

Date: 17/06/2019

To:

All Participants

Re: Invitation For Pre-Qualification for Participation in a Tender for the Acquisition of Holdings in Ashdod Desalination Ltd. and Ashdod Desalination – Operation Ltd. ("Invitation") – Addendum No. 2

1. All capitalized terms used and not defined herein shall have the meaning ascribed to them in the Invitation.
2. Pursuant to the provisions of Section 2.11 (*Addenda*) of the Invitation, the attention of all Participants is drawn to:
 - 2.1. Clarifications and Addendum to the Invitation, attached to this Addendum as **Appendix I.**
 - 2.2. The updated version of the Pre-Qualification Forms, attached to this Addendum in PDF and WORD format as **Appendix II.**
 - 2.3. Affidavits pursuant to the Public Entities Transactions Law, 1976, attached to this Addendum as **Appendix III.**
3. As set forth in Section 2.11(e) of the Invitation, you are kindly requested to acknowledge receipt of this Addendum, no later than 2 (two) days following receipt thereof, by a written notice to the Tender Committee, in the format attached to this Addendum as **Appendix IV.**

Sincerely,

Maharan Frozenfar

CC: Members of the Tender Committee

APPENDIX I - CLARIFICATIONS AND ADDENDUM

Invitation to Bid		Section	
1.	Q:	As noted in Appendix B (<i>Indicative Description of the Project</i>), the Invitation only provides an initial general introduction of the Project and only upon the declaration of Eligible Participants, Participants will be provided with detailed information in respect of the Project. Accordingly, a Participant requests to reserve its rights to raise any issues, clarifications and comments in this respect.	General
	A:	The request is rejected. Any issues, clarifications and comments may be raised by Participants in accordance with the provisions of the Invitation; in addition, Eligible Participants will be entitled to request clarifications from the Tender Committee in accordance with the Tender Documents.	
2.	Q:	Since IDE Technologies Ltd. (" IDE ") prepared a technical report regarding, inter alia, the condition of the desalination facility, the Tender Committee is kindly requested to clarify that IDE is not permitted to participate in the Tender.	General
	A:	The Tender Committee is considering this matter in accordance with applicable Law. Within this context, it is the intention of the Tender Committee to upload to the virtual data room the report prepared by IDE with respect to the Facility and the documents provided to IDE for preparation of the report, to coordinate visits of Eligible Participants to the Facility and to provide Eligible Participants with the opportunity to examine the Facility, all in accordance with, and subject to, the provisions of the Tender Documents.	
3.	Q:	Please provide more clarity on the level and extent of involvement of the Senior Agent in the tender process.	Invitation; Section 1.1.
	A:	Since the Concessionaire is engaged in the Concession Agreement with the State and financing agreements with the Senior Lenders (as may be amended during the tender process), as generally introduced in Appendix B of the Invitation, while the intention of the tender process is for the Seller to sell its entire direct holdings and interests in the Concessionaire and the Operator, therefore, both the State and the Senior Lenders are, and will be, involved in the tender process, and	

		certain decisions of the Tender Committee will be subject to their approval. The level and extent of such involvement will be coordinated by the Tender Committee with the State and the Senior Agent throughout the tender process.	
4.	Q:	Please add to this Section an estimated deadline for the announcement of Eligible Participants.	Invitation; Section 1.6
	A:	The request is rejected.	
5.	Q:	Please kindly provide the Participants with the Pre-Qualifications Forms in Word format.	Invitation; Section 2.4
	A:	The Pre-Qualification Forms are attached to this Addendum as <u>Appendix II</u> , also in WORD format.	
6.		<p>The third paragraph of Section 2.14 of the Invitation shall be replaced with the following:</p> <p><u>"The Tender Committee reserves the right, at its sole discretion, to disqualify any Participant, impose any condition or restriction on its participation in the Pre-Qualification Process and/or the tender process, in the event of its, or any of its Participant's, engagement, for purposes of the Pre-Qualification Process and/or the tender process, with any other advisor, employee, service provider or other person or Entity which was involved in the Project on behalf of the Seller, Concessionaire, Operator, State, Senior Lenders, or Mekorot Water Company Ltd., even if such advisor, employee or service provider is not listed in Appendix "C" of this Invitation.</u></p> <p><u>Without derogating from the discretion of the Tender Committee as set out above and as set out in Section 7.3 of the Invitation, if a Participant or any of its Participants wishes to engage with such advisor, employee, service provider or other person or entity, for purposes of the Pre-Qualification Process and/or the tender process it shall submit to the Tender Committee a detailed request, specifying in detail the identity of the advisor, employee, service provider or other person or entity, the nature and expected duration of the engagement and the reasons justifying the receipt of the Tender Committee's approval for such engagement.</u></p> <p><u>Without derogating from the above and from any and all of the Tender Committee's rights pursuant to the provisions of the Invitation and under Law, the Tender Committee shall be entitled, at its sole discretion, to take any action required to ensure the absence of any conflict of interests or any alleged or future conflict of interests including, <i>inter</i></u></p>	Invitation; Section 2.14

		<i>alia</i> , requesting to amend the terms of any engagement of the Participant or any of its <u>Participators.</u> "	
7.	Q:	Please confirm that the Participant does not need to be an incorporated Entity as of the Pre-Qualification Process (as customary in other BOT tenders such as Sorek).	Invitation; Section 3.1.1
	A:	<p>Unlike other BOT tenders similar to Sorek, whereby the tender requires the formation of a new sole purpose entity, under this tender process, in this Project the Concessionaire (Ashdod Desalination Ltd.) already exists, and as specified in Section 1.1 of the Invitation, it is the intention of the Seller to sell its entire direct holdings and interests in the Concessionaire and the Operator, to an Entity from the private sector, that will replace the Seller as the sole shareholder of the Concessionaire and the Operator in accordance with the terms of the Tender Documents.</p> <p>It is clarified that Eligible Participants will <u>not</u> be required to form a new entity in order to participate in the tender process or to purchase the interests in the Concessionaire and the Operator, and the anticipated holdings of the Members in the Concessionaire, shall be as provided in the updated <u>Pre-Qualification Form "C"</u>.</p> <p>As specified in Section 3.2.1 to the Invitation, if the Participant is a single Entity, then the Participant and the Member shall be the same Entity. Accordingly, if the Participant is comprised of several Entities, then each such Entity shall be regarded as a Member, who will directly hold the relevant interests in the Concessionaire in case of award.</p> <p>For illustration purposes: (a) if a Participant is comprised on one Entity – Entity A – then the Participant and the Member shall be Entity A and in case of award, Entity A will hold 100% of interests in the Concessionaire; (b) if a Participant will be Entity A and Entity B, then both Entities together will comprise the Participant, each of Entity A and Entity B will be regarded as a Member, and in in case of award, each of Entity A and Entity B will hold interests in the Concessionaire in accordance with the anticipated holdings as set forth in the updated <u>Pre-Qualification Form "C"</u>.</p> <p>To the extent that, during the tender process, an Eligible Participant wishes to incorporate a new Entity to be held by the Members presented in the Pre-Qualification Submission, or otherwise make changes to its holding structure, such change shall be subject to the approval of the Tender Committee, to be determined at its sole discretion.</p>	

8.	<p>Q: Please amend this section as follows:</p> <p>(i) An Experience Provider shall not be a resident or a national of a country which does not have diplomatic relations with the State;</p> <p>(ii) Interested Parties in the Experience Provider, directors or managers thereof, and including individuals, who are expected to have any control over or any involvement in the Pre-Qualification Process, the tender process or the Project, are not and shall not be residents or with a sole nationality <u>of an Enemy Country</u>.</p> <p>"<u>Enemy Country</u>" shall have the meaning ascribed thereto in the Trading with the Enemy Act 1939.</p>	Invitation; Section 3.3.1(b)	
	<p>A: The request is generally rejected, however, Participants may submit a specific request to the Tender Committee, until the Questions Submission deadline, with respect to a certain Interested Party, director or manager, and the Tender Committee will consider each request on a case by case basis, at its sole discretion.</p>		
9.	<p>Q: Please clarify that each Experience Provider submitted by the Participant in the Pre-Qualification will not be able to participate in any other Pre-Qualification Submission. However, upon becoming an Eligible Participant and choosing one of such Experience Providers for the submission of the bid, the other Experience Providers which were submitted as part of the Pre-Qualification Submission, shall be entitled to be submitted as part of other bids of the Tender.</p>	Invitation; Section 3.5.2.b	

	A:	<p>Section 3.5.2.b is hereby deleted. Accordingly, for the purposes of demonstrating compliance with each of the Technical Pre-Qualification Requirements, a Participant may introduce only one Experience Provider (and not several potential Entities).</p> <p>To the extent that, following becoming an Eligible Participant, an Eligible Participant wishes to replace an Experience Provider with another Experience Provider (whether such Experience Provider participated in another Pre-Qualification Submission or not), such replacement shall be subject to the approval of the Tender Committee, to be determined at its sole discretion.</p>	
10.	Q:	The Tender Committee is requested to reduce the requirement of presentation of at least one (1) sea-water desalination facility, from a total production capacity of not less than 100,000 m ³ /day to a total production capacity of not less than 68,000 m ³ /day.	Invitation; Section 5.1.1
	A:	The request is rejected	
11.	Q:	The Tender Committee is requested to reduce the requirement of presentation of at least one sea-water desalination facility, based on a reverse osmosis process design, from production capacity of no less than 50,000 m ³ /day to production capacity of no less than 45,000 m ³ /day.	Invitation; Section 5.1.2.a
	A:	The request is rejected.	

12.	Q:	The Tender Committee is kindly requested to confirm that for the purpose of demonstrating compliance with the Technical Pre-Qualification Requirements specified in Section 5.1.1 to the Invitation (<i>Design and Construction Experience</i>) and in Section 5.1.2 to the Invitation (<i>Operation and Maintenance Experience</i>), a Member which is a Private Investment Fund which is incorporated as a limited partnership (" LP 1 ") is allowed to rely on a project that was executed by another limited partnership (" LP 2 ") – which is under common Control with LP 1 – through a single purpose Entity that served as the "Main Contractor" of the Project (" EPC Contractor ") (with respect to the Technical Pre-Qualification Requirements specified in Section 5.1.1 (Design and Construction Experience)), and through another single purpose Entity which was responsible for the operation and maintenance of the Project (" O&M Company ") (with respect to the Technical Pre-Qualification Requirements specified in Section 5.1.2 (Operation and Maintenance Experience))	Invitation; Section 5.1.3
	A:	The request is rejected.	
13.	Q:	Please confirm that the provisions of Section 5.1.3(a)(i) with respect to the "joint venture" shall only apply in the event that the reference project was executed by an unincorporated joint venture. For example, if the applicable project was executed through a "Main Contractor" that was an incorporated partnership, it shall be sufficient, pursuant to Section 5.1.3(a)(i), to demonstrate that the Experience Provider's share in the "Main Contractor" was not less than 30%.	Invitation; Section 5.1.3(a)(i)
	A:	The request is confirmed.	
14.	Q:	Please amend these sections to allow the presentation of a Design Contractor as part of the bid submission and not as part of the Pre-Qualification Process.	Invitation; Section 5.1.3.a.(ii) and 5.1.3.b
	A:	The request is rejected. Please refer to Section 2 of Appendix I of Addendum No. 1 regarding the postponement of the Pre-Qualification Submissions Date.	

15.	Q:	<p>The Tender Committee is kindly requested to confirm that the term "hold" in Section 5.1.5(a)(ii), (iv) and (v) to the Invitation (<i>The Tender Process – Expected Requirements</i>), shall have the meaning ascribed thereto in Section 1 of the Securities Law, 1968 (i.e., holding directly or indirectly, whether through its holdings as Member in the Participant or through its holdings in the Participant and in other Members). Accordingly, a Member which demonstrated compliance with the Technical Pre-Qualification Requirements specified in Section 5.1.1 to the Invitation (<i>Design and Construction Experience</i>) and in Section 5.1.2 to the Invitation (<i>Operation and Maintenance Experience</i>), that holds at least 50% of the share capital of a Participant, which holds 100% of the New EPC Contractor and the Operator, shall meet the requirements of Section 5.1.5(a)(ii), (iv) and (v) to the Invitation.</p>	Invitation; Section 5.1.5(a)(ii), (iv) and (v)
	A:	<p>The request is rejected.</p> <p>The term "hold" in Sections 5.1.5(a)(ii), 5.1.5(a)(iv) and 5.1.5(a)(v) shall mean holding <u>directly, or indirectly through a wholly-owned (or several wholly-owned) single purpose holding Entity (or Entities, as applicable)</u>.</p> <p>For illustration purposes, if Entity A is required to "hold" 50% in Entity B, then Entity A may hold such interest directly, or indirectly, by holding 100% in a single purpose holding company, which will in turn hold 50% in Entity B.</p>	
16.	Q:	<p>Please confirm that the 30% holding threshold in the New EPC Contractor can be demonstrated also on an "indirect" shareholding basis.</p>	Invitation; Section 5.1.5(a)(ii)
	A:	<p>Please refer to clarification No. 15 above.</p>	
17.	Q:	<p>Section 5.1.5(a)(v) of the Invitation provides that the Entity which demonstrated compliance with the Pre-Qualification Requirement detailed in Section 5.1.2 (<i>Operation and Maintenance Experience</i>) shall be required to hold at least 50% of the share capital or interest in the Operator.</p> <p>The Tender Committee is kindly requested to reduce the minimum required holdings of the experience provider in the Operator from 50% to 30%.</p>	Invitation; Section 5.1.5(a)(v)
	A:	<p>Section 5.1.5(a)(v) of the Invitation shall be amended as follows:</p> <p>"the Entity which demonstrated compliance with the Pre-Qualification Requirements detailed in Section 5.1.2 (<i>Operation and Maintenance Experience</i>) shall be required to hold at least 50%<u>30%</u> of the share capital / interest in the Operator."</p>	

18.	Q:	The Tender Committee is kindly requested to specify the additional score that will be awarded for similar structure of holdings in the Concessionaire, the New EPC Contractor and the Operator.	Invitation; Section 5.1.5(b)
	A:	To the extent that the Tender Committee shall decide that additional score will be awarded in the cases described in Section 5.1.5(b) of the Invitation, such additional score will be specified in the Tender Documents.	
19.	Q:	Please confirm that all conditions shall be viewed on an "indirect" basis. I.e. if the relevant Entities are part of the same corporate structure then the conditions shall be deemed to have been met.	Invitation; Section 5.1.5(b)
	A:	To the extent that the Tender Committee shall decide that additional score will be awarded in the cases described in Section 5.1.5(b) of the Invitation, the corporate structure that will entitle receipt of such additional score will be specified in the Tender Documents.	
20.	Q:	Please clarify that in the event of a reliance by a Member on a Guarantor under Section 5.2.1(b), where such Member does not have audited Financial Statements (for instance if it is a newly incorporated Entity), such Member shall not be required to meet the requirement under Section 5.2.5. Alternatively, if the foregoing is not acceptable, please clarify that such Member may present a letter of confirmation from its CFO confirming that the Member is a "Going Concern" in lieu of submitting Financial Statements.	Invitation; Section 5.2.5
	A:	It is clarified that in the event that a Participant or Member does not have audited Financial Statements because it is a newly incorporated Entity, then it may comply with the requirements of Section 5.2.5 by presenting a letter of confirmation from its CFO confirming that it does not have audited Financial Statement since it is a newly incorporated Entity.	
21.		The following paragraph shall be added at the end of Section 5.2.5. of the Invitation: <u>"Notwithstanding the above, Entities which submitted their recent Financial Statements in accordance with the terms of the Invitation, are not required to demonstrate the aforesaid through a confirmation from their external auditor."</u>	Invitation; Section 5.2.5

22.	Q:	<p>Please confirm that in order to satisfy the requirement under Section 5.2.5 the Experience Provider demonstrating compliance with the Design and Construction Experience and/or the Operation and Maintenance Experience may submit its most recent available Financial Statements in lieu of the confirmation demanded from its external auditor.</p> <p>If acceptable, please confirm that it is accepted that the Experience Provider's Financial Statements are duly prepared and presented in accordance with Financial Reporting Standards, Singapore (FRSs).</p>	Invitation; Section 5.2.5
	A:	<p>The request is confirmed.</p> <p>It is clarified that Financial Statements prepared and presented in accordance with Financial Reporting Standards, Singapore (FRSs), are only accepted for the purpose of demonstrating compliance under Section 5.2.5.</p>	
23.	Q:	<p>The Tender Committee is kindly requested to confirm that in order to meet the requirements of Section 5.2.6(a) to the Invitation (<i>Financial Pre-Qualification Requirements – Members that are Financial Entities - Private Investment Fund</i>), a Member which is a Private Investment Fund is required to meet only one of the requirements set out in sub-sections (i) and (ii), such that the foregoing requirements will be alternative and not cumulative.</p>	Invitation; Section 5.2.6(a)

	<p>A: Section 5.2.6(a) of the Invitation shall be amended as follows: “A Member which is a Private Investment Fund is required to meet <u>one of</u> the following requirements:</p> <p>(i) As of 31 December of the year of its most recent available Financial Statements, the Committed Capital under its management was of at least 7,200,000 NIS for each one percent (1%) of the Member's Anticipated Holdings, based on its Financial Statements for that year; and/or</p> <p>(ii) As of the date 14 days prior to the Pre-Qualification Submission Date, the Uninvested Committed Capital under its management was of at least 7,200,000 NIS for every one percent (1%) of the Member's Anticipated Holdings.</p> <p><u>Uninvested Committed Capital which is in any currency other than NIS, shall be converted to NIS according to the exchange rates on the 31 December, 2018, as set out in Section 5.2.8.(b)."</u></p>	
24.	<p>Q: The Tender Committee is kindly requested to confirm that for the purpose of Section 5.2.6 to the Invitation (<i>Financial Pre-Qualification Requirements – Members that are Financial Entities</i>), the definition of Institutional Entities shall include, in addition to items (1) to (3) of the first Schedule of the Securities Law 5728-1968, item (4) of the first Schedule of the Securities Law 5728-1968.</p> <p>In addition, the Tender Committee is kindly requested to include "institutions of higher education" as Institutional Entities.</p>	Invitation; Section 5.2.6
	<p>A: The definitions of "Institutional Entities" and "Private Investment Fund" shall be amended as follows:</p> <p>"Institutional Entities" shall mean: <u>(a) the entities listed in items (1) to (3 4) of the first Schedule of the Securities Law 5728-1968, and in case of foreign entities - the equivalent entities under the laws of their jurisdiction; and/or (b) each of the entities recognized as an “institution of higher education” in accordance with the Council for Higher Education Law, 1958, and in case of foreign entities – the equivalent under the laws of their jurisdiction."</u></p> <p>Under the definition of “Private Investment Fund”, the words “Institutional Investors” shall be replaced with the words “Institutional Entities”.</p>	

25.	Q:	Please confirm that an Entity which is publicly traded may indicate a URL link to its Financial Statements in lieu of submitting hard copies.	Invitation; Section 5.2.7
	A:	The request is partially confirmed, such that in addition to a URL directly linking to the Financial Statements, one (1) hard copy of the Financial Statements will be submitted.	
26.	Q:	<p>Please confirm that:</p> <p>In order to demonstrate compliance with the Financial Pre-Qualification Requirements, Pre-Qualification Form "H" should be duly completed and submitted. Whereas Forms "H1" and "H2" should only be submitted for Members which are Financial Entities (i.e., Form "H1" for any Member which is a Private Investment Fund, and Form "H2" for any Member which is an Institutional Entity or a Banking Corporation).</p> <p>The instructions are not quite clear as Section 5.2.7(e) states that Pre-Qualification Forms "H", "H1" and "H2" should be attached.</p>	Invitation; Section 5.2.7.(e)
	A:	<p>Section 5.2.7.(e) of the Invitation shall be amended as follows:</p> <p>"In order to demonstrate compliance with the Financial Pre-Qualification Requirements, the relevant Pre-Qualification Forms "<u>H</u>", "<u>H₁</u>" and/or "<u>H₂</u>" should be duly completed and submitted, in accordance with one of the GAAP principles set out in sub-Section (a) above (as applicable)."</p>	
27.	Q:	<p>The Tender Committee is requested to confirm that the submission of Financial Statements based on Hong Kong Financial Reporting Standards ("HKFRS") be allowed. Please note that HKFRS have been fully converged with International Financial Reporting Standards (IFRS) for annual reporting periods commencing from 1 January 2005.</p> <p>Please also indicate the exchange rates from HK\$ which should be added to the table in Section 5.2.8.</p>	Invitation; Section 5.2.7(a), 5.2.8

	<p>A: The request is confirmed.</p> <ul style="list-style-type: none"> Section 5.2.7(a) of the Invitation shall be amended as follows: “...<u>(iv) Hong Kong Financial Reporting Standards (HKFRS)</u>...” The following exchange rates shall be added to the table in Section 5.2.8(a) – Turnover and Operating Cash Flow: <table border="1" data-bbox="280 483 1321 689"> <thead> <tr> <th></th> <th>Average* 2015</th> <th>Average* 2016</th> <th>Average* 2017</th> <th>Average* 2018</th> </tr> </thead> <tbody> <tr> <td>NIS/ HK\$</td> <td><u>0.5016</u></td> <td><u>0.4937</u></td> <td><u>0.4587</u></td> <td><u>0.4601</u></td> </tr> </tbody> </table> <p>* Such values represent an average of the exchange rates prevailing on the last day of each calendar month of the relevant fiscal year, based on data from the <u>Bank of Israel and the U.S. Federal Reserve Bank</u>.</p> <ul style="list-style-type: none"> The following exchange rates shall be added to the table in Section 5.2.8(b) – Equity: <table border="1" data-bbox="373 976 1286 1093"> <thead> <tr> <th></th> <th>31 December, 2017</th> <th>31 December, 2018</th> </tr> </thead> <tbody> <tr> <td>NIS/ HK\$</td> <td><u>0.4438</u></td> <td><u>0.4786</u></td> </tr> </tbody> </table> <ul style="list-style-type: none"> Section 5.2.8(c) of the Invitation shall be amended as follows: “Exchange Rates Sources. The sources for the <u>NIS/US\$/€</u> exchange rates detailed in sub-Sections (a) and (b) above are Bank of Israel tables and data. <u>The sources for the NIS/HK\$ exchange rates detailed in sub-Sections (a) and (b) above are Bank of Israel and the U.S. Federal Reserve Bank tables and data.</u>” 		Average* 2015	Average* 2016	Average* 2017	Average* 2018	NIS/ HK\$	<u>0.5016</u>	<u>0.4937</u>	<u>0.4587</u>	<u>0.4601</u>		31 December, 2017	31 December, 2018	NIS/ HK\$	<u>0.4438</u>	<u>0.4786</u>	
	Average* 2015	Average* 2016	Average* 2017	Average* 2018														
NIS/ HK\$	<u>0.5016</u>	<u>0.4937</u>	<u>0.4587</u>	<u>0.4601</u>														
	31 December, 2017	31 December, 2018																
NIS/ HK\$	<u>0.4438</u>	<u>0.4786</u>																
28.	<p>Q: Please confirm that in the event of a reliance by a Member on a Guarantor, where such Member does not have audited Financial Statements (for instance if it is a newly incorporated Entity), only the Financial Statements of that Guarantor should be submitted, whereas such Member shall not be required to submit Financial Statements or Form "H".</p>	Invitation; Section 5.2.7(d)																

	A:	In the event that a Member which relies on a Guarantor does not have Financial Statements (for any or all of the relevant years), the Member is required to submit a statement by its CFO, stating that it does not have such Financial Statements, and such Member shall not be required to submit Financial Statements which it does not have. Accordingly, if the Member does not have Financial Statements for all of the relevant years, it shall not be required to submit Form “H”.	
29.	Q:	The Tender Committee is kindly requested to confirm that the definition of an Absorbed Company includes, in addition to a statutory merger or an asset purchase arrangement, a share purchase arrangement, whereby the entire share capital of the Absorbed Company was purchased by the Participant, Member, Guarantor (if applicable) or Experience Provider, as applicable.	Invitation; Section 5.3(c)
	A:	The request is rejected.	
30.	Q:	Please clarify that in the event a document or a set of documents consisting part of the Pre-Qualification Submission are set in binders, the Participant is only required to sign the first and last pages of each of the binders (such clarification is necessary for example for the Financial Statements that are required to be attached in respect of each applicable Year).	Invitation; Section 6.4
	A:	Financial Statements may be set in a binder and signed on the first and last pages of the binder.	
31.	Q:	Please confirm that save for any designated signatures included in the Pre-Qualification Submission (and particularly the Pre-Qualification Forms), any other document attached to the Pre-Qualification Submission, including the Financial Statements and other supportive documents (if any), may be signed by the relevant Entity in initials only. Please confirm that the attorney’s confirmation is only required in each designated signature confirmation included in the Pre-Qualification Forms. If any additional attorney’s confirmation is required, please clarify.	Invitation; Section 6.5
	A:	The request is confirmed.	

32.	Q:	Please clarify that each copy shall include a CD containing a copy of the Pre-Qualification Submission in original PDF format not scanned. Please note that any executed document will be in any case required to be scanned after being signed by the applicable Entity.	Invitation; Section 6.7
	A:	Section 6.7 of the Invitation shall be amended as follows: "Each copy shall include a CD containing a copy of the Pre-Qualification Submission in original PDF format (i.e. not scanned) ."	
33.	Q:	Please specify the existing securities, undertakings and obligations provided by the Seller which are to be assumed and/or replaced by the Winning Bidder. This information is important at this stage, as it may have an effect on the desirable composition of the Participant.	Invitation; Section 2.4 of Appendix B
	A:	Such information will not be provided at this stage. To the extent that, during the tender process, an Eligible Participant wishes to make changes to its composition or holding structure, such Eligible Participant may submit a request to the Tender Committee, and such change shall be subject to the approval of the Tender Committee, to be determined at its sole discretion.	
34.	The Tender Committee hereby notifies the Participants that Mrs. Einat Tepper is added to Appendix C (<i>List of Advisors</i>) as an advisor to the State and Kaplan Alon Gur - Law Office as an advisor to the Tender Committee.		Invitation; Appendix C
35.	Q:	The Tender Committee is requested to confirm that a copy of the Invitation and all Addenda to the Invitation are not required to be attached to the Pre-Qualification Submission (without derogating from the responsibility of each Participant to acknowledge the receipt of all Addenda in its Pre-Qualification Submission Letter).	Pre- Qualificatio n Form "A"; Section 5
	A:	The request is confirmed.	
36.	Q:	If the Members are not required to form an SPV following the Pre-Qualification Process, it would seem that Sections 1-3 of Pre-Qualification Form B are obsolete, and Sections 4 and 7 (probably a typo that should be amended to "5") of the said form may be included in Pre-Qualification Form C.	Pre- Qualificatio n Form "B";

	A:	Pre-Qualification Forms "B" and "C" have been consolidated. The updated Pre-Qualification Forms are attached to this Addendum as Appendix II .	
37.	Q:	Please confirm that the Member is entitled to refer to a holding structure that will be attached to the form.	Pre-Qualification Form "C"; Section 9
	A:	The request is confirmed.	
38.	Q:	(i) The Tender Committee is hereby requested to confirm that an approval for bookkeeping and proper reporting to VAT Authorities given by the Israeli Tax Authority is acceptable for the purpose of this Section; (ii) Please provide the form of the affidavits pursuant to the Public Entities Transactions (Enforcement of Bookkeeping, Payment of Taxes, Legal Employment of Foreign Workers and Minimum Wage) Law, 5736-1976.	Pre-Qualification Form "C"; Section 11
	A:	(i) The request is confirmed. (ii) The affidavits pursuant to the Public Entities Transactions Law are attached to this Addendum as Appendix III .	
39.	Q:	Please confirm which Executives should be stated in these Sections and if the Executives should be mentioned under the 'Position Holders'. If so, the Tender Committee is hereby requested to delete the reference to Executives in these Sections in order to avoid duplication.	Pre-Qualification Form "C"; Section 2 and Pre-Qualification Form "E"; Section 3
	A:	The requirement to detail the "Position Holders" is hereby deleted. The term "Executives" refers to Chief Executive Officer, General Manager and Chief Financial Officer.	
40.	Q:	Please confirm that "Position Holder" shall have the meaning ascribed to such term in the Companies Law 5759-1999.	Pre-Qualification Forms "C" and "E"; Sections 4
	A:	Please refer to clarification no. 39 above.	

41.	Q:	Please cancel the requirement to include an auditor's confirmation as part of Form "H".	Pre- Qualificatio n Form "H"
	A:	The request is confirmed. Please refer to the updated <u>Pre-Qualification Forms</u> .	
42.	Q:	<ol style="list-style-type: none"> 1. The Tender Committee is requested to delete the words “Other Financial Entities” from the name of Pre-Qualification Form “H” (as this form may be submitted by an Entity which is not a Financial Entity, otherwise please clarify). 2. Please clarify if the Tender Committee intends to provide the Participants with the wording of the auditor’s confirmation (required as per the requirements of Section 3 of this form). 	Pre- Qualificatio n Form "H"
	A:	<ol style="list-style-type: none"> 1. The request is unclear. Form "H" is to be submitted by Entities other than Financial Entities. Financial Entities are required to submit Pre-Qualification Forms "H₁" or "H₂", as applicable. 2. Please refer to Clarification No. 41 above. 	

APPENDIX II – UPDATED VERSION OF THE PRE-QUALIFICATION FORMS

[Attached in Word and PDF format]

**APPENDIX III – AFFIDAVITS PURSUANT TO THE PUBLIC ENTITIES
TRANSACTIONS LAW, 1976**

[Attached as ANNEX A1 and ANNEX A2 in Appendix II]

APPENDIX IV - ACKNOWLEDGMENT OF RECEIPT

To: Mr. Maharan Frozenfar
Tel: +972-72-215-5999
Fax: +972-3-303-6365
E-Mail: Maharan@mfaculty.com

Re: Invitation For Pre-Qualification for Participation in a Tender for the Acquisition of Holdings in Ashdod Desalination Ltd. and Ashdod Desalination – Operation Ltd. – Addendum No. 2

Pursuant to the provisions of Section 2.11(e) of the Invitation, we hereby acknowledge receipt of Addendum No. 2.

Name of the Participant

Name and signature of the Participant's
Authorized Representative