Deviation or any part thereof;
 - (iii) deem the unauthorized modification or the Deviation or any part thereof as a technical error;
 - (iv) request of the Participant to amend the unauthorized modification or the

Deviation by resubmitting its Pre-Qualification Submission or any part thereof, or by providing a notice of absolution to the Tender Committee, or by any other means deemed necessary in the opinion of the Tender Committee.

- b. It is hereby clarified that the Tender Committee shall be entitled, at its sole discretion, to determine whether or not to act in accordance with any of the alternatives specified above.
- c. In the event that a Participant refuses to comply with a request of the Tender Committee, without derogating from any of its other rights pursuant to the provisions of the Pre-Qualification Documents or under applicable Law, the Tender Committee may disqualify the Participant's Pre-Qualification Submission.
- d. Under exceptional circumstances, the Tender Committee may amend or waive any requirement herein following the Pre-Qualification Submission Date, if the Tender Committee is of the opinion that it is beneficial for the Project.

7.4. Announcement of Eligible Participants

Upon the completion of its examination of the Pre-Qualification Submissions, the Tender Committee will announce those Participants which the Tender Committee deemed to have successfully complied with the requirements of this Invitation, including with all Pre-Qualification Requirements and which were not disqualified thereby in accordance with the provisions of this Invitation ("**Eligible Participant**").

Without derogating from the generality of the provisions of Section 2.14 (Reservation of Rights), following the publication of the Tender Documents, the Eligible Participants will be invited to submit a bid in accordance with the provisions of the Tender Documents.

Participants who will be deemed by the Tender Committee to have failed to meet any one of the Pre-Qualification Requirements will not be announced as Eligible Participants.

Upon the completion of the Pre-Qualification Process and the selection of Eligible Participants, the Tender Committee may publish the identity of the Eligible Participants (including the Members, Major Subcontractors and Guarantors thereof) to all Participants and in a press release.

7.5. Rejection of the Pre-Qualification Submissions

Without derogating from the Tender Committee's rights under this Invitation and under the Laws:

- a. The Tender Committee reserves the right to reject any or all Pre-Qualification Submissions.
- b. The Tender Committee reserves the right to reject any Pre-Qualification Submission in the event that the Tender Committee is of the opinion that such Pre-Qualification Submission or any part thereof does not conform to the requirements of the Invitation.

- c. Without derogating from the Tender Committee's rights under the Invitation and under Law, the Tender Committee reserves the right to waive deviations (including amendments, omissions, additions, conditions, reservations to the Pre-Qualification Documents) or errors in any Pre-Qualification Submission, or amend such deviation or error, or request the Participant to amend such deviations or errors.

7.6. Disqualification of the Pre-Qualification Submissions

Without derogating from the rights of the Tender Committee under the Invitation and under Law, the Tender Committee will be entitled to disqualify any Participant, or impose any condition or instruction on its participation in the Pre-Qualification Process and/or the Tender Process in the following events:

- a. Any changes of the Members or their Anticipated Holdings in the Participant; changes of the Guarantor or in the Control of a Guarantor over a Member; change of the Desalination Expert, the EPC Expert, the O&M Expert, or any other Major Subcontractors, or their anticipated holdings in the EPC Contractor or the O&M Contractor (as the case may be); without the prior approval of the Tender Committee;
- b. The commencement of insolvency, receivership, liquidation or reorganization proceedings against a Participating Entity or any similar proceedings which may have the same effect, as determined by the Tender Committee, unless such proceedings are discharged within a reasonable period of time, as determined by the Tender Committee, or if an interim or permanent receiver or liquidator is appointed over a Participating Entity, or if a Participating Entity has become insolvent;
- c. The commencement of any voluntary action for the liquidation or cease of activity of any Participating Entity, except for the purposes of merger or restructuring on terms approved by the Tender Committee in writing;
- d. In the event that any Participating Entity (including Interested Parties therein) is a resident of or domiciled (citizen) in a state which does not have diplomatic relations with the State;
- e. Employment or engagement with any Entity as defined under Section 2.15 (Advisors to the Tender Committee) other than in accordance with Section 2.15;
- f. In the event of unusual circumstances or events which materially and adversely affect, to the Tender Committee judgment, the Participating Entity's and/or the Participating Entity's ability (including technically or financially) to execute the Project;
- g. The submission of any false or misleading information to the Tender Committee; and
- h. As a result of any security considerations, as to be determined by the Tender Committee at its sole discretion.

The Participant shall be required to notify the Tender Committee of the existence, during the Pre-Qualification Process, of any of the events described in this Section 7.6, within a

reasonable period of time, under the circumstances. The Tender Committee may base its decision under this Section 7.6 on the information provided by the Participant as well as on any other information available to it, and may request the Participant to provide it with additional information, as the Tender Committee deems necessary.

7.7. An Entity Charged with, or Convicted of, an Offence

- a. Without derogating from the rights reserved by the Tender Committee in accordance with this Invitation or any Law, in the event that the Participant, an Entity which exercises Control over the Participant or directors or office holders of the Participant (including individuals), has been convicted of an Offence or an indictment (criminal charge) with respect to an Offence has been served against it, and the Tender Committee determines, at its sole discretion, that such Offence (or conviction or indictment) might result in a material or adverse change in its business; or is concerning grave professional misconduct; or is concerning fraud and breach of faith; or effects its integrity and/or credibility; the Tender Committee reserves its right to exercise any of its authorities pursuant to this invitation and the Law, including to disqualify the Participant from participating in the Pre-Qualification Process or to impose further restrictions with respect to its participation in the Pre-Qualification Process and/or the tender process, as the Tender Committee shall deem fit.
- b. Each Participant shall attach to its Pre-Qualification Submission, Pre-Qualification Form "L", duly completed and signed.
- c. Participants are entitled to submit Pre-Qualification Form "L" for the preliminary review by the Tender Committee, by no later than thirty (30) days prior to the Pre-Qualification Submission Date. The Tender Committee shall be entitled, but not committed, to review and relate to such preliminary submission.
- d. Without derogating from the Invitation, the Tender Committee reserves its right to request further criminal information during the Pre-Qualification Process or at any further stages of the tender process, and to amend the Tender Documents, all subject to any Law, including the Criminal Information Law, 5779-2019 and its regulations.
- e. Unless determined otherwise by the Tender Committee, all information regarding Offences shall be deemed to constitute information of a commercially sensitive or secret nature.

7.8. Extended Bids Submission Date

- a. In the event that (i) on the Bids Submission Date less than three (3) Pre-Qualification Submissions have been submitted, or (ii) the Tender Committee has determined that less than three (3) Participants are eligible for being declared as an Eligible Participant; the Tender Committee shall allow the submission of new Pre-Qualification Submissions by an extended Pre-Qualification Submission Date to be determined by the Tender Committee.
- b. For the removal of doubt, any previously submitted eligible Pre-Qualification Submissions shall be in full force and effect and no re-submission of such Pre-

Qualification Submissions shall be required.

7.9. Changes to a Participant / Eligible Participant / another Participating Entity

- a. Any change of the Members or their Anticipated Holdings in the Participant; change of the Guarantor or in the Control of a Guarantor over a Member; change of the Desalination Expert, the EPC Expert, the O&M Expert, or any other Major Subcontractors, or their anticipated holdings in the EPC Contractor or the O&M Contractor (as the case may be), following the Pre-Qualification Submission Date (including following the announcement of the Eligible Participants) shall be subject to the approval of the Tender Committee.
- b. The above shall also apply with respect to a new Member which is a Private Investment Fund that is managed by the same General Partner or Fund Manager as the existing Member which is a Private Investment Fund, and the Participant or Eligible Participant (as applicable) complies with Financial Pre-Qualification Requirements through the new Member, based on the new Member's most recent Financial Statements, or in the event that the new Member was recently incorporated and does not have any Financial Statements - based on an affidavit duly executed by the General Partner and Fund Manager.
- c. The Participant or Eligible Participant (as the case may be) will be required to demonstrate that following such change, the Participant complies with the Pre-Qualification Requirements and any other provision of this Invitation.
- d. The Tender Committee may reject a request or impose any conditions it deems necessary.

7.10. Disclosure of Documents

- a. Each Participant shall be entitled to review the relevant protocols of the Tender Committee, correspondences with the Eligible Participants, opinions and any Pre-Qualification Submissions submitted by other Eligible Participants, and to receive a copy thereof;
- b. Participants shall not be entitled to review Pre-Qualification Submissions submitted by other Eligible Participants before a decision is issued by the Tender Committee with respect to those parts of the Pre-Qualification Submissions which are commercially sensitive or confidential under this Invitation or Law. The procedure (including the time schedule) with respect to disclosure of documents and review by other Participants shall be determined solely by the Tender Committee.
- c. The Tender Committee shall evaluate, as it deems necessary, the commercially sensitive or confidential nature of parts of the Pre-Qualification Submission which were identified as such by the Participant in accordance with the provisions of this Invitation. The decision of the Tender Committee with respect thereto will be issued to such Participant.
- d. Participants shall not be entitled to claim that any part of the Pre-Qualification

Submission, other than those parts identified by them in the Pre-Qualification Submission as being of a commercially sensitive or confidential nature, cannot be reviewed by other Participants, and each Participant shall be deemed to have waived any claims it may have with respect thereto.

- e. A Participant shall not be entitled to review information included in the Pre-Qualification Submissions of other Participants, which it identified to be of a commercially sensitive or confidential nature in its own Pre-Qualification Submission, unless otherwise determined by the Tender Committee. The foregoing shall apply, even in the event that the information identified by a Participant as commercially sensitive or confidential was not approved as such by the Tender Committee and even if the other Participants have not claimed that such part of the Pre-Qualification Submission is commercially sensitive or confidential.

7.11. Issuance of the Tender Documents; Update Statement

Without derogating from the generality of the provisions of Section 2.14 (Reservation of Rights), it is expected that pursuant to the Tender Documents, each Eligible Participant will be required to include a statement detailing any and all changes with respect to the Participant, its Members, and, if applicable, its Guarantors and/or its Major Subcontractors, which will have occurred since the date of the Pre-Qualification Submission. It is expected that even in the absence of any changes, a statement to that effect will be required.

The Tender Committee will review the information and, without derogating from its rights under Law or under the Tender Documents, shall be entitled to either disqualify any Eligible Participant in the event that such Eligible Participant will no longer meet the requirements of this Invitation and/or impose any condition or instruction on its participation in the tender process.

APPENDIX A
DEFINITIONS

"Addenda"	Shall have the meaning ascribed thereto in Section 2.12 (Addenda) of this Invitation.
"Advisors"	Shall have the meaning ascribed thereto in Section 2.15 of this Invitation.
"Anticipated Holdings"	Shall mean the intended share of holdings of each Member in the Participant, as described in <u>Pre-Qualification Form "B"</u> .
"Average Operating Cash Flow"	Shall have the meaning ascribed thereto in Section 5.4.1.b) (Financial Pre-Qualification Requirements; Operating Cash Flow) of this Invitation.
"Commitments"	Shall mean the overall amount of all financial commitments made available to a Private Investment Fund by its limited partners.
"Completion" or "Completed"	Shall mean the delivery of the referenced project to the client, or the commencement of its operation in accordance with its intended use.
"Contract Value"	Shall mean the total amount of all payments which were paid to the Entity presenting the referenced contract, pursuant to that specific referenced contract, excluding VAT, and interest.
"Conference"	Shall have the meaning ascribed thereto in Section 2.11 (Conference) of this Invitation.
"Control"	Shall have the meaning ascribed thereto in Section 1 of the Securities Law 1968.
"Declared Entity"	Shall mean an entity: (i) declared pursuant to Section 3 and/or Section 9 of the Law for the Struggle with Iran's Nuclear Program from 2012; and/or (ii) declared pursuant to Section 3 and/or 4 of Law for the Prevention of Distribution and Financing of Weapons of Mass Destruction from 2018; (iii) listed by the Israeli Sanctions Administration [מטה סנקציות] according to any applicable Law.
"Desalination Expert"	Shall mean the Entity which will demonstrate compliance with the Pre-Qualification Requirements detailed in Sections 5.3 (Desalination Plants Design and Construction Experience) of this Invitation.

"Deviation"	Shall mean any deviation, amendment, omission, addition, condition, reservation or qualification of the contents of this Invitation, including of the Pre-Qualification Requirements, made by the Participant in its Pre-Qualification Submission.
"Eligible Participant"	Shall have the meaning ascribed thereto in Section 7.3 (Announcement of Eligible Participants) of this Invitation.
"Entity"	Any corporation, company, or partnership, recognized by law within its domicile, excluding individuals.
"EPC Contractor"	Shall mean the Entity to assume on a "back-to-back" basis the design and construction obligations of the Seller vis-à-vis the State, as shall be further described in the Tender Documents.
"EPC Contractor Member"	Shall mean any Entity holding or committed to hold shares or other interests in the EPC Contractor.
"EPC Expert"	Shall mean the Entity which demonstrated compliance with the Pre-Qualification Requirement detailed in Section 5.1 (Infrastructure Projects "Main Contractor" Experience) of this Invitation.
"Equity"	Shall mean shareholders Equity excluding minority interests.
"Financial Entity"	Shall mean: (i) a Private Investment Fund; (ii) an Institutional Investor; or (iii) an Investment Entity.
"Financial Statements"	Shall mean, for each entity, its annual audited consolidated (or, in the absence thereof – solo) financial statements which includes a report signed by the external auditor of the Entity, confirming its compliance with one of the accounting standards specified pursuant to Sections 5.4.95.4.9 (Content and Submission Form).
"Financial Pre Qualification Requirements"	Shall have the meaning ascribed thereto in Section 5.4 (Financial Pre-Qualification Requirements) of this Invitation.
"Fund Manager"	Shall mean an individual (i) responsible for implementing the Private Investment Fund's investing strategy and managing its portfolio trading activities; and (ii) authorized to sign on behalf of the Private Investment Fund and to commit it for purposes of this Pre-Qualification Process, for all purposes and intents.

"General Partner"	A general partner of a Private Investment Fund who is responsible for the overall management and administration of the Private Investment Fund.
"Guarantor"	Shall have the meaning ascribed thereto in Section 5.4.8 (Reliance on a Guarantor).
"Interested Party"	Shall mean with respect to Entity ₁ : (a) any Entity or individual directly holding at least 15% of any of the Means of Control of Entity ₁ (in this definition: " Entity₂ "); (b) any Entity or individual Effectively holding at least 70% of any of the Means of Control of Entity ₂ ; (c) the CEO of Entity ₁ ; or (d) any of the directors of Entity ₁ .
"Institution of Higher Education"	Shall have the meaning ascribed thereto in the Council for Higher Education Law (1958); and with respect to non-Israeli Entities - a similar entity pursuant to applicable law under the applicable jurisdiction.
"Institutional Investor"	Shall mean (i) each of the Entities listed in Sections 1-4 of Schedule 1 of the Securities Law 1968; and/or (ii) with respect to an Entity registered outside the State of Israel – a similar Entity pursuant to applicable law under the applicable jurisdiction.
"Investment Entity"	Shall have the meaning ascribed thereto in the International Financial Reporting Standard (IFRS) 10 (Consolidated Financial Statements).
"Invitation"	Shall have the meaning ascribed thereto in Section 2.5 (The Invitation) of this Invitation.
"Law(s)"	The various national (or state) laws and legislation, statutes, ordinance, codes, and regulations as enacted by the State, and any by-laws, codes and regulations enacted by the relevant authorities or municipalities, and precedents of relevant competent judicial authorities in the State; all as modified, amended, replaced or created from time to time.
"Major Subcontractor"	Shall have the meaning ascribed thereto in Section 3.3 of this Invitation.
"Main Contractor"	Shall mean an entity which is directly accountable (by itself or jointly and severally as part of a joint venture) for the execution of the referenced project (with respect to the applicable scope of work), bearing all the risks related to the execution thereof, including its management and administration and the (direct or indirect) engagement and coordination of all subcontractors.

	<p>For the avoidance of doubt, entities which are directly accountable vis-à-vis the client for the execution of the referenced project under a concession agreement (i.e. BOT agreement) due (only) to their position as the concessionaire (or a member thereof), but has entered an EPC contract with an EPC Contractor to carry such project, will not be considered as Main Contractor under this definition.</p>
"Means of Control"	<p>Shall have the meaning ascribed thereto in Section 1 of the Securities Law 1968.</p> <p>Notwithstanding the above, with respect to a joint venture shall mean the power to impose professional decisions on the joint venture and the power to veto decisions made by the joint venture.</p>
"Member"	<p>Shall have the meaning ascribed thereto in Section 3.2.1 (Definition of Members of a Participant) of this Invitation.</p>
"Offence"	<p>shall mean criminal offences included in Annex 4 הַתּוֹסֵפֶת to the Criminal Information Law, 5779-2019, and any other offence that the Tender Committee will be allowed, pursuant to any Law, to request information with respect thereto.</p>
"O&M Contractor"	<p>Shall mean the Entity to assume on a "back-to-back" basis the operation and maintenance obligations of the Seller vis-à-vis the State, as shall be further described in the Tender Documents.</p>
"O&M Contractor Member"	<p>Shall mean any Entity holding or committed to hold shares or other interests in the O&M Contractor.</p>
"O&M Expert"	<p>Shall mean the Entity which demonstrated compliance with the Pre-Qualification Requirement detailed in Section 5.2 (Water-Treatment Facilities Operation and Maintenance ; Experience) of this Invitation.</p>
"Operating Cash Flow"	<p>Shall have the meaning ascribed thereto in Section 5.4.2 (Operating Cash Flow) of this Invitation.</p>
"Participating Entity"	<p>Shall mean the Participant, any Member of the Participant, any Guarantor, the EPC Expert, the O&M Expert, the (future) Desalination Expert, and any other Major Subcontractor.</p>
"Pre-Qualification Process"	<p>Shall mean the pre-qualification process commencing upon the issuance of this Invitation, and ending upon the announcement of Eligible Participants.</p>

"Pre-Qualification Submission Date"	Shall have the meaning ascribed thereto in Section 6.9 (Pre-Qualification Submission Date) of this Invitation.
"Participant"	Shall have the meaning ascribed thereto in Section 3.1.1 (Definition of a Participant) of this Invitation.
"Pre-Qualification Requirements"	Shall have the meaning ascribed thereto in Section 5 (Pre-Qualification Requirements) of this Invitation.
"Pre-Qualification Submission"	The complete written pre-qualification submission, complying with the terms and conditions contained in this Invitation and including all the information and completed <u>Pre-Qualification Forms</u> called for pursuant to this Invitation, as submitted and duly signed by Participants.
"Private Investment Fund"	Shall mean (i) an Entity incorporated for the purpose of making financial investments (i) in which at least 50% of its Commitments (at any given time) are made by Institutional Investors, (ii) has a General Partner, and (iii) is not an Investment Entity. For the purposes of calculating the above 50%, an Institution of Higher Education can be regarded as an "Institutional Investor".
"Private Sector"	Shall mean Entities other than the prohibited Entities pursuant to Section 3.5 (Participation of Government Companies).
"Regulations"	Shall have the meaning ascribed thereto in Section 2.2 (Governing Law), of this Invitation.
"Related Entity"	Shall have the meaning ascribed to such term "גורם קשור" או "גורמים הקשורים לתאגיד הזר המסייע", לפי העניין (including derivatives thereof), pursuant to: (i) the Law for the Struggle with Iran's Nuclear Program from 2012; and/or (ii) the Law for the Prevention of Distribution and Financing of Weapons of Mass Destruction from 2018.
"Seller"	Shall have the meaning ascribed thereto in Section 1.2 (the Selection Process) of this Invitation.
"State"	State of Israel.
"The Tender Committee"	The committee appointed by the Accountant General in accordance with the provisions of the Regulations, in order to control and manage the Pre-Qualification Process.

"Unutilized Commitments"

Shall mean the overall Commitments, deducted by: (i) funds invested, and (ii) funds committed to be invested by the Private Investment Fund.

APPENDIX B

GENERAL DESCRIPTION OF THE PROJECT

1. General

Ashkelon seawater reverse osmosis (SWRO) desalination plant is located within the industrial zone of the city of Ashkelon in the southern coast of Israel along the Mediterranean Sea.

The plant was executed as a BOT project in the early 2000's. Its construction was carried out between the years 2002 to 2005 and following successful commissioning it began operation in August 2005 at an initial capacity of 100,000,000 m³ per year, which was increased in 2010 up to 120,000,000 m³ per year. The current concession period is due by May 2027.

The Israeli National Infrastructures Committee is finalizing a national infrastructures plan for the expansion of the Ashkelon desalination plant (National Infrastructures Scheme 141). Link to the plan documents in Hebrew: <https://mavat.iplan.gov.il/SV4/1/99005314376/310>.

This plan (or the project) considers two major parts:

- The upgrade, as detailed hereunder, of the existing plant while maintaining operation capabilities (to an extent which will be described later); and
- The construction of additional capacity within an additional designated area, adjacent to the existing plant.

The total capacity of both parts will sum up to approximately 220,000,000 m³ per year. The project will be executed as a BOT project with a concession period of twenty four (24) years and eleven (11) months.

The tender for the upgrade and expansion of the Ashkelon desalination plant (as described hereunder) is part of other future tenders planned to be executed within the upcoming years, such as a desalination plant in Emek Hefer (Hefer Valley), which is currently in statutory planning phase, for capacity of 400 million m³ per year, as part of national plan to reach total desalination capacity of 1,100-1,200 million m³ per year by year 2030, and further increase in desalination capacity based on anticipated increase in water demands.

2. Existing Plant Description

The plant has marine intake pipes that convey seawater from an open intake to a pumping station. There, the water is pumped and delivered to the plant by inland pipes. Pretreatment is based on dual media gravitation filters enhanced by coagulant dosage and followed by micron filtration. First pass SWRO is followed by a series of passes and stages designed to achieve the (existing) required water quality. Energy recovery is based on Calder's DWEER system. Post

treatment includes re-mineralization and water stabilization by limestone dissolution with sulfuric acid. Then, the final product is disinfected with hypochlorite.

The desalinated water is delivered to Mekorot reservoir nearby. Brine is being rejected to the sea together with the nearby Power plant cooling water outlet channels. The desalination plant has a power connection at ultra-high voltage from the grid and an internal power plant with capacity of about 85 MW.

3. Existing Plant Upgrade

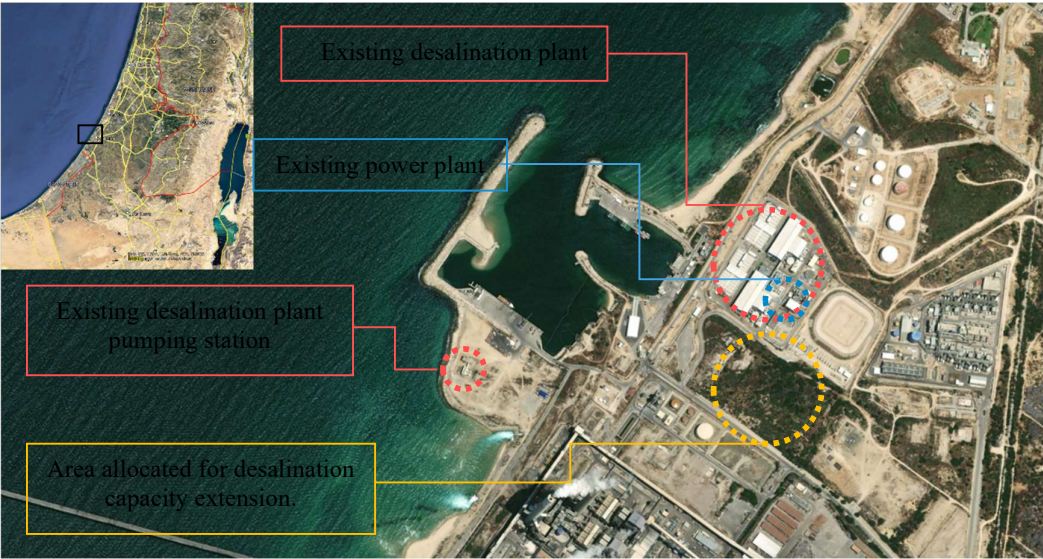
Upgrade of the existing plant and the expansion of the desalination capacity will include, but not limited to, the following:

- Replacement, modification, addition, deconstruction and construction of existing infrastructures, buildings, piping, equipment, *etc.*, as necessary to extend the plant operation by additional concession period,
- Improving desalinated water quality from to the latest desalinated water quality requirements,
- Construction of additional desalination capacity within an allocated area (see attached map), adjacent to the existing plant, up to a total of approximately 220,000,000 m³ per year,
- Increasing seawater intake capacity by adding intake pipe(s) and by adding new or expanding the existing pumping station,
- Replacing the exiting brine reject solution with a new marine pipe to the sea which will accommodate the flow of brine reject for the total desalination capacity,
- Providing a treatment for backwash water for the total desalination capacity
- Increasing plant's connection to the electricity grid together with optional renovation or replacement of the existing power plant and the addition of a new power production capacity within the additional area to supply all power demand of the enlarged desalination capacity (up to 220,000,000 m³ per year),

During project execution, production capacity shall be maintained to an extent that will be further decided.

It is emphasized that the description that is hereby given is general and indicative, and that the actual scope of the Project shall be determined in the Tender Documents.

Schematic project map



APPENDIX C

LIST OF ADVISORS

The following are the advisors to the Tender Committee:

Adan Technical and Economic Services Ltd., Technical Advisors

M.L.G.R - Urban, Transportation & Infrastructure Planning & Projects Management Ltd., Statutory Advisors

Mr. Mark Shabashevich, Financial and Economic Advisor

Lipa Meir & Co., Attorneys-at-Law, Legal Advisors

A. Lerman Architects Ltd., Statutory Planning

Yael Architecture and Town Planning Ltd., Statutory Planning

Geoteva Environmental Consultancy Ltd., Statutory Planning

HPA Engineers P.C., Statutory Planning

Nir Zaidfunden Engineers Consulting Ltd., Statutory Planning

Ludan Engineering Company Ltd., Statutory Planning

R. Raviv Consulting Engineers Ltd., Statutory Planning