

ISRAEL AIRPORTS AUTHORITY

License contract for modification and operation of shops for storage and sale of goods type alcoholic beverages and wine, goods type cigarettes and other tobacco products, goods type perfume and other cosmetic products and goods type chocolate and candy products and goods type products sold at drugstores, including medication, exempt from customs and taxes and liable for customs and taxes, at Terminal 3 of Ben-Gurion International Airport

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Made and signed in _____, on _____ of _____, 2013

Between: Israel Airports Authority

Corporation established in accordance with the Israel Airports Authority Law, 5737-1977,

PO Box 137, Ben-Gurion International Airport 70100

(hereinafter: the “**Authority**”)

And:

(hereinafter: the “**Operator**”)

Whereas The Authority holds, operates and manages the airports in Israel by virtue of powers granted to it under the Israel Airports Authority Law, 5737-1977, including Ben-Gurion International Airport (hereinafter: the “**Airport**”); and

Whereas On January 21, 2013 the Authority published “**Public tender no. 2013/15/40/01 for granting authorization for modification and operation of shops for storage and sale of goods type alcoholic beverages and wine, goods type cigarettes and other tobacco products, goods type perfume and other cosmetic products and goods type chocolate and candy products and goods type products sold at drugstores, including medication, exempt from customs and taxes and liable for customs and taxes, at Terminal 3 of Ben-Gurion**

International Airport (hereinafter: the “**Tender**”) and the bid of the Operator was declared winner of the Tender; and

Whereas Subject to the bid of the Operator to the Tender, its representations and warranties included in the Tender Documents including: representations and warranties specified in the Contract, the Authority grants to the Operator a license for modification and operation of the Services Spaces as well as a license for providing the Services through them (as such terms are defined hereunder), and all subject to all other provisions, limitations and conditions specified in the Contract;

Therefore it has been agreed, declared and stipulated between the parties, as follows:

1. Preamble and appendixes

- 1.1. The preamble of this Contract and its appendixes constitute an integral part thereof, and part of its conditions.
- 1.2. The documents specified hereunder constitute the appendixes of the Contract:

Appendix A – specifications.

Appendix B – Modification Work appendix.

Appendix C – service and operation.

Appendix D – products appendix.

Appendix E – fixed equipment appendix.

Appendix F – mobile equipment appendix.

Appendix G – communications appendix.

Appendix H – annual financial reporting appendix.

Appendix I – draft accountant’s confirmation appendix.

Appendix J – draft account debiting instructions appendix.

Appendix K – draft bank guarantee.

Appendix L – tort liability appendix.

Appendix M – insurance and insurance confirmations appendix.

Appendix N – fire safety appendix.

Appendix O – safety and health appendix.

Appendix P – maintenance appendix.

Appendix Q – security instructions appendix.

Appendix R – environmental appendix.

Appendix S – operator’s bid form to the tender including appendixes, as submitted by the operator in the framework of its bid to the tender

2. **Interpretation**

- 2.1. The table of contents and headers in the Contract are meant for convenience of reference only, and shall not be used for purpose of construing the Contract or for any other purpose. Reference in the Contract to any appendix shall mean reference to the most up-to-date version of the appendix existing at such time.
- 2.2. Every expression and/or term defined in the Contract including in one of the documents making up the Contract, shall have the same meaning, unless if explicitly set forth otherwise or if the context or content require otherwise.
- 2.3. In any case of contradiction and/or discrepancy and/or ambiguity between the Contract and its appendixes and/or between the appendixes themselves and/or between the provision of applicable law (which may be stipulated) and the Contract and/or its appendixes (hereinafter, collectively: “**Discrepancy**”), the Operator shall be bound to the provision most stringent on the Operator, unless the Authority determines otherwise, according to its sole discretion, explicitly and in writing.

It is hereby clarified that in any event that the Operator finds a Discrepancy or has doubt with respect to proper interpretation of a provision, document or any part thereof, the Operator shall be responsible to appeal in writing to the Authority’s Representative immediately upon discovery, in order to receive written instructions, regarding the interpretation to follow. Until receiving such instructions, the Operator shall not delay performance of any of its undertakings according to the Contract unless it has received from the Authority’s Representative written instructions otherwise.

Without derogating from the generality of the aforementioned in this Section above it is hereby clarified that the version of the Agreement in Hebrew shall be the only version binding the Operator for all intents and purposes and shall prevail over any English translation of the Agreement, and in this regard the rest of the provisions of this Section 2.3 above shall apply.

2.4. In the Contract the following terms shall have the meaning set beside them, unless context or content requires otherwise:

- “Departures Hall”** - Departing passengers hall in the air building in Terminal 3, including the rotunda area, the food court and the walk ways leading to the aircraft, as found during the Engagement Period.
- “Arrivals Hall”** - Arriving passengers hall in Terminal 3.
- “Sky Hall”** - “Buy & Bye Sky” hall, at the ground building of Terminal 3 in the area open to the general public.
- “Substantial Control Holder”** - any person holding twenty five percent or more of the par value of the issued share capital of the Operator and/or of the voting rights in the Operator and/or whoever is entitled to appoint twenty five percent or more of the directors of the Operator.
- “Current License Holder”** - James Richardson Proprietary Limited, according to valid license contract signed with the Authority for the period ending October 1, 2014 at 23:59.
- “Interested Party”** - Any party holding five percent or more of the issued share capital of the Operator or of the voting rights in the Operator, or any party having power to appoint one or more directors or the general manager of the Operator or any person serving as functionary of the Operator (as such term is defined in the Companies Law, 5759-1999).
- “Purchase Pickup Counter”** - Built area in the Arrivals Hall (also including a waiting area), which the Authority shall allocate to the Operator in the Arrivals Hall, as set forth in the Specifications, through which the Operator shall act to provide Purchase Pickup Service, under conditions set forth for such matter in the Contract and in the Service and Operation Appendix which constitutes an integral part thereof.
- “Combined Basic License Fee”** - Amount specified by the Operator in its bid to the Tender, as combined basic license fee, which shall be paid by the Operator to the Authority, for a contract year of 12 full calendar months, on account of the combined license fee for receiving the license to the shops.
- “Combined** - Amount to be paid by the Operator to the Authority during the period of the Services, for a calendar year of 12 full

- License Fee**” months, which includes: (i) License Fee; (ii) Use Fee, for the spaces of service that are Sales Areas; (iii) Services Fee, for the Service Spaces that are Sales Areas.
- “**License Fee**” - Payment for the license to modify the Service Spaces and for provision of the Services through the Service Spaces as set forth in Section 4.1 hereunder.
- “**Use Fee**” - Payment for the license to use each one of the Service Spaces, as set forth in Section 4.1 hereunder.
- “**Additional Services Fee**” - Payments that the Operator shall pay for services not included in the basic services.
- “**Service Fee**” - Payment for the basic services.
- “**Customs Provisions**” - All these: provisions of the license, provisions of the Customs Ordinance, provisions of the Customs Regulations and the provisions of the tax authorities, as given from time to time.
- “**Provisions of Applicable Law**” - Provisions of statutes and/or regulations and/or bylaws and any other law obligating either of the parties and lawfully enacted by the competent authority as updated from time to time, and all whether or not explicitly referenced in the Contract and its appendixes.
- “**Contract**” - The contract and all its appendixes which constitute an integral part thereof and part of its conditions.
- “**Departure Shops**” - All these: 4 built areas (which are sales storerooms for passengers departing Israel), including immediate storeroom, which the Authority shall allocate to the Operator in the Departures Hall, as set forth in the Specifications, through which the Operator shall provide the Services, subject to the Customs Provisions and in accordance with the rest of the conditions set forth in the Contract.
- “**Shops**” - Collectively: the Departure Shops and the Sky Shops.
- “**Sky Shops**” - Built area, which the Authority shall allocate to the Operator in the Sky Hall, as set forth in the Specifications, through which the Operator shall provide the Services, subject to the Customs Provisions and in accordance with the rest of the conditions set forth in the Contract.

- “Rules”** - Israel Airports Authority Rules enacted under the Israel Airports Authority Law, 5737-1977.
- “Base Index”** - The Index or Consumer Price Index, as applicable, known on January 1, 2013.
- “Index”** - The US consumer price index, or any other subsequent index.
- “Consumer Price Index”** - The consumer price index (including fruits and vegetables), published by the Central Bureau of Statistics from time to time.
- “Products”** - The products specified in the Products Appendix, as updated from time to time, upon approval of the Authority that shall be granted for such purpose in writing and in advance, included only in the following product categories: alcohol, tobacco, cosmetics, perfume, chocolate and pharmacy products, including medication.
- “Storerooms”** - All these: pickup storeroom; built area in Terminal 3; gallery located at the immediate storeroom of each one of the shops; built area in Terminal 1 and built area in the eastern support area, which the Authority shall allocate to the Operator as “storerooms”, all as set forth in the Specifications, in the framework and for purpose of providing the Services.
- “Mobile Equipment”** - As defined in Section 9.2.4 hereunder.
- “Fixed Equipment”** - As defined in Section 9.2.1 hereunder.
- “License”** - All these: (i) licenses to operate a private licensed warehouse according to Article 12 and Article 13 of the Storage and Sale of Duty Free Goods Regulations and for pickup of goods to passengers returning to Israel, by virtue of which the Operator shall act to provide the Services; (ii) any license and/or permit and/or approval, of any kind or type, required at the time of publishing this Tender and/or to be required during the entire engagement period, by the customs authorities and/or by any person on their behalf and/or according to applicable law, for purpose and/or in connection with provision of the Services.
- “Basic** - All of the services set forth in Sections 10.1.1 – 10.1.3

Services”	hereunder.
“Additional Services”	- All of the services set forth in Sections 10.1.4 – 10.1.7 hereunder.
“Services”	- As defined in Section 8.1 hereunder.
“Eastern Support Area”	- Area concentrating the activity of the operations, maintenance and storage units of the Authority and of other factors, located east of Terminal 3.
“Additional Purchase Pickup Service Concessionaire”	- As of the date of the Contract: the holder of license under the contract for sale of electronics and photography products in the Departures Hall and/or the license holder under contract for sale of sporting goods , granted a license to hold and manage, in addition to the Operator, a counter for delivering purchases and pickup storeroom for passengers returning to Israel and to provide Purchase Pickup Services at Ben-Gurion International Airport as well as any other license holder that will come in their place or in addition to them, according to the discretion of the Authority and/or directives of the customs authorities, from time to time.
“Call for Bids Form”	- The call for bids form for the Tender.
“Terminal 1”	- The “old” terminal being used for domestic and international flights.
“Terminal 3”	- The international terminal at Ben-Gurion International Airport.
“Contract Signature Date”	- Date of signing the Contract by the Operator.
“Pickup Storeroom”	- Built area (that is a pickup storeroom for passengers returning to Israel), which shall be allocated by the Authority to the Operator at the Arrivals Hall, as set forth in the Specifications, in which the Operator shall store the products purchased by passengers departing Israel for purpose of providing pickup service to such passengers upon their return to Israel, subject to the Customs Provisions and in accordance with other conditions set forth in the Contract.
“Sales Storeroom for	- As defined in Article 12 of the Customs Regulations.

**Passengers
Departing
Israel**

**“Pickup
Storeroom for
Passengers
Returning to
Israel”**

- As defined in Article 12 of the Customs Regulations.

“Taxes”

- All these: customs and/or purchase tax and/or VAT and/or any tax and/or levy and/or toll, of any kind or type, imposed as of the last date for submitting bids and/or imposed in the future on any of the products sold to passengers departing Israel in the Sales Areas, including any update or amendment thereto.

**“Services
Spaces”**

- Any of these: the shops, storerooms and Purchase Pickup Counter and any additional space that the Authority shall be entitled according to its absolute and sole discretion to allocate to the Operator in Ben-Gurion International Airport, during the Engagement Period and for purpose of providing the Services and/or in connection with them, whether as Sales Area or as Rear Areas, in scope and according to division set forth in the Specifications as of the date of signing the Contract or as noted in a written updated to the Specifications made by the Authority only.

**“Ben-Gurion
International
Airport” or
“Airport”**

- Ben-Gurion International Airport.

**“Modification
Work”**

- As defined in Section 7.1 hereunder.

**“Gross Sales
Revenue”**

- All income, in money or equivalent, to which the Operator shall be entitled to in direct and/or indirect connection to the license and/or in connection with additional activity it conducts at the Airport, and this even if not of the activity type included in the License (provided it is not activity conducted directly by virtue of another license granted by the Authority to the Operator, after deducting value added tax only (if imposed and at the rate applicable on the date of each payment), and for avoidance of doubt – without deducting any other payment of any kind or type that the Operator is

required to bear in connection with the License, such as: Combined License Fee, Use Fee, Service Fee, Additional Service Fee, taxes, levies, tolls, fees as well as discounts and promotions that the Operator has granted without written approval of the Authority according to the provisions of the Contract.

- “Customs Ordinance”** - The Customs Ordinance [New Version].
- “Affiliated Party”** - Any one of these: (i) a party that is an Interested Party of the Operator and/or a party that the Operator is an Interested Party of, directly and/or indirectly; (ii) any party of which the Interested Party of the Operator is an Interested Party of, directly and/or indirectly.
- “Quarter”** - Period of three months, in every Contract year, starting on each of these: January 1, April 1, July 1, October 1.
- “Basic Interest”** - Monthly interest at the rate of the interest of the Accountant General, as defined in provision 3.1.1, Section 3.3 of the of the provisions of Bylaws, Finance and Economy-Financial Administration Book, published by the Accountant General at the Ministry of Finance.
- “Late Interest”** - Base Interest plus half a percent per month.
- “Installment Interest”** - Base Interest at an annual rate, plus half a percent per year.
- “Sales Area”** - Area of the Shops and any additional space that the Authority shall be entitled, according to its absolute and sole discretion, to allocate to the Operator in Ben-Gurion International Airport, as Sales Area, during the Engagement Period and for purpose of providing the Services and/or in connection with them, whether as Sales Area or as Rear Areas, in scope and according to division set forth in the Specifications as of the date of signing the Contract or as noted in a written updated to the Specifications made by the Authority only.
- “Rear Area”** - Area of the Storerooms, Purchase Pickup Counter and any additional space that the Authority shall be entitled according to its absolute and sole discretion to allocate to the Operator in Ben-Gurion International Airport, as Rear Area, during the Engagement Period and for purpose of providing the Services and/or in connection with them, whether as Sales Area or as

Rear Areas, in scope and according to division set forth in the Specifications as of the date of signing the Contract or as noted in a written updated to the Specifications made by the Authority only.

“Purchase Pickup Service” - Services of storing goods purchased at Departure Shops, and delivery to the passengers returning to Israel, all in the manner and conditions set forth in the Contract and the Service and Operation Appendix included therein.

“Customs Authorities” - The Israel Tax Authority.

“Contract Year” - Each calendar year of the Service Period (as defined hereunder), commencing on January 1 and ending on the following December 31, except for the initial calendar year of the Service Period, commencing upon the start of the Service Period (as defined hereunder) and ending on December 31 of the same year, and the last calendar year of the Service Period (or last extension year, as applicable), commencing on January 1 of the same year and ending upon the end of the Engagement Period or Extension Periods, if applicable, for any reason.

“Customs Regulations” - The Customs Regulations, 5726-1965.

3. **Representation**

3.1. **Authority’s representative**

3.1.1. Authority’s representative for purpose of this Contract is the Ben-Gurion International Airport Director at the Authority (hereinafter: **“Authority’s Representative”**).

3.1.2. Authority’s Representative is entitled to act through additional factors that shall be appointed on his behalf for such purpose. The Authority is entitled to replace, from time to time, its aforementioned Representative or add others in addition. Such notice no replacement or addition as set forth above shall be sent in writing to the Operator.

3.1.3. The Operator, through the Operator’s Representatives (as defined hereunder), undertakes to cooperate with the Authority’s Representative and any person on his behalf, at all times and all matters, and to make all information, data and documents available according to their requirements and guidelines at the time required to do so. Accordingly it is clarified that any appeal to any other factor in the Authority

which is not the Authority's Representative for the relevant matter for which it has been authorized, shall be invalid, including: the approvals and instructions of such factor.

3.2. Operator's representatives

Operator's representatives for purpose of this Contract are as follows (hereinafter, collectively: "**Operator's Representatives**"):

3.2.1. The Operator's representative, who shall be the ultimate authority on behalf of the Operator in connection with the Contract, is such person filling the position, from time to time, of general manager of the Operator (hereinafter: "**Principal Representative**"). The Principal Representative shall be available to the Authority by telephone and email during customary work hours and shall be the exclusive and authorized representative on behalf of the Operator in connection with the Contract (*inter alia*, through the Operational Representative as defined hereunder).

3.2.2. In addition the Operator shall appoint an Operational Representative, who shall concentrate the information, documents and activity, supervise implementation of the License including: all tasks and undertakings set forth in the Contract in connection with the Services and shall also be the exclusive contact person and coordinator between the parties and/or any person on their behalf in connection with actual performance of the Services (hereinafter: "**Operational Representative**"). The Operational Representative shall be available to the Authority by telephone and email during all days and hours of air traffic activity at the Airport.

3.3. The Operator is entitled to replace, from time to time, the Operator's Representatives, provided it notifies the Authority, in advance and in writing.

3.4. Contact details with the Operator's Representatives, including telephone and mobile numbers and email, shall be provided to the Authority at the time of signing this Contract and shall be updated by advance written notice to the Authority's Representative.

4. The License

4.1. The Authority hereby grants the Operator and the Operator hereby accepts from the Authority, a license that is nonexclusive, not unique, limited in time and cancelable according to the provisions of the Contract (that shall automatically be *void ab initio* upon termination of the Contract for any reason), for all these (in the Contract, collectively: the "**License**"): (i) modification of the Service Spaces, in the manner and under conditions set forth in Section 7 hereunder; (ii) use of the Service Spaces during the Services Period (or Extension Periods, if applicable); and (iii) providing the Services at the Service Spaces during the Services Period (or Extension Periods, if applicable), in the manner and under conditions set forth in Section 8 hereunder. In consideration for the License, the Operator shall pay to the Authority payments as specified in Sections

11-17 hereunder, and this without derogating from any other payment the Operator is required to pay to any third party according to the Contract.

4.2. Purpose of the License

For avoidance of doubt it is hereby clarified that the License is hereby granted (solely) to the Operator, for purpose of modifying the Service Spaces as set forth in Section 4.1(i) above; for purpose of using the Services Spaces and providing the Services through them as set forth in Sections 4.1(ii)-4.1(iii) above only. The Operator shall be responsible to make sure no other action and/or use is made, of any kind or type, in the Service Spaces and it shall not be entitled to provide any other or additional service which not included in the framework of the License. Breach of any provision of this Section 4.2 above by the Operator shall constitute material breach of the Contract.

5. **Representations and warranties of the Operator – general**

The Operator hereby represents and warrants, as follows:

- 5.1. That it, and any person on its behalf, are in the business and specialize and have the knowledge, the experience, the professional skill, the qualifications, the resources and the means necessary for implementing the License and all other undertakings of the Operator according to the Contract in full and on time.
- 5.2. That the Operator is fully and exclusively responsible to independently and as a professional examine all aspects of engagement under the Contract; that without derogating from the provisions of Section 5.3 hereunder and from the Operators responsibility thereunder, prior to submitting its bid to the Tender and signing the Contract, it was provided the opportunity to examine (including in the framework of Tender participants' meeting and tour) and that it in fact examined, as a professional, itself and through professionals on its behalf, to its full satisfaction, a complete and thorough examination, of all physical, legal, planning, performance, operational or business information and/or data connected to the License, to its engagement under the Contract and to performing its obligations thereunder, including with reference to the following:
 - 5.2.1. The License, its scope and limitations; its various applications; the possibilities, risks and conditions of exercise and use as well as its financial, business and commercial advisability and value for the Operator;
 - 5.2.2. All obligations of the Operator according to the Contract; content, meaning and implications of the provisions of applicable law and all other provisions of the Contract (including consideration clauses and advisability of its Financial Bid to the Tender) and their implementation possibilities;

- 5.2.3. The nature of all licenses, permits, approvals and standards that the Operator shall be required to meet and/or which the Operator shall be required to accept, for purpose of performing the Operator's obligations according to the Contract;
- 5.2.4. The Service Places, their surroundings, location and exposure to the customers public; their planning, legal and physical condition; existence and/or lack of equipment, facilities, infrastructure and systems at the Service Spaces and their surroundings, possibilities and/or limitation of using them; actions and investments required at the Service Spaces for purpose of modifying them to its needs and purposes (including in the framework of performing the Modification Work and the scope of investment in fixed and mobile equipment);
- 5.2.5. Existence of limitations on performing the engagement subject of the Contract as well as various circumstances and aspects that have implications on the manner of performing the engagement and its results, *inter alia* as set forth in Section 3 of the Call for Bids Form, the provisions and representations of the Operator thereunder shall constitute an integral part of the Contract; as well as any additional material, data and information published by the Authority in the framework of the Tender and/or in connection with the aforementioned in this Section 5.2, including the general information specified in the Call for Bids Form and any other material, data and information that the Operator finds appropriate to examine, according to its sole discretion.
- 5.3. That the decision of the Operator to engage under this Agreement and fulfill all its representations and warranties set forth in the framework thereof, was adopted and based on its examinations and estimates only and that after conducting all the examinations mentioned in Section 5.2 above, as well as any other examination it deemed fit to conduct, it found that engagement under the Contract and fulfilling all its obligations thereunder, including accepting and exercising the License and performing the Services at the Service Spaces, at their as-is location and condition at the date of commencement of the Engagement Period (subject to changes and adjustments to be carried out thereto as set forth in Section 7 hereunder), are suitable to its needs and purposes and the Operator hereby finally, fully and irrevocably waives and shall be prevented and estopped from raising any argument regarding defect, lack and/or non-suitability of any kind or type, including non-suitability of the Service Spaces for performance of the Services.
- 5.4. That during the entire Engagement Period and/or the Extension Periods (if any), it shall be fully and exclusively responsible that it and any person on its behalf (including employees, suppliers and visitors), at its own expense, the provisions of applicable law in connection with the License including – comply with all provisions of law relevant to environmental protection, including: air pollution, water contamination, soil contamination, noise, odors, ionizing and non-ionizing radiation, waste, hazardous materials and business licensing and also, comply with all rules and instructions published by the Authority or by another competent authority from time to time, with

respect to Arrangements at Ben-Gurion International Airport and Arrangements at Ovdat Airport and providing the Services in the framework thereof.

- 5.5. That during the entire Engagement Period and/or Extension Periods (if any), it shall immediately notify the Authority regarding the possibility of any violation of law by the Operator or any person on its behalf (including employees, suppliers and visitors), and this in connection with the Service Spaces, Modification Work, the Services and other provisions of the Contract and shall immediately notify the Authority regarding any appeal (written or oral), resolution, warning and demand received by the Operator in connection with such violation.
- 5.6. That without derogating from the aforementioned in Section 5.4 above, likewise, and without derogating from the generality of the provisions of this Section above, it shall be fully and exclusively responsible, during the entire Engagement Period and/or Extension Periods (if any), to maintain valid approvals, permits, licenses and certificates (including the License), of any type and kind, necessary for purpose of performing its undertakings according to the provisions of law, instructions of competent authorities and/or for providing the Services at the Service Spaces. Without derogating from the generality of the aforementioned, the Operator shall be responsible during the entire Engagement Period and/or Extension Periods (if any), to maintain a license for private warehouse for storage and duty free sale to passengers departing Israel of the products, referring to the relevant Service Spaces, and all in accordance with the provisions of Chapter Seven of the Customs Regulations (as defined above) and/or any other license required and to comply with and perform any other obligation imposed on the Operator according to the Contract and/or applicable law.
- 5.7. That it knows that the Modification Work and the Services shall be carried out and provided, as applicable, in an area of continuous air traffic activity during all hours of the day in the presence of passengers, escorts, welcoming parties, workers and many more factors and that during the entire Engagement Period it shall conduct the Modification Work and shall provide the Services carefully, in a manner that fits in with the activity conducted by the Authority at the Airport and/or with the services provided at the Airport, by the Authority and/or by any person on its behalf including by other and/or additional license holders on behalf of the Authority, and that in any event it shall not perform itself and/or through any person on its behalf any action whatsoever that may constitute disturbance, limitation, nuisance, odor, annoyance, noise and/or which may cause damage or inconvenience, whether to the Authority and/or to any person on its behalf and/or to the public using the Airport and/or any third party whatsoever, including additional parties receiving licenses from the Authority and/or to the normal operation and/or activity of the Airport.
- 5.8. That without derogating from the other provisions of this Contract and applicable law, during the entire Engagement Period and/or Extension Periods (if any), the Operator and/or any person on its behalf shall comply during the entire Engagement Period with the relevant provisions of the rules, provisions of the service and operation appendix, the provisions of the security, information security and confidentiality appendix, the

provisions of the health and safety appendix, the provisions of the environmental protection appendix, the provisions of the fire safety appendix, the provisions of the maintenance appendix, the provisions of the communications appendix and the instructions of the customs authorities (including any arrangement between the customs authorities and the Operator regarding sale of taxable products in the Sales Areas in the Departures Hall), as applicable.

- 5.9. That it shall not include in the charge to its customers and/or in part of the charge to its customers and/or any charge and/or pricing whatsoever of any third party, a component that shall be defined as payment on behalf of the Authority, directly or indirectly; that without derogating from the aforementioned in this Section above, the Operator is aware that use of the Authority's name, without the advance written consent, *inter alia*, on official documents of the Operator and specifically in context relevant to collection of payments from third parties, may cause damage to the good will of the Authority.
- 5.10. That during the Engagement Period, it shall allow the Authority, its representatives and any person at the request of the Authority, to enter each of the Service Spaces, at any time, itself and/or in the company of third parties, for any reason whatsoever, including in order to check and survey and examine the measure of complying with the provisions of the Contract and/or for purpose of tour for potential concessionaires and/or to take any measures set forth in the Contract or provisions of law requiring access to the Service Spaces, including with respect to performing maintenance and/or repairs and/or various emergency actions and/or for any other purpose, all according to the discretion of the Authority.
- 5.11. That the Operator knows that supervision performed by the Authority's Representative or any person on his behalf in connection with performing Modification Work and/or performance of the Services and/or any guideline and/or instruction and/or approval granted by the Authority's Representative and any person on his behalf to the Operator and/or to any person on its behalf according to the Contract, including in connection with performance of any of the Operator's undertakings, are not more than means of supervision; they do not constitute an opinion and/or declaration on behalf of the Authority, and shall not diminish and/or release the Operator from liability towards the Authority and/or towards third parties for the quality of performance of such Modification Work and/or services.
- 5.12. That all its representations, declarations and undertakings, including: data, documents, answers, details and information provided by it in the framework of the Tender and its bid to the Tender, constitute an integral part of its representations and warranties in the Contract (provided they do not diminish from its provisions) and likewise, they are valid, in effect, up-to-date and accurate and that no change has occurred to them.
- 5.13. That the Operator knows that its representations and warranties in the Tender and the Contract constitute a condition for engaging with it. The Operator undertakes that it shall immediately notify the Authority, in writing, in the event of change to any of its

representations as set forth above or any circumstance which may derogate and/or prejudice performance of any of its obligations and undertakings according to the Contract.

- 5.14. Breach of any of the provisions of Sections 5.4-5.9 above and Sections 5.12-5.13 above by the Operator shall constitute material breach of the Contract.

6. **Engagement Period**

- 6.1. The Engagement Period shall commence at the time of signing the Contract and shall conclude at the end of the Services Period (as defined hereunder) (hereinafter, respectively: “**Commencement of the Engagement Period**” and “**Engagement Period**”).
- 6.2. The Services Period during which the Operator shall provide the Services as set forth in Section 8 hereunder, shall commence on October 2, 2014 at 00:00, and shall end upon the lapse of 7 years from such date (hereinafter, respectively: “**Date of Commencement of Services**” and the “**Services Period**”), this without derogating from the right of the Authority to terminate the Contract prior to the lapse of the Services Period in accordance with the provisions of Section 27 hereunder and subject to the conditions therein and also without derogating from the provisions of Section 27.3 hereunder pertaining to the occurrence of regulatory changes (reforms) in the customs rates and/or purchase tax as well as result of other exogenous changes, if any during the Services Period, and subject to its conditions.

It is hereby explicitly clarified that the Service Spaces shall not be delivered to the Operator prior to the commencement of the Services Period. Nevertheless, the Operator shall be fully and exclusively responsible, prior to the commencement of the Services Period, to act as necessary, at its own responsibility and account, in order to directly arrange versus the Current License Holder and versus the Authority, an array of cooperation, coordination and organized and continuous overlap in the framework of which the Operator shall be able to receive, in practice, all the Service Spaces in an orderly manner overnight, already at the time of commencement of the Services Period, and all so that the Current License Holder vacates the Service Spaces prior to the time of commencement of provision of the Services, overnight, while the Operator takes possession of the Service Spaces and prepares and starts performing the Services upon commencement of the Services Period, without delay.

6.3. Option right for deferring and extending dates

Notwithstanding the aforementioned in Section 6.1 above, the Authority shall be entitled, pursuant to resolution adopted for such purpose by the Authority, to notify the Operator, in advance and in writing, regarding deferral of the commencement of the date of the Commencement of the Engagement Period and/or deferral of the commencement of the Services Period (*inter alia*, in order to allocate time for performing various Modification Work prior to actual provision of the Services at the Service Spaces, all or

part), and the Operator hereby irrevocably waives raising any claim and/or demand and/or argument with respect thereto.

6.4. Option right for extension of the Services Period

6.4.1. The Authority alone shall be entitled, according to its sole discretion, extend the Services Period, for an additional period or additional periods, for a total period no longer than 34 months in any composition determined by the Authority (hereinafter: “**Extension Periods**”), and this through extension document, to be delivered to the Operator at least 60 days prior to the end of the Service Period and/or the end of each Extension Period, as applicable.

6.4.2. The Operator hereby irrevocably represents and warrants that it acknowledges that exercise of the option right is subject to resolutions of the Authority’s tenders committee and that the Authority is granted the right not to exercise the option right for extending the Service Period and that under such circumstances it hereby waives and shall be prevented and estopped from raising any argument and/or claim, of any kind or type in such regard, including argument of reliance upon receiving the license during the Extension Periods (all or part thereof) as well as arguments regarding investments made by the Operator in connection with the Services and/or in connection with their feasibility.

6.4.3. Prior to each of the Extension Periods, the Authority shall be entitled to condition exercise of any of the Extension Periods upon increase in the Combined License Fee (Basic Combined License Fee and/or the rate/s of payment form Gross Sales Revenue, at the selection of the Authority) and/or changes to any of the payment and linkage mechanism set forth in the Contract.

6.4.4. It is clarified that the Contract, including all its conditions and provisions, shall continue to apply during the Extension Periods, unless the Authority determines otherwise, as set forth in Sections 6.4.2-6.4.3 above.

7. Modification Work

7.1. It is clarified that the Operator will bear full and exclusive responsibility to complete, at its own expense, performance of all the actions and work required for purpose of modifying the Services Spaces for provision of the Services, in full and on time, including in this regard: design, purchasing, manufacturing, transporting, unloading, assembly, construction, adjustment, installation, positioning and clearing out the Service Spaces and all fixed and mobile equipment included therein, including obtaining all approvals, permits and licenses required therefore, and this subject to the provisions of applicable law, in accordance with the provisions of the modification work appendix, and in a manner allowing provision of the Services, as of the commencement of the Services Period, in such variety, quality, quantity, using the manpower, on dates and in accordance with the provision set forth in the service and operation appendix (in the Contract, collectively: “**Modification Work**”).

- 7.2. Modification Work and completion thereof, including reference to the process of obtaining approval of the Authority for completion of every part of the Modification Work, shall be carried out in accordance with the mile stones, time tables and other conditions specified in the modification work appendix and other relevant appendixes of the Contract, as applicable.
- 7.3. It is hereby explicitly clarified that in accordance with the provisions of Section 6.2 above, commencement of provision of the Services including replacing the Current License Holder, shall be carried out overnight while the Service Spaces are not made available to the Operator prior to actual commencement of provision of the Services. Therefore, in the event the Operator is required to perform modification work at the Service Spaces, such work shall be carried out during the License Period, simultaneously with full provision of the Services, and this according to the provisions of the Contract, including the modification work appendix included therein, without the aforementioned constituting grounds to diminish and/or reduce the quality or scope of the Services and/or diminish and/or reduce any of the payments which the Operator is required to pay to the Authority according to the Contract.
- 7.4. Notwithstanding the aforementioned in Sections 7.3-7.4 above, it is hereby clarified that in the event the Authority allocates to the Operator additional Sales Area (beyond those set forth in the Specifications as of the date of executing the Contract) that was not used by the Current License Holder immediately prior to the date of allocation or in the event the Authority allocates to the Operator a Service Space that did not serve period to the date of allocation as a Sales Area and/or there is need to perform construction work in order to prepare it for becoming a Sales Area, *inter alia* due to the circumstances described in Section 9.3 hereunder, the Authority shall be entitled, according to its sole discretion, fix a modification period for performance of the modification work, including – determining mile stones for completion for the Operator, all in the manner and under conditions set forth in the modification work appendix (hereinafter: “**Modification Period**”).

Under such circumstances, the Authority shall also be entitled to instruct the Operator not to start provide or even stop providing the Services at the relevant Service Spaces (all or only areas in which Modification Work is being carried out, according to the discretion of the Authority). In the event the Operator did not complete the Modification Work upon the lapse of the Modification Period, than without derogating from any right available to the Authority according to the Contract and/or applicable law, the Operator shall pay to the Authority, as of the date set for completion of such Modification Work all the payments it is obligated to pay to the Authority for the License at such Services Spaces in accordance with the provisions of the Contract.

It is clarified that the Modification Period during which the Authority shall order the Operator in writing to cease providing all the Services at all the Service Spaces, shall not be taken into account for the Services Period, and in this regard the provisions specified in Sections 26.2-26.3 hereunder shall apply, *mutatis mutandis*. In this regarding it is clarified, for avoidance of doubt, that all work associated with constructing Shops in

Arm A and/or Arm E and/or Terminal 1, if allocated to the Operator, as set forth in Section 9.3.2.1 hereunder and/or subtraction from the areas of Shops at the Departures Hall due to construction or Arm A, as set forth in Section 9.3.2.2 hereunder, shall not constitute grounds for stopping the Services.

7.5. Services during the Modification Period

During the Modification Period, as set forth in Section 7.4 above (if applicable), the Authority shall grant to the Operator various services as set forth in the modification work appendix (including allocation of an organization area), all in scope and location determined by the Authority. For such services, the Operator shall pay to the Authority Additional Services Fee in the amount set forth in Section 15.3 hereunder.

7.6. Measurement adjustments

The Operator acknowledges that as result of performing the Modification Work, changes may occur to the scope of Sales Areas and/or internal division set forth in the Specifications as of the date of signing the Contract, and this according to measurements conducted by the Authority for such purpose following completion of the Modification Work; that pursuant to such changes the Authority shall update the Specifications and that in any event, such update shall not be deemed addition or subtraction of Service Spaces as set forth in Section 12 hereunder and therefore no change shall apply to the Combined License Fee (including Basic Combined License Fee).

7.7. Breach of any of the provisions of Sections 7.1-7.5 above, by the Operator, shall constitute material breach of the Contract.

8. The Services – general

8.1. Scope of the Services

During the entire Services Period, the Operator shall manage and operate at its own responsibility and expense, the Sales Areas, through which it shall sell only the products included in the products appendix, and all in such variety, quality, quantity, manpower and on dates set forth in the service and operation appendix, the Customs Provisions, the provisions of the License and subject to all other provisions of law and the Contract (in the Contract, collectively: “**Services**”). Hereunder a list of the principal Services:

8.1.1. Storing the Products, while exempt and/or liable for customs, at the Departure Shops and selling them to passengers departing Israel.

8.1.2. Storing the Products at the Departure Shops, while exempt and/or liable for customs, and selling them to airlines – for purpose of sale to customers of the airline in the framework of international flights departing Ben-Gurion International Airport.

- 8.1.3. Storing the Products purchased at the Departure Shops, at the pickup storeroom, and delivering them to customers of the Operator in the framework of the Purchase Pickup Service, as set forth in Section 8.7 hereunder.
- 8.1.4. Storing the Products at the Sky Shop, and selling them to the general public in Terminal 3 (not duty free).
- 8.1.5. Optional – for consideration of the Operator, and subject to receiving approval of the customs authorities and according to the provisions of the License and Customs: operating a service of advance order of Products to be purchased at the Departure Shops, whether through telephone order or other online order (including order performed from the Sky Shop), provided payment for such Products is performed at the Departures Shop.
- 8.1.6. Optional – for consideration of the Authority (in the event the Authority shall allocate to the Operator Sales Areas in Terminal 1, as set forth in Section 9.3.2.1 hereunder), and subject to approval of the customs authorities and according to the provisions of the License and Customs: storing the Products, duty free and/or non-duty free, in the Sales Area in Terminal 1 and sale thereof to passengers departing Israel.
- 8.1.7. Optional – for consideration of the Authority (in the event the Authority shall allocate to the Operator Sales Areas in Arm A and/or Arm E, as set forth in Section 9.3.2.1 hereunder), and subject to approval of the customs authorities and according to the provisions of the License and Customs: storing the Products, duty free and/or non-duty free, in the Sales Area in Arm A and/or Arm E and sale thereof to passengers departing Israel.

8.2. Trade name of the Operator

It is clarified that in the event the Operator noted its experience in management and operation of a “chain” of shops, for purpose of meeting the conditions precedent of the Tender, than during the entire Services Period and Extension Periods, if applicable, the Operator shall provide the Services through the Shops bearing the trade name of such chain of shops.

8.3. Times of providing the Services

The Operator shall be responsible for providing the Services, in full, during all days of the year and all hours of the day during which there is air traffic activity at the Airport, and all according and subject to the instructions of the Authority, from time to time. It is clarified that as of signing the Contract, take offs are prohibited between 02:00 and 05:00 AM. For avoidance of doubt it is hereby clarified that any change in the times of providing the Services, by virtue of instructions of the Authority or under other limitations applicable to activity at the Airport, such shall not be deemed breach of the Contract on the part of the Authority and shall not be grounds for the Operator against

the Authority, including – shall not be grounds for reducing any payment imposed on the Operator according to the Contract.

8.4. Discounts and gifts

The Operator undertakes not to declare or grant discounts on Products and not to grant gifts without consideration (including in the framework of advertising campaign and/or sales promotion), in any way and to any entity whatsoever, except after having receiving the advance written approval of the Authority and in accordance with the conditions of the approval (hereinafter: “**Discounts and Gifts**”). It is clarified, that the value of the Discount and Gift not receiving the approval of the Authority shall not diminish from the Gross Sales Revenue in the manner that the Gross Sales Revenue is calculated according to the price of the Products as if no Discount was granted or as if no Gift was granted for full consideration. The Operator hereby represents and warrants that it shall maintain accurate records of every Discount and Gift granted, whether or not approved by the Authority, and shall transfer to the Authority in the framework of settling of accounts set forth in Section 13 hereunder documentation as required in connection with the Discounts and Gifts, dates, rates, the Products to which they apply or the Products for which granted and the implications on the Gross Sales Revenue.

8.5. The Products

It is clarified that in the framework of the Services, the Operator shall be entitled to sell only the Products specified in the products appendix. However, the Authority shall be entitled at any time during the Engagement Period and/or Extension Periods (if applicable), at its initiative and/or per the request of the Operator, order performance of addition and/or subtraction and/or any other update to the products appendix, including – order the Operator to sell or cease selling any of the Products. For avoidance of doubt it is hereby clarified that any addition and/or subtraction and/or update as aforementioned shall come into effect only after updating the products appendix in writing by the Authority alone.

8.6. Purchase Pickup Services

The Operator hereby represents and warrants as follows:

- 8.6.1. That as of the date of signing the Contract, and subject to the provisions of the customs authorities, in effect from time to time, during the Services Period and/or Extension Periods (as applicable), Purchase Pickup Services are provided at Ben-Gurion International Airport through the additional pickup services concessionaire under license it received from the Authority for such purpose, in a manner whereby the additional pickup services concessionaire manages and operates, at the Arrivals Hall, a pickup storeroom for passengers returning to Israel where Products are stored that have been purchased by departing passengers at the a departures sale storeroom as well as the Purchase Pickup Counter through which such Product are delivered to the passengers returning to Israel.

- 8.6.2. That it shall bear full and exclusive responsibility to provide its customers, personally, in the framework of the Services and during the entire Services Period and/or Extension Periods (if applicable), for no consideration, also the purchase pickup services, in a manner in which, *inter alia*, the Operator shall allow its customers, for no consideration, to store Products purchased by them at the Departures Shop, at the pickup storeroom that it shall operate and manage, for purpose of delivering them to such customers, upon their return to Israel, through the Purchase Pickup Counter, and all according to the Customs Provisions, the License, and all provisions of law.
- 8.6.3. That the Operator acknowledges that Purchase Pickup Services, their feasibility, validity, characteristics and conditions, are at the discretion of the Authority and subject to the discretion and provisions of the customs authorities, and may be cancelled or updated, from time to time, during the Services Period and the Extension Periods (if applicable).
- 8.6.4. That nothing in the Purchase Pickup Services and the engagement of the Operator under purchase pickup services agreement and/or cancellation and/or change thereto as set forth in Section 8.6.3 above (*inter alia*, due to provisions of the customs authorities), including costs imposed on the Operator thereunder, shall derogate from all obligations imposed on the Operator for making any payment due from the Operator to the Authority and/or to third parties.
- 8.6.5. That in addition to the Purchase Pickup Services that the Operator shall provide to its customers, the Operator shall provide to additional license holders on behalf of the Authority, which are providing services at the Departures Hall (hereinafter: “**Departures License Holders**”), Purchase Pickup Services, and this subject to operational and commercial arrangements and procedures set between the Operator and the Departures License Holders, to be approved in advance and in writing by the Authority (hereinafter: “**Purchase Pickup Services Agreement**”).
- 8.6.6. That in the framework of providing the Purchase Pickup Services it shall act under independent cooperation and when necessary, shall coordinate its activities with each of the additional Purchase Pickup Services concessionaires.

For avoidance of doubt it is hereby clarified that coordination of its activities and all interface points between its activity and the activity of the additional Pickup Purchase Services concessionaire and/or any of the license holders at the Departures Hall, as applicable, are not the responsibility of the Authority; that the Authority shall bear no liability, of any kind or type, explicit or implied, for the activity and/or conduct of any of the Purchase Pickup Services concessionaires and/or any of the license holders at the Departures Hall, as applicable, including with respect to exercising the Purchase Pickup Services agreement with the Operator. The Operator shall bear full and exclusive liability for the quality and nature of the administrative, operational, commercial and legal ties with any of the Purchase Pickup Concessionaires and/or any of the license holders at the Departures Hall, as

applicable, and shall be liable for any limitation of any kind or type in performance of the Services that is caused in connection with any of the Purchase Pickup Concessionaires and/or any of the license holders at the Departures Hall, as applicable, and/or lack of cooperation of any of them.

8.6.7. The Operator shall bear full and exclusive liability and shall compensate and indemnify the Authority for any damage and/or loss and/or defect and/or discrepancy and/or cost and/or payment and/or expense, of any kind or type, direct and/or indirect, caused to the Authority, deriving directly and/or indirectly from breach of its obligations according to this Section above. The Operator hereby fully, finally and irrevocably releases the Authority from any such liability and hereby waives and shall be prevented and estopped from raising any argument and/or claim, of any kind or type in connection thereto.

8.7. Breach of any of the provisions of this Section 8 above, by the Operator, shall constitute material breach of the Contract.

9. Service Spaces

9.1. Use of the Service Spaces

9.1.1. During the Service Period and Extension Periods, if applicable, the Operator shall bear full and exclusive liability to manage and operate the Service Spaces, at its own expense, in order to provide at and through them the Services in accordance and subject to the conditions of the License, its limitations and designation, and the provisions of applicable law (including the provisions of the customs authorities and the conditions of the License) and all other provisions set forth therefore in the Contract.

9.1.2. The Operator shall bear full and exclusive liability, at its own expense, that it and any person on its behalf (including its employees, suppliers and visitors), use the Service Spaces reasonably and carefully; keep the Service Spaces and their surroundings in good condition, operational and worthy for use; keep the Service Spaces and their surroundings clean; prevent causing damage, impairment, vandalism, defects and deficiencies of the Service Spaces and their surroundings and shall also take all safety measures required therefore, and all during the entire Engagement Period and Extension Periods (if applicable).

9.1.3. Without derogating from the provisions of Section 9.1.1 above and the generality of the aforementioned in Section 5.8 above, during the entire Engagement Period and Extension Periods (if applicable), the Operator undertakes to notify the Authority of any damage, impairment, vandalism, defects and deficiencies caused to the Service Spaces and their surroundings (including the fixed and mobile equipment included therein), immediately upon discovery. In addition, the Operator shall bear full and exclusive liability to perform at its own expense, even without receiving instructions from the Authority, repair of any damage impairment,

vandalism, defects and deficiencies caused to the Service Spaces by the Operator and any person on its behalf (including its employees, suppliers and visitors) and to perform continuous and regular maintenance of the Service Spaces, through skilled professionals (including repair, maintenance and/or replacement of the fixed equipment and mobile equipment), within reasonable amount of time and according to relevant provisions specified for such purpose in the rules, the health and safety appendix, the environmental protection appendix, the fire safety appendix, the service and operation appendix and the maintenance appendix, and this – as necessary – in order to allow provision of the Services regularly and continuously at the required level, during the entire Services Period and Extension Periods, if applicable.

9.1.4. It is clarified that the Authority shall be entitled to demand from the Operator to perform, at its sole expense, any work, repair, addition, replacement, maintenance at the Service Spaces (including the fixed equipment and the mobile equipment included therein), even if not included in the maintenance appendix, and this so that the Services are performed at all times according to the provisions of applicable law (hereinafter: “**Work According to Applicable Law**”). In addition, the Authority shall be entitled to demand from the Operator to perform, at its sole expense, any work, repair, addition, replacement, maintenance at the Service Spaces (including the fixed equipment and the mobile equipment included therein), which are not included in the maintenance appendix or the provisions of applicable law (hereinafter: “**Additional Work**”). Work According to Applicable Law and Additional Work shall be carried out in the manner and conditions set forth for the modification work, *mutatis mutandis*. Solely for the Additional Work, the Operator shall be entitled to refund of direct and reasonable expenses actually incurred for performance, calculated on the basis of original written invoices presented for approval of the Authority and up to a maximum amount agreed in advance and in writing with the Authority (hereinafter: “**Expenses Refund**”). The Expenses Refund, plus lawful VAT, shall be paid to the Operator within 45 days of the date of the Authority’s written approval on the successful completion of the Additional Work, on the Authority’s customary payment days and against lawful tax invoice. It is clarified that save for Expenses Refund the Operator shall not be entitled to any compensation and/or indemnity of any kind or type and it hereby waives and shall be prevented and estopped from raising any argument and/or claim of any kind or type in connection thereto.

9.1.5. The Operator shall be responsible that it or any person on its behalf, do not perform any addition, construction, installation, change, destruction or renovation at the Service Spaces or in any part thereof (hereinafter, collectively: “**Changes to the Service Spaces**” or the “**Changes**”), except in accordance and subject to consent of the Authority that shall be granted in advance and in writing, in accordance with the conditions of the consent. In the event the Authority approves to the Operator to perform Changes to the Service Spaces, all such Changes shall be carried out at the full and exclusive liability and expense of the Operator, and all other provisions referring to the Modification Work shall apply, *mutatis mutandis*.

9.1.6. In the event the Operator performed Changes to the Service Spaces without obtaining the consent of the Authority in advance and in writing, than without derogating from any right available to the Authority according to the Contract and/or according to applicable law (including termination of the Contract), the Authority shall be entitled to take any of the following actions: (A) require the Operator to remove the Changes (all or part, at the selection of the Authority), and return the Service Spaces to their previous conditions, at the full and exclusive liability and expense of the Operator including – removing from the Service Spaces all the equipment, materials and other portable property, of any kind or type, existing at the Service Spaces in connection with performing the Changes, immediately upon receipt of the Authority’s request or upon the lapse of the Services Period (or Extension Periods, if applicable), at the selection of the Authority; (B) leave the Changes (all or part), so that such Changes are considered the full and exclusive property of the Authority, and this without the Operator having any right to demand and/or receive any payment and/or compensation and/or indemnity thereunder, of any kind or type.

9.2. Rights of the Authority to the Service Spaces and the Modification Work

9.2.1. The Service Spaces and all equipment, apparatus, tools and systems, of any kind or type, specified by the Authority in the fixed equipment appendix as well as – all that is permanently connected to the Service Spaces and/or which according to the discretion of the Authority, its removal may cause damage to the Service Spaces (even if not explicitly specified in the fixed equipment appendix of the Contract), including – for avoidance of doubt – each of these: purchase pickup counter and nay other counter in the Shops or outside of them (if any), construction work product, sealing work, carpenter’s woodwork and steel work, sanitation and electric apparatuses, flooring covering and aluminum work, stone work, air conditioning apparatuses and systems, heating and steam apparatuses, elevators, mini-elevators, communications, electric, water and sewage infrastructure, artisan steel work, industrialized building components, fire detection and extinguishing systems, compressed air apparatuses, including replacements and/or repair and maintenance performed and/or additions made to, whether performed and/or placed and/or erected and/or installed at the Service Spaces by the Authority and/or at its expense, prior to signing the Contract or during the Engagement Period, or whether placed and/or erected and/or installed at the Service Spaces by the Operator and/or at its prior to signing the Contract or during the Engagement Period (in this Contract, collectively: “**Fixed Equipment**”), shall at all times be the full and exclusive property of the Authority and the Operator waives and shall be prevented and estopped from raising any argument and/or claim of any kind or type in connection thereto.

9.2.2. Without derogating from the generality of the aforementioned in Section 9.2.1 above, it is clarified that notwithstanding provisions of applicable law, including the Copyright Law, 5767-2007, the Patents Law, 5727-1967 and the provisions of the Engineers and Architects (Rules Regarding Conduct Inappropriate to the

Profession) Regulations, 5755-1994, all intellectual property rights associated with the modification work, registered and/or non-registered, including all information and documents prepared and/or submitted in the framework thereof, on any media, including copies thereof, including, all designs, diagrams, documents and drawings connected to performance of the modification work, shall be the full and exclusive property of the Authority. In the framework of the aforementioned, and in the event it is not legally permissible to assign any of the aforementioned rights to the title of the Authority, the Operator hereby grants the Authority an irrevocable, exclusive and unlimited license to make any use including change and/or adjustment and/or amendment to such rights.

9.2.3. During the Engagement Period and in the framework of the License, the Authority shall grant the Operator a right to use that is revocable, non-exclusive, limited in time and cancellable at any time (and in any event – shall be null and void upon termination of the Contract for any reason), to the Service Spaces and the Fixed Equipment only included therein, and this only to allow the Operator to perform the Modification Work and in order to provide the Services during the Services Period, and that beyond such right of use and its limitations, the Operator shall have no right, proprietary or other, of any kind or type, in the Service Spaces and the Fixed Equipment therein. In the framework of the aforementioned, the Authority shall be entitled to allocate to the Operator and per its request an organization area that shall serve the Operator for purpose of modifying the Service Spaces and performing the Services (during the modification period (if applicable) or during the Engagement Period, in such scope, location and defined period as determined by the Authority, according to its sole discretion (hereinafter: “**Organization Area**”). For the Organization Area the Operator shall pay Service Fee to the Authority that shall be included in the Service Fee for the modification period.

9.2.4. All equipment, apparatus, tools and systems that do not constitute Fixed Equipment or specified by the Authority only in the mobile equipment appendix, whether placed and/or erected and/or installed at the Service Spaces by the Authority and/or at its expense, prior to signing the Contract or during the Engagement Period, or whether placed and/or erected and/or installed at the Service Spaces by the Operator and/or at its prior to signing the Contract or during the Engagement Period (in this Contract, collectively: “**Mobile Equipment**”), shall remain the sole property of the Authority. Upon termination of the Contract for any reason, the Operator shall be liable to perform all that is necessary in order to dismantle and remove all the Mobile Equipment from the Service Spaces and the provisions of Section 20 hereunder shall apply in this regard.

9.2.5. For avoidance of doubt it is hereby clarified, that the provisions of the Tenant Protection Law (Consolidated Version), 5732-1972, or any other law that shall come in its stead pertaining to protection of real estate holders, shall not apply to the Contract and the relationship of the parties thereunder. Accordingly it is clarified that the License and/or any payment due from the Operator to the Authority in

consideration for the License and/or any change the Authority shall allow the Operator in the Service Spaces, shall not be construed as to grant a right of exclusive use, shall not constitute lease or rent, and shall not be key money or other similar payment and the Operator hereby represents and warrants, finally and irrevocably, that it is not entitled and shall not claim for itself such legal right.

9.3. Relocation, subtracting or adding of Service Spaces and parking spaces

9.3.1. The Authority shall be entitled, in coordination and with consent of the Operator or for security, safety or operational reasons – even without the Operator’s consent, order relocation of the Service Spaces (all or part), and this within a period set by the Authority for such purpose. In the event such relocation involves planning, modification and construction costs, the Authority shall be entitled to order the Operator to perform planning, modification and construction, at its own expense in a manner whereby the Operator shall be entitled to refund of direct and reasonable expenses incurred by it thereunder (excluding, for avoidance of doubt – indirect or consequential damages and costs, including costs and damages resulting from loss of income due to suspending provision of the Services), and the provisions of Section 9.1.4 above shall apply in this regard, *mutatis mutandis*.

It is clarified that in the event the Operator is precluded, due to aforementioned relocation only and not due to act and/or omission of the Operator, to provide the Services in full (at all the Service Spaces allocated to it in the framework of the Contract) for a period extending beyond 72 hours than for the preclusion only the Operator shall not pay the Combined License Fee, the Use Fee and the Services Fee, and in addition, the Services Period shall be extended for a period identical to the actual preclusion period, and this as exclusive, full and sole relief for the aforementioned. In the event the Operator is precluded, due to aforementioned relocation only and not due to act and/or omission of the Operator, to provide the Services in part of the Service Spaces allocated to it in the framework of the Contract, for a period extending beyond 72 hours, than each such Service Space shall be deemed subtracted for the actual preclusion period only) and accordingly – adjustments shall be made to the Combined License Fee and/or the Use Fee, and this in the manner and under conditions set forth for such purpose in Sections 18.2018.5 hereunder, as exclusive, full and sole relief for the aforementioned.

9.3.2. The Authority shall be entitled to add areas to the Service Spaces for the Operator and to subtract areas from the Service Spaces, and the Operator hereby waives and shall be prevented and estopped from raising any argument and/or claim in connection thereto. The Authority wishes to emphasize that in the framework of the provisions of this Section and without derogating from the generality thereof, the Authority is hereby granted the right to perform all of these:

9.3.2.1. Add Sales Areas in Arm A and/or Arm E and/or Terminal 1.

9.3.2.1.1. In the event duty free shops are opened in Terminal 1 – allocate to the Operator Sales Area (which is a sale storeroom for passengers

departing Israel) in Terminal 1 in such location, time and scope determined by the Authority according to its sole discretion.

For avoidance of doubt it is clarified that modification, management and operation of the Sales Area which the Authority shall allocate in Terminal 1 as aforementioned, at the responsibility and expense of the Operator, at such location, time and scope determined by the Authority, are duties imposed on the Operator and the Operator must weigh the possibility of its likelihood at the time of submitting bids to the Tender. It is also hereby clarified that allocation of such Sales Area and/or non-allocation thereof and/or the manner of allocation are options granted solely to the Authority, according to its sole discretion, and that the aforementioned shall not constitute a promise or declaration on behalf of the Authority to allocate Sales Area of any certain scope, location and manner.

- 9.3.2.1.2. In the event Arm E and/or Arm A is constructed at Terminal 3 – to allocate to the Operator Sales Area/s (which are sale storeroom for passengers departing Israel) in Arm E and/or Arm A, in such location and scope determined by the Authority and order the Operator to perform all modification work required for purpose of operating such Sales Area/s, at its own expense, within the period, and subject to all other conditions specified therefore in the modification work appendix, and this in the event that at the time of allocation at least 3 calendar years remain until the end of the Services Period (including Extension Periods, if applicable). In the event that at the date designated for allocation less than 3 calendar years remain until the end of the Services Period, the Authority shall be entitled, according to its sole discretion, allocate to the Operator, subject to the consent of the Operator that shall be given for such purpose in writing, Sales Area/s as set forth above in Arm E and/or Arm A, at such location, date and scope determined by the Authority.

For avoidance of doubt it is clarified that performing complete modification work, management and operation of the Sales Area/s which the Authority shall allocate in Arm E and/or Arm A as aforementioned, at the responsibility and expense of the Operator (in the event at least 3 calendar years remain until the end of the Services Period) are duties imposed on the Operator and the Operator must weigh the possibility of its likelihood at the time of submitting bids to the Tender. It is also hereby clarified that allocation of such Sales Area and/or non-allocation thereof and/or the manner of allocation are options granted solely to the Authority, according to its sole discretion, and that the aforementioned shall not constitute a promise or declaration on behalf of the Authority to allocate Sales Area of any certain scope, location and manner.

- 9.3.2.1.3. It is clarified that allocation of the Service Spaces shall be conducted in the manner and under conditions set forth in the Contract, including the modification work appendix included therein, *mutatis mutandis*, and subject to specific instructions provided for such purpose

by the Authority at the time of performing every allocation, as the case and circumstances may be.

9.3.2.1.4. For allocating Sales Area in Terminal 1 and/or Arm E and/or Arm A as set forth in Sections 9.4.1.2-9.4.1.3 above, the Combined License Fee shall be paid, in the manner and under conditions set forth for such purpose in the Contract, including in the framework of the mechanism described for such purpose in Section 18.1.1 hereunder (adding separate Sales Area).

Notwithstanding the aforementioned in this Section 9.3.2.1.4 above, it is clarified that the Authority is entitled to conduct, in the framework and for purpose of allocating aforementioned Service Spaces, a bidding procedure and/or other competitive procedures between the Operator and other license holders or third parties, under conditions and in accordance with rates determined by it.

9.3.2.2. Subtracting Sales Areas from the Departure Shops (shop adjacent to rotunda)

Without derogating from the right available to the Authority according to the rest of the provisions of the Contract, including its right to subtract Sales Areas and/or Rear Areas according to the provisions of the Contract, the Operator hereby represents and warrants that it acknowledges that in the event of construction during the Services Period and/or during any of the Extension Periods of Arm A for boarding gates as set forth in Section 3.7 of the Call for Bid Form, the Authority shall be entitled to subtract areas from the Departure Shops, as required by the Authority and at such time as it shall determine, according to its sole discretion in the framework and for purpose of constructing Arm A. Under such circumstances, without derogating from the right of the Authority to subtract areas as aforementioned, the parties shall agree on financial and operational conditions involved in the construction work carried out in the shop, including in connection with subtracting Sales Areas as set forth above and/or allocation of additional Sales Areas (if any).

9.3.3. It is hereby explicitly clarified, that the aforementioned in Sections 9.3.2.1-9.3.2.2 above, shall not derogate from the right of the Authority to allocate to the Operator additional Sales Areas and/or diminish the Sales Areas and to allocate and/or diminish from the Operator Rear Areas, according to the provisions of the Contract and all other provisions of applicable law.

9.3.4. The Authority shall be entitled according to its sole and absolute discretion, allocate to the Operator and/or diminish from the Operator, parking spaces, without payment, and this according to the policy of the Authority as in effect from time to time on this matter and with respect to license holders at the Airport.

9.3.5. It is also clarified that the Authority shall be entitled, according to its sole discretion, to allow the Operator to provide the Services (all or part), according to the Authority's decision, through mobile stations/counters, and this in the manner

and under conditions set forth in the service and operation appendix. For the license to provide the Services through mobile station/counter the Operator shall pay the Combined License Fee as set forth in Section 11.3 hereunder.

9.3.6. Allocation or relocation or subtracting Service Spaces, shall be carried out in the manner and under conditions set forth in Section 7 above, including the modification work appendix included therein, with the required changes and adjustments, and subject to specific instructions provided by the Authority at the time of performing any allocation, subtraction and relocation, as applicable.

9.4. Breach of any of the provisions of Sections 9.1, 9.3.1-9.3.2 above, by the Operator, shall constitute material breach of the Contract.

10. **Providing services to the Operator**

10.1. During the Service Period or Extension Periods (if applicable), the Operator shall be provided, at all or part of the Service Spaces, according to the discretion of the Authority and according to the circumstances, the following services, and all in the manner, under conditions and at times determined by the Authority, and subject to all other provisions of this Contract:

10.1.1. Infrastructure maintenance services up to the limit of the floor tile of the relevant Service Spaces, as set forth in the maintenance appendix (in the contract: “**Infrastructure Maintenance Services**”). For the Rear Areas only, the Operator shall pay to the Authority for Infrastructure Maintenance Services (if provided), according to the rates used by the Authority at the time of provision, as updated from time to time.

10.1.2. Air conditioning services, if air conditioning infrastructure exists at the relevant Service Spaces, subject to operation of the air conditioning system in accordance with the discretion of the Authority, with respect to actual operation, hours of operation and intensity, and this without the Operator having any argument and/or claim in connection thereto (in the Contract: “**Air Conditioning Services**”). For the Rear Areas only, the Operator shall pay to the Authority for Air Conditioning Services (if provided), according to the rates used by the Authority at the time of provision, as updated from time to time.

10.1.3. Garbage removal services (that is not, for avoidance of doubt, hazardous materials and/or fuel waste product, of any kind or type), from the garbage bins placed by the Authority, according to its sole discretion, at the Service Spaces or adjacent thereto (in the Contract: “**Garbage Removal Services**”). The Operator shall pay to the Authority for Garbage Removal Services (if provided), according to the rates used by the Authority at the time of provision, as updated from time to time.

10.1.4. Water supply services, if and as so far as water points exist at the Service Spaces and up to the end point of the infrastructure existing at the relevant Service Spaces

(in the Contract: “**Water Supply Services**”). The Operator shall pay to the Authority for Water Supply Services (if provided), according to actual usage, according to rates in effect by the Authority at the time of supply, as updated from time to time. The Authority shall install, at its own expense, the water gauges at the relevant Service Spaces.

10.1.5. Electricity supply services as set forth hereunder: the Authority shall provide to the Operator electricity at the relevant Service Spaces, in consideration for payment according to load and consumption time tariff for household consumption pricelist that includes a fixed monthly fee, as updated from time to time by the Authority. The Authority shall install, at its own expense, the electricity gauges at the relevant Service Spaces (in the Contract: “**Electricity Supply Services**”).

10.1.6. Cleaning services at the Service Spaces, according to the Operator’s request, subject to consent of the Authority that shall be provided for such purpose in advance and in writing and according to the service conditions of the relevant services determined by the Authority for this matter (hereinafter: “**Cleaning Services**”). The Operator shall pay to the Authority for Cleaning Services (if provided), according to the rates used by the Authority at the time of provision, as updated from time to time.

10.1.7. Communication services, if and as so far as communications infrastructure exist at the relevant Service Spaces, and this in accordance with the provisions of the communications appendix (in the Contract: “**Communications Supply Services**”).

10.2. Payment of the Services Fee and Additional Services Fee for the services and additional services specified in Section 10 above, shall be made in manner and under conditions set forth therefore in Section 14 hereunder.

11. **Combined License Fee**

11.1. **Combined License Fee for the Departures Shops**

11.1.1. In consideration for receiving the License for providing the Services through the Shops, the Operator shall pay to the Authority, Combined License Fee, in the amount **highest of the following**:

11.1.1.1. An amount equal to all these in aggregate:

11.1.1.1.1. 35% of the Gross Sales Revenue for sale of products at the Departures Shops, which are imported tobacco and alcohol products, plus lawful VAT; **and**

11.1.1.1.2. 35% of the Gross Sales Revenue for sale of products at the Departures Shops, which are imported cosmetics and perfume products, plus lawful VAT; **and**

- 11.1.1.1.3. 20% of the Gross Sales Revenue for sale of products at the Departures Shops, which are made in Israel tobacco, alcohol cosmetics and perfume products, plus lawful VAT; **and**
- 11.1.1.1.4. 15% of the Gross Sales Revenue for sale of products at the Departures Shops, which are chocolate products, plus lawful VAT; **and**
- 11.1.1.1.5. 8% of the Gross Sales Revenue for sale of products at the Departures Shops, which are pharmacy products (except prescription medication), plus lawful VAT; **and**
- 11.1.1.1.6. 4% of the Gross Sales Revenue for sale of products at the Shops, which are prescription medication, plus lawful VAT; **and**
- 11.1.1.1.7. 8% of the Gross Sales Revenue for sale of products at the Sky Shops, which are alcohol, tobacco pharmacy products (except prescription medication), chocolate, cosmetics and perfume, plus lawful VAT; **and**

- or -

11.1.1.2. Basic Combined License Fee, in the amount equal to \$ _____ (_____ US Dollars), specified by the Operator in its bid, as updated in accordance with the provisions of the Contract, plus lawful VAT.

11.2. In the event the Authority allows the Operator to provide the Services through mobile counter/station – the Operator shall pay to the Authority the Combined License Fee for the period of operation through mobile counter/station, in the amount equal to percent of Gross Sales Revenue received from providing the Services through the mobile counter/station, at the relevant rates set forth in Section 11.1.1.1 above, all plus lawful VAT.

11.3. During the first Contract Year of the Services Period and during the last Contract Year (or last extension year, as applicable) of the Services Period, the Operator shall pay to the Authority the proportional part of the Combined License Fee, appropriate for the proportional part of the Contract Year during which it was granted the License to provide the Services.

11.4. Breach of any of the provisions of this Section 11 above, by the Operator, shall constitute material breach of the Contract.

12. Updating the Basic Combined License Fee

12.1. Updating to the Index

The monthly sum of the Basic Combined License Fee (in other words, the amount equal to 1/12 of the Basic Combined License Fee, as set forth in Section 11.1.1.2 above), shall be updated on the first day of every calendar month, beginning on the calendar month during which the Services Period starts, according to the rate of positive change only of the Index known at the date of such update, in proportion to the Basic Index.

12.2. Update to passenger traffic

12.2.1. **Monthly update to international passenger traffic at the Airport**

After and in addition to the update set forth in Section 12.1 above, and initially for the calendar month during which the Services Period commenced, the monthly payment of the Basic Combined License Fee (in other words, the amount equal to 1/12 of the Basic Combined License Fee, as set forth in Section 11.1.1.2 above after having been updated to the Index as set forth in Section 12.1 above), in proportion to the rate of change in monthly international passenger traffic at the Airport as set forth in this Section hereunder:

- 12.2.1.1. Until the 15th day of the month pursuant to the month subject to the updated, the change in monthly international passenger traffic at the Airport subject to the update (hereinafter: “**Monthly Passenger Traffic**”) shall be calculated in proportion to the basic monthly passenger traffic, specified in the table set forth in this Section 12.2.1.1 hereunder (hereinafter: “**Basic Monthly Passenger Traffic**”).

Month	Basic Monthly Passenger Traffic
January	388,500
February	342,000
March	452,000
April	492,000
May	524,000
June	563,000
July	732,500
August	761,000
September	639,000
October	528,000
November	424,000
December	362,000
Total	6,208,000

12.2.1.2. Monthly payment of the Basic Combined License Fee (in other words, the amount equal to 1/12 of the Basic Combined License Fee, as set forth in Section 11.1.1.2 above after having been updated to the Index as set forth in Section 12.1 above), shall also be updated at the rate of 70% of the rate of change in monthly passenger traffic compared with the Basic Monthly Passenger Traffic for the corresponding calendar month in the table set forth in Section 12.2.1.1 above, and this according to the following formula:

$$M_2 = \left[\left(\frac{x_2}{x_1} - 1 \right) \times 0.7 + 1 \right] \times M_1$$

While:

The monthly total of the Basic Combined License Fee after updating to the Index as set forth in Section 12.1 above. - M1

Monthly payment of the Basic Combined License Fee after updating also according to the change in the Basic Monthly Passenger Traffic. - M2

Basic Monthly Passenger Traffic, as set forth in Section 12.2.1.1 above. - X1

Monthly Passenger Traffic during the month subject to update. - X2

* For a calendar month that is not full, X2 will be the actual aggregate passengers traffic during the period (in days) of the calendar month being updated, while X1 will be the proportional part of the basic passengers traffic (specified in Section 12.2.1.1 above) accumulated during the calendar month corresponding to the month being updated (in other words, the number of days included in the Services Period in the calendar month being updated divided by the full number of days in such calendar month, all multiplied by the aggregate passengers traffic specified for such calendar month in Section 12.2.1.1 above).

* For a calendar month that is not full, M1 will be the proportional part of the Basic Combined License Fee after being updated to the Index as set forth in Section 12.1 above (in other words, the Basic Combined License Fee after being updated to the Index as set forth in Section 12.1 above multiplied by the number of days included in the Services Period during the calendar month being updated, and all divided by the full number of such calendar month).

12.2.2. Annual update for annual departing international passenger traffic at the Airport

The combined total of all the monthly payments of the Basic Combined License Fee (as charged in accordance with the provisions of Section 13.1.1 above) (hereinafter: **Combined Total of the Basic Combined License Fee**"), shall be updated every Contract Year and initially for the first Contract Year, in proportion to the rate of change in the annual international passenger traffic at the Airport as set forth in this Section hereunder (hereinafter: **Updated Combined Total of the Basic Combined License Fee**):

12.2.2.1. Until February 28 of the Contract Year following the Contract Year being updated, the change in international passenger traffic at the Airport in a Contract Year being updated (hereinafter: **Annual Passenger Traffic**) shall

be calculated in proportion to the annual passenger traffic of 6,208,000(in the Contract: “**Annual Basic Passenger Traffic**”).

12.2.2.2. The Combined Total of the Basic Combined License Fee shall also be updated at the rate of 70% of the rate of change in annual passenger traffic compared with the Basic Annual Passenger Traffic, and this according to the following formula:

$$M_2 = \left[\left(\frac{x_2}{x_1} - 1 \right) \times 0.7 + 1 \right] \times M_1$$

While:

The Combined Total of the Basic Combined License Fee. - M1

The Combined Total of the Basic Combined License Fee after updating also according to the change in the Basic Annual Passenger Traffic. - M2

Basic Annual Passenger Traffic, as set forth in Section 12.2.2.1 above. - X1

Annual Passenger Traffic during the year subject to update. - X2

* For a Contract Year that is not a full calendar year, X2 will be – the aggregate passenger traffic during the Contract Year being updated, while X1 will be the aggregate basic passenger traffic (specified in Section 12.2.2.1 above) for the corresponding period being updated according to the table in Section 12.2.1.1 above.

12.2.3. It Is hereby clarified, that notwithstanding the aforementioned in this Section 12.2 and pursuant to the update set forth therein, the Combined Total of the Basic Combined License Fee shall in any case be no less that the amount constituting 75% (seventy five percent) of the total Basic Combined License Fee as set forth in Section 11.1.1.2 above. It is also hereby clarified, for avoidance of doubt, that the monthly payment of the Basic Combined License Fee after having been updated in accordance with the change in Basic Monthly Passenger Traffic, shall any case be no less than the amount constituting 75% (seventy five percent) of 1/12 of the Basic Combined License Fee as set forth in Section 11.1.1.2 above.

13. **Payment terms and settling accounts – the Combined License Fee**

13.1. Monthly payment of the Combined License Fee

13.1.1. The Basic Combined License Fee, in the amount set forth in Section 11.1.1.2 above, shall be paid in advance, in 12 equal monthly payments on the first of every

calendar month, after linking each such payment to the Index in accordance with the provisions of Section 12.1 above, and this from the commencement of the Services Period (hereinafter: “**Monthly Payment of the Basic Combined License Fee**”).

For the first Contract Year and the last Contract Year (or last extension year, if applicable), which does not include 12 full calendar months, the Monthly Payment of the Basic Combined License Fee shall be paid only for the calendar months remaining until conclusion of the relevant Contract Year.

It is explicitly clarified that Monthly Payment of the Basic Combined License Fee shall be paid in New Israeli Shekels, on the first of every calendar month, according to the representative rate of the Dollar or any other representative rate of exchange in its stead, as published by the Bank of Israel at 08:00 in the morning of such payment date.

13.1.2. Without derogating from the provisions of Section 13.1.1 above, until the 15 of each month the following actions shall be taken with regards to calculating and payment of the amount of the Monthly Combined License Fee, due from the Operator to the Authority for the previous month, as follows:

13.1.2.1. The Authority shall calculate the monthly amount (in US Dollars) of the Basic Combined License Fee due from the Operator to the Authority for the previous month, as set forth in Section 12.2.1 above (monthly update to passenger traffic) (hereinafter: “**Updated Monthly Amount of the Basic Combined License Fee**”).

13.1.2.2. In addition the Operator shall submit for approval of the Authority prior to the date set forth in Section 13.1.2 above, a monthly report correctly reflecting the total Gross Sales Revenue of the Operator at the shops, as set forth in Section 13.3.3 hereunder (in US Dollars), and this during the previous calendar month as well as the calculation of the monthly amount of the Combined License Fee due from the Operator to the Authority for such month, as a percentage of the Gross Sales Revenue, in accordance with the provisions of Section 11.1.1.1 above, in US Dollars (“**Monthly Amount from Sales Revenue**”).

13.1.2.3. The Operator shall pay to the Authority or the Authority shall refund to the Operator, as applicable, the difference between the monthly payment of the Basic Combined License Fee, due from the Operator to the Authority for the previous month, as set forth in Section 13.1.1 above, and the higher of these: (i) the updated monthly amount of the Basic Combined License Fee at the Departures Hall; or (ii) the monthly amount of the sales revenue at the Departures Hall.

It is explicitly clarified that payment of such difference shall be made in New Israeli Shekels, according to the representative rate of the Dollar or any other

representative rate of exchange in its stead, as published by the Bank of Israel at 08:00 in the morning of such charge date.

13.2. Annual payment of the Combined License Fee

During the Contract Year following the Contract Year subject for payment, the following actions shall be taken with respect to calculation and payment of the annual Basic Combined License Fee due from the Operator to the Authority for the Contract Year subject of calculation, as follows:

13.2.1. Until February 28 of the following Contract Year, the following actions shall be taken:

13.2.1.1. The Authority shall calculate the updated Combined Total of the Basic Combined License Fee (in US Dollars), due from the Operator to the Authority for the previous Contract Year, as set forth in Section 12.2.2 above (annual update for passengers traffic).

13.2.1.2. The Operator shall pay to the difference (if any) between the Combined Total of the Basic Combined License Fee, and the aggregate total of the Combined License Fee due from the Operator to the Authority according to the Contract for the previous Contract Year, as set forth in Section 13.1 above.

13.2.1.3. It is explicitly clarified that payment of such difference shall be made in New Israeli Shekels, at the date set forth in Section 13.2.1 above, according to the representative rate of the Dollar or any other representative rate of exchange in its stead, as published by the Bank of Israel at 08:00 in the morning of such charge date.

13.2.2. In addition, until May 31 of the following Contract Year, the following actions shall be taken:

13.2.2.1. The Operator shall submit for approval of the Authority an annual report correctly reflecting the total Gross Sales Revenue of the Operator at the shops, as set forth in Section 13.3.5 hereunder (in US Dollars), and this during the previous Contract Year as well as the calculation of the annual amount of the Combined License Fee due from the Operator to the Authority for Contract Year, as a percentage of the Gross Sales Revenue, in accordance with the provisions of Section 11.1.1.1 above (in US Dollars) ("**Annual Amount from Sales Revenue at the Departures**").

13.2.2.2. The Operator shall pay to the Authority or the Authority shall refund to the Operator, as applicable, the difference (if any), provided the Operator is charged according to the higher of the updated Combined Total of the Basic Combined License Fee and the annual amount of the sales revenue.

13.2.2.3. It is explicitly clarified that payment of such difference shall be made in New Israeli Shekels, at the date set forth in Section 13.2.2 above, according to the representative rate of the Dollar or any other representative rate of exchange in its stead, as published by the Bank of Israel at 08:00 in the morning of such charge date.

13.3. Bookkeeping, reports, audit and paying differentials

The Operator hereby undertakes as follows:

13.3.1. To maintain and keep at its offices full and complete records of its sales in the framework of providing the Services, detailing, on a daily basis, during the entire Services Period (including Extension Periods, if applicable), the Gross Sales Revenue for the date of record.

13.3.2. To keep and maintain at its said offices all receipts, confirmations, accounts, computerized information and other documents pertaining to such records, including copies of reports to the tax authorities, and this during the entire Engagement Period (including extensions, if any) and for two additional years from the date of concluding the Engagement Period.

13.3.3. To submit to the Authority, within 15 days from the end of each calendar month, a monthly financial report of the Gross Sales Revenue for the passing calendar month, showing the following details (the first monthly financial report shall be submitted up to the 15th of the calendar month pursuant to the first month of the Services Period):

13.3.3.1. Gross Sales Revenue, according to detail as required by the Authority and details of the monthly amount out of the Gross Sales Revenue to which the Authority is entitled to for such month.

It is hereby agreed that the Gross Sales Revenue and the monthly amount out of the sales revenue, subject of the aforementioned monthly report, shall be reported, in any case, in US Dollars. In the event of sale of any product in New Israeli Shekels or other foreign currency that is not US Dollars, the Gross Sales Revenue of such product shall be calculated in US Dollars, according to the representative rate of the Dollar or any other representative rate of exchange in its stead, as published by the Bank of Israel at 08:00 in the morning of the sale.

13.3.4. To attach to the monthly report aforementioned in Section 13.3.3 above, confirmation from the relevant bank regarding performance of deposit, or direct transfer to the bank account of the Authority, of the amount due to the Authority, if any, according to such report, after deducting the amount paid to the Authority, as set forth in Section 13.1.1 for the month subject of the report. The aforementioned shall not diminish from the right of the Authority according to Section 17.3 hereunder.

13.3.5. To submit to the Authority, no later than the 31st of May pursuant to the lapse of every calendar year, an annual financial report, in the form attached as appendix to the Contract, noting all the following (hereinafter: “**Annual Report**”):

13.3.5.1. Gross Sales Revenue of the license holder for the Contract Year ended and the annual total from sales revenue. In the framework of the Annual Report the license holder shall provide details pertaining to: (i) monthly Gross Sales Revenue during the relevant Contract Year; (ii) the monthly Combined License Fee due to the Authority, the monthly Combined License Fee actually paid, and the difference between them; (iii) the annual Combined License Fee due to the Authority, the annual Combined License Fee actually paid, and the difference between them. The Authority shall be entitled to require that the Annual Report also include details according to segments of types of services/products and any other detail, according to its sole discretion.

It is hereby agreed that the Gross Sales Revenue and the annual amount out of the sales revenue, subject of the aforementioned annual report, shall be reported, in any case, in US Dollars. In the event of sale of any product in New Israeli Shekels or other foreign currency that is not US Dollars, the Gross Sales Revenue of such product shall be calculated in US Dollars, according to the representative rate of the Dollar or any other representative rate of exchange in its stead, as published by the Bank of Israel at 08:00 in the morning of the sale.

13.3.5.2. The total turnover of transactions made by the license holder during the Contract Year, according to VAT reports submitted for the Contract Year. The license holder will specify in writing, any discrepancy found between the sales turnover reported by it in the framework of the Annual Report to that set forth in the VAT reports submitted for the Contract Year.

13.3.5.3. Per the request of the Authority in the framework of regular audit examinations to be conducted by it (if any), the license holder shall specify the total turnover of transactions carried out with affiliated parties (excluding VAT), during the Contract Year ended. In the framework of the aforementioned specification the license holder will provide the details of the affiliated parties, the scope of transactions carried out with them, their dates and scope.

13.3.5.4. To the Annual Report the license holder will attach original confirmation on behalf of the auditing accountant of the license holder, and this in the form attached as appendix to the Contract.

13.3.5.5. The Annual Report will be confirmed and signed by a functionary of the license holder.

13.3.6. In the event that pursuant to the Annual Report the Authority shall be obligated to pay any amount to the Operator, such amount shall incur Basic Interest. It is

clarified , that except for the aforementioned circumstances the Authority shall in no event be required to pay to the Operator Basic Interest or other interest of any kind or type. In the event that pursuant to the Annual Report the Operator shall be obligated to pay any amount to the Authority, the amount shall incur Late Interest according to the provisions of Section 19 hereunder. It is clarified that the aforementioned in this Section shall not derogate from the obligation of the Operator to pay Late Interest, in any event it is late in any payment to the Authority, in accordance with the provisions of Section 19 hereunder. Calculating the interest (as in effect from time to time), in both cases, shall be carried out for the period commencing on the last date of such calendar year until the date of actual payment, except under circumstances where the Operator is late in submitting the Annual Report in which case the interest due from the Authority shall be calculated up to the 31st of May of the following Contract Year.

13.3.7. To allow the auditor appointed by the Authority for such purpose, at all times, and at any frequency, including monthly, quarterly, bi-annually and annually, to review, examine and audit the Operator’s books and all documents pertaining thereto, pertaining to the activity subject of this Contract, connected in the opinion of such auditor, according to its sole discretion, to provision of the Services, including reports of the Operator to the various tax authorities and the Operator’s trial balances.

13.3.8. To submit to the Authority, per its request, audited annual financial statements of the Operator within 30 days of the date of approval by the authorized factors at the Authority.

13.3.9. To present to the Authority or to the auditor on its behalf any explanation or document required in the framework of examining the reports submitted by the Operator.

13.4. Updating the Basic Combined License Fee due to regulatory amendments

13.4.1. In the event that according to regulatory decisions, during the period of providing the Services (including extension periods for the license period if applicable) the exemption per passenger from taxes (which as of the date of publishing the Tender is \$200) is decreased and/or increased, for taxable products purchased in the Sales Areas, and/or in the event the customs exemption for purchases via the Internet is decreased and/or purchase taxes are increased and/or decreased and/or cancelled (hereinafter: “**Reform**”) than the Basic Combined License Fee shall be updated as of the date the Reform came into effect (hereinafter: “Reform Date”) according to the following formula and under conditions specified hereunder:

$$M_2 = M_1 - (Rr) * \left(1 - \left[\frac{Pb}{Pa}\right]\right) * Pr$$

Amount of Basic Combined License Fee set forth in Section 11.2.1 above.	- M1
Amount of Basic Combined License Fee after having been updated according to this formula.	- M2
Gross Sales Revenue per departing international passenger at the Airport prior to the Reform – in the last full calendar month prior to the calendar year during which the Reform came into effect (the ratio between the Gross Sales Revenue to the traffic of departing international passengers at the Airport).	- Pa
Gross Sales Revenue per departing international passenger at the Airport after the Reform – 12 full and consecutive calendar months pursuant to the effective date of the Reform.	- Pb
Part of the Products and/or technological products subject of the Reform from the Gross Sales Revenue of the Operator during the last full calendar year prior to the calendar year in which the Reform came into effect.	Rr
Combined License Fee out of the Gross Sales Revenue during the last full calendar year prior to the calendar year in which the Reform came into effect.	Pr

13.4.2. In the event the Reform Date occurs during the first calendar year from the commencement of the Services Period, the Gross Sales Revenue per departing international passenger at the Airport prior to the Reform (Pa), Part of the Products and/or technological products subject of the Reform in the period prior to the Reform Date (Rr) and the Combined License Fee out of the Gross Sales Revenue (Pr) shall be calculated in reference to the period starting on the commencement date of provisions of the Services and ending on the Reform Date (hereinafter: **“Period Prior to the Reform”**) and to the departing international passengers traffic at the Airport for such period (hereinafter: **“Passengers Traffic for the Period Prior to the Reform”**).

13.4.3. Calculation specified in Section 13.4.2 above shall be made on premise that the period that preceded the Reform is a Contract Year, and the calculation shall be made in accordance with the provisions of Section 13.2 above, including with respect to updating the passenger traffic.

13.4.4. For purpose of calculating the update of the Basic Combined License Fee as set forth in Section 13.4.1 above, the Operator shall submit to the Authority, after 12 full and consecutive calendar months from the Reform Date a financial report (together with full and detailed calculations and references), approved by the

Operator's auditing accountant to correctly reflect all the financial data required for purpose of the calculation specified in Section 13.4.1, segmented for the last full calendar year prior to the calendar year during which the Reform came into effect and/or for the months in the period prior to the Reform as set forth in Section 13.4.3 above, and for purpose of calculation the Gross Sales Revenue per departing international passenger at the Airport prior to the Reform (Pa), Part of the Products and/or technological products subject of the Reform in the period prior to the Reform Date (Rr) and the Combined License Fee out of the Gross Sales Revenue (Pr) as well as the report correctly reflecting all the financial data necessary for the calculation specified in Section 13.4.1 above for the 12 full calendar months following the effective date of the Reform (hereinafter: "**Report for Updating the Basic Combined License Fee**").

13.4.5. It is hereby clarified that notwithstanding the aforementioned in this Section 13.4 and following the update stipulated therein, the rate of the Combined License Fee, charged to the Operator after the Reform Date, out of the Gross Sales Revenue for each Contract Year shall in no event be less than the rate of the Combined License Fee out of the Gross Sales Revenue during the last full calendar year prior to the calendar year during which the Reform came into effect and/or the period prior to the date of the Reform (Pr as set forth above).

13.4.6. For avoidance of doubt it is hereby clarified that any change in VAT shall not be deemed regulatory amendment for purpose of Section 13.4.1 above.

13.5. Breach of any of the provisions of this Section 13 above, by the Operator, shall be deemed material breach of the Contract.

14. Payment of Use Fee and Services Fee for the Rear Areas

14.1. The Operator shall pay to the Authority, for the License to use the Rear Areas, Use Fee and Services Fee, at the rates set forth for such purpose in the Specifications as updated from time to time by the Authority and according to its sole discretion. It is clarified that the rates of the Use Fee, as set forth in the Specifications, shall be updated in accordance with the area (in m²) of the relevant Rear Area, according to the "area size coefficient" key, set forth for such purpose in the Specifications.

14.2. The Operator shall pay to the Authority the proportional part of the Services Fee and the Use Fee set forth in this Section above, for the Rear Areas, in a manner appropriate to the part of the Contract Year during which such areas were made available to it.

14.3. The Use Fee and the Services Fee shall be paid in advance, at the beginning of each Contract Year (or at the time each Rear Area was made available to the Operator), and no later than the 15th day from the date the Authority produces the charge.

14.4. The Operator shall be entitled to pay the Use Fee and the Services Fee in four quarterly installments. In such event, the Operator shall pay each quarterly installment on the 15th of the first month of each quarter, in advance, while each such payment shall incur Installment Interest as follows:

$$\text{Installment Interest amount} = \frac{\text{Use \& Services Fee}}{4} * \left[\left(1 + r/12 \right)^{(t/365 * 12)} - 1 \right]$$

r – Annual rate of Installment Interest in effect at the time of producing the charge

t – the number of days from the date set for payment (as set forth in this paragraph above) and until the date of actual payment

14.5. The Operator must provide notice, in writing, to the head of receipts and collection department at the Authority, regarding its intention to make quarterly installments, at least 30 days prior to the start of each Contract Year.

14.6. In the event the quarterly installments are not paid on time, Late Interest (as set forth in Section 19 hereunder) shall apply to every quarterly installment, as of the date for payment set forth in Section 14.4 above and until full actual payment of such quarterly installment.

14.7. Breach of any of the provisions of this Section 14 above, by the Operator, shall constitute material breach of the Contract.

15. Payment for the Services and Additional Services

15.1. Services Fee for provision of the services set forth in Sections 10.1.1-10.1.3 above shall be included in the Combined License Fee.

15.2. Services Fee for provision of the services set forth in Sections 10.1.1-10.1.3 above shall not be included in the Use Fee that shall be paid for the Rear Areas and shall be paid to the Authority, separately no later than the 15th day from the date of producing the charge by the Authority. It is clarified that the amount of Services Fee as aforementioned shall be determined in accordance with the rates of the Authority for each service, as updated from time to time, according to the sole discretion of the Authority.

15.3. Additional Services Fee for provision of the services set forth in Sections 10.1.4-10.1.6 above shall not be included in the Combined License Fee and in the Use Fee that shall be paid for the Rear Areas and shall be paid to the Authority, separately no later than the 15th day from the date of producing the charge by the Authority. It is clarified that the amount of Additional Services Fee as aforementioned shall be determined in accordance with the rates of the Authority for each additional service, as updated from time to time, according to the sole discretion of the Authority.

- 15.4. Additional Services Fee for provision of the services set forth in Sections 10.1.7 shall not be included in the Combined License Fee and in the Use Fee that shall be paid for the Rear Areas and shall be paid directly in accordance with the provisions of the communications appendix.
- 15.5. For avoidance of doubt it is hereby clarified that in any event no change to the Basic Combined License Fee and/or the Combined License Fee and to the Use Fee that shall be paid for the Rear Areas, in the event any of the services and/or additional services is not provided (all or part) at the Service Spaces (all or part).
- 15.6. For avoidance of doubt it is hereby clarified that all other services required for purpose of operating and maintenance of the Service Spaces, shall not be provided by the Authority and they shall be carried out under full and exclusive liability of the Operator and at its own expense, without being entitled to any compensation and/or indemnity and/or payment of any kind or type.
- 15.7. Breach of any of the provisions of Sections 15.1-15.5 above, by the Operator, shall constitute material breach of the Contract.

16. Payment to third parties for possession of the Service Spaces

- 16.1. All taxes, levies, tolls and any other payment that applies to the holder of the land (that is not the owner or permanent lessee), in connection with the Service Spaces (if applicable), during the entire Services Period or up to the date the Operator actually vacates the Service Spaces, according to the later, shall apply to the Operator and shall be paid by it at the time set forth in the provisions of applicable law.
- 16.2. For avoidance of doubt it is clarified that as of the date of signing the Contract municipal tax is not imposed on the Service Spaces. However, if municipal tax or any other payment in its stead shall be imposed by competent authority, such payments shall apply in full to the Operator and shall be paid by it at the time set for payment according to the provisions of applicable law, and the Operator shall have no argument, demand or claim against the Authority thereunder and the Operator shall not be entitled to any compensation, indemnify and/or payment in connection thereto.
- 16.3. Breach of any of the provisions of this Section 16 above, by the Operator, shall constitute material breach of the Contract.

17. Payments – general provisions

- 17.1. Value added tax or any other tax in its stead shall apply to every payment imposed on the Operator according to the Contract, and shall be paid, together and at the same time as the payment for which it is being paid.
- 17.2. The Operator undertakes to pay to the Authority every payment it is required according to the Contract at its due date, even if it has not received a payment demand

prior to the due date. For this purpose – “due date” is the banking business day of such date, as defined in the guidelines of the Governor of the Bank of Israel published by virtue of his authority according to the Banking (Customer Service) Law, 5741-1981. In the event no due date was determined according to the Contract, the aforementioned payment shall be made no later than the 15th day from the date of producing the charge thereunder by the Authority.

17.3. The Operator undertakes that every payment to the Authority that it is obligated to according to the Contract shall be made by deposit or wire transfer carried out by the Operator directly to the bank account of the Authority, as determined by it. For purpose of performing the aforementioned, the Operator shall present to the Authority, at the time of signing the Contract, a standing order, in the form attached as appendix to the Contract, when it is signed by the bank of the Operator and by the Operator (hereinafter: “**Standing Order**”). The Authority shall be entitled to exercise its right to debit the account of the Operator according to the Standing Order, according to its sole discretion, without being obligated to notify the Operator in advance and in connection to every payment which the Operator is obligated to according to the provisions of the Contract.

17.4. For avoidance of doubt it is hereby agreed and clarified, that the rate and/or amount of the payments imposed on the Operator according to the provisions of the Contract, are non-changeable and shall not be affected and/or connected, directly or indirectly, to any changes (increase, decrease or cancellation) that shall apply, if any, to taxes and/or levies, direct and/or indirect, applicable to provision of the Services (unless explicitly set forth otherwise in this Agreement), and the Operator hereby represents and warrants, in advance and explicitly, that it waives any argument and/or claim of any kind or type on any of the matters specified above or associated thereto.

17.5. Breach of any of the provisions of Sections 17.1-17.3 above, by the Operator, shall constitute material breach of the Contract.

18. **Adding/subtracting areas from the Service Spaces**

18.1. Adding Sales Areas

In the event additional Sales Areas are allocated to the Operator beyond those set forth in the Specifications as of the date of commencement of the License Period, the following provisions shall apply:

18.1.1. **Adding separate Sales Area**

In the event the Operator is allocated additional Sales Areas according to the option granted to the Authority according to Section 9.3.2.1 above (hereinafter: “**Separate Sales Area**”), then the Operator shall pay to the Authority, for the license to provide the Services at each of the Separate Sales Areas allocated to it, separately and in addition to the Combined License Fee paid by it for the other Sales Areas, annual combined license fee in the amount equal to the higher of two:

18.1.1.1. Amount equal to the rate of the Basic Combined License Fee at the Separate Sales Area, as defined hereunder, multiplied by the area of the Separate Sales Area (in m²), after being updated according to the provisions of Section 18.4 hereunder (hereinafter, collectively: “**Basic Combined License Fee for Separate Sales Area**”), plus VAT. For avoidance of doubt it is hereby clarified that the Basic Combined License Fee for Separate Sales Area shall not be added to the Basic Combined License Fee, and shall be paid in addition and separately (in addition and separate to the Combined License Fee set forth in Section 11 above).

For purpose of this Section – “**Basic Combined License Fee for Separate Sales Area Rate**”, is any of the rates set forth hereunder, according to the location of the Separate Sales Area:

<u>Location of Separate Sales Area</u>	<u>Basic Combined License Fee for Separate Sales Area Rate (per m²)</u>
Departures Hall – Terminal 3	\$5,000 (US) per m ² per year (plus VAT)
Terminal 1	\$15,375 (US) per m ² per year (plus VAT)

-or-

18.1.1.2. The aggregate amount, plus lawful VAT, of the rates (in percentage) set forth in Sections 11.1.1.1.1-11.1.1.1.6 above (with respect to adding Separate Sales Area in the Departures Hall or set forth in Sections 11.1.1.1.1-11.1.1.1.5 with respect to adding Separate Sales Area in Terminal 1), as applicable, from the Gross Sales Revenue for provision of the Services in the Separate Sales Area (hereinafter: “**Combined License Fee for Separate Sales Area**”), plus VAT. For avoidance of doubt it is hereby clarified that the Gross Sales Revenue for the Separate Sales Area shall be calculated separately from the Gross Sales Revenue for each of the Separate Sales Areas allocated to the Operator.

18.1.2. Adding attached Sales Area

In the event the Operator is allocated additional Sales Areas constituting an expansion of the existing Sales Areas (expansion of the Shops or expansion of a Separate Sales Area allocated in accordance with the provisions of Section 18.1.1 above), in other words, in a manner where according to discretion of the Authority it is not possible at the time of allocation to distinguish between the revenue received from the existing Sales Area and the revenue received for the Sales Area added to it (hereinafter: “**Attached Sales Area**”), than the Operator shall pay to the Authority, in addition to any other payment according to the Contract, in aggregate, for the

relevant existing Sales Area together with the Attached Sales Area, annual combined license fee as follows:

- 18.1.2.1. Amount equal to the area of the Separate Sales Area (in m²) multiplied by the Basic Combined License Fee of the Attached Sales Area Rate, as defined hereunder, after being updated according to the provisions of Section 18.4 hereunder (hereinafter: “**Basic Combined License Fee for Attached Sales Area**”), plus VAT.

For purpose of this Section – “**Basic Combined License Fee for Attached Sales Area Rate**”, is any of the rates set forth hereunder, according to the location of the Separate Sales Area:

<u>Location of Attached Sales Area</u>	<u>Basic Combined License Fee for Attached Sales Area Rate (per m²)</u>
Departures Hall – Terminal 3	\$10,000 (US) per m ² per year (plus VAT)
Sky Hall – Terminal 3	\$1,200 (US) per m ² per year (plus VAT)
Terminal 1	\$_____ per m ² per year (plus VAT) [to be updated in the framework of the tender procedure]

And in addition, the amount equal to the higher of: (i) annual amount, equal to the Basic Combined License Fee for the Sales Area/s to which the Attached Sales Area was added, plus VAT, as applicable; **or** (ii) the aggregate amount, plus lawful VAT, of the rates (in percentage) set forth in Sections 11.1.1.1.1-11.1.1.1.6 above (with respect to adding Attached Sales Area to the Shops in the Departures Hall) and/or of the rates (in percentage) set forth in Section 11.1.1.1.7 above (with respect to adding Attached Sales Areas in Sky Hall and/or the rates (in percentage) set forth in Sections 11.1.1.1.1-11.1.1.1.5 above (with respect to adding Attached Sales Areas to any of the Shops at the Departures Hall), from the Gross Sales Revenue for provision of the Services in the overall Sales Area/s and the Sales Areas attached to it in accordance with the provisions of Section 18.1.2 above, plus VAT (hereinafter: “**Combined License Fee for Attached Sales Area**”).

For avoidance of doubt it is hereby clarified that for purpose of calculating the Gross Sales Revenue, the Gross Sales Revenue for Attached Sales Area shall be added to the Gross Sales Revenue for the existing Sales Area/s that was expanded.

18.2. Subtracting Sales Areas

18.2.1. In the event the Authority subtracts areas from the Sales Areas, than the Basic Combined License Fee that the Operator is obligated to pay for the relevant Sales Area/s (prior to subtraction) shall be diminished by an amount equal to the subtracted Sales Area multiplied by an amount equal to 75% of the License Fee for Separate Sales Area Rate specified for it in Section 18.1.1.1 above, plus VAT. The subtraction rate with which the deduction of the Combined License Fee shall be calculated shall be the rate in effect on the date of approving the subtraction by the Authority in writing, after updating in accordance with the provisions of Section 18.4 hereunder (hereinafter: “**Updated Subtraction Rate**”). Every time the Authority approves subtraction of Sales Areas, the subtraction amount shall be calculated uniquely as of the date of the Authority’s written approval of the subtraction and according to the Updated Subtraction Rate as of such date.

18.2.2. Notwithstanding the aforementioned in Section 18.2.1 above, in the event the Authority subtracted a complete Sales Area allocated to the Operator (including Separate Sales Area and Attached Sales Area), for which the Contract provides Basic Combined License Fee, than all the Basic Combined License Fee that were set for such complete area shall be subtracted respectively according to the provisions of the Contract.

18.3. In the event areas are added or subtracted to the Sales Areas, the relevant monthly amount of the License Fee shall change, whereby the proportional part of the relevant addition or subtraction is added to or subtracted from it, at the date the Authority ordered the addition or subtraction, as applicable, in writing.

18.4. Linkage and settling accounts

For avoidance of doubt it is clarified that all the provisions pertaining to updating the Basic Combined License Fee, terms of payment and settling of accounts for services and additional services, payments to third parties and the general provisions for making payments as set forth in Sections 11-17 above, shall apply, *mutatis mutandis*, also to Sales Areas allocated and/or subtracted according to the provisions of this Section 18.

In the event the Operator was allocated Sales Areas in Terminal 1, than in addition to updating the Index and to the need to perform the monthly update for international passenger traffic as set forth in Section 12.2.1 above and for purpose of performing the annual update for international passenger traffic as set forth in Section 12.2.2 above, *mutatis mutandis*, the basic monthly passenger traffic and the basic annual passenger traffic, in accordance with data collected during a full calendar Contract Year during which the aforementioned Sales Areas are operated in Terminal 1 (hereinafter: “**Initial Year of Operation**”). The Initial Year of Operation shall be deemed the base year for purpose of performing the monthly and annual updated of passenger traffic when the first update is performed during January of the year pursuant to the Initial Year of Operation according to the mechanisms described in Section 12.2 above.

It is clarified, explicitly, that passenger traffic in Terminal 1 shall not be added to the international passenger traffic at the Airport for purpose of updating the Combined License Fee for Sales Areas not in Terminal 1.

For avoidance of doubt it is also clarified that the provisions of Section 27.3 above shall not apply with respect to increase of the License Fee deriving from allocation Sales Area and likewise shall not apply in any event with respect to Sales Areas allocated in Terminal 1.

18.5. Adding/subtracting Rear Areas

In the event the Operator is allocated Rear Areas beyond those specified in the Specifications as of the date of commencement of the Services and/or Rear Areas are subtracted from those specified in the Specifications as of the date of commencement of the Services Period, than amounts according to the relevant part of the Rear Areas added and/or subtracted shall be added and/or subtracted from the payments for the Use and Services Fee, according to the relevant rates used by the Authority at such time.

18.6. Breach of any of the provisions of this Section 18 above, by the Operator, shall constitute material breach of the Contract.

19. Late fee

19.1. In the event the Operator fails to pay, at the time set in the Contract, any amount it is obligated to pay according to the Contract, the interest for every day of delay in payment shall be calculated according to Late Interest, as follows:

$$19.1.1. \text{Late Interest amount} = \text{debt principal} * (1 + r)^{\left(\frac{t}{365} * 12\right) - 1}$$

r – monthly Late Interest rate

t – number of days from the due date of the payment until date of actual payment

19.1.2. Late Interest that the user is required to pay as set forth in this Section shall be paid together with lawful VAT.

19.2. The Authority is entitled to make changes in the rate of Late Interest and/or replace it with another, provided it has notified the Operator 30 days in advance.

19.3. Obligation to pay Late Interest and payment of Late Interest shall not prejudice any other rights, remedies or relief available to the Authority according to the Contract and/or applicable law.

19.4. Calculating the interest for each late period shall be carried out according to the Basic Interest, as in effect from time to time during the late period.

19.5. Breach of any of the provisions of Section 19.1 above, by the Operator, shall constitute material breach of the Contract.

20. **Delivery and vacating**

20.1. Immediately upon the end of the Engagement Period, at any time for any reason whatsoever, including due to termination of the Contract, the Operator shall bear full and exclusive liability to deliver solely to the Authority possession of all the Service Spaces (except mobile equipment). In the framework of the aforementioned, the Operator shall be fully and exclusively liable to complete, at its own expense, prior to delivering possession as aforementioned, all these:

20.1.1. **Delivery of the Service Spaces.** The Operator is responsible to return to the Authority, upon the end of the Engagement Period, possession of the Service Spaces, including the fixed equipment included therein, in good and functional condition. For this purpose, and as condition for delivering the Service Spaces as aforementioned the Authority shall conduct, through representatives on its behalf, and with participation of the Operator's representatives whose presence shall be requested by the Authority, a tour of the Service Spaces and in the framework of the aforementioned shall even conduct an inspection of the Service Spaces and the fixed equipment included therein, and this *inter alia* in the manner and conditions set forth in the service and operation appendix and according to delivery protocol attached as an integral part thereof (hereinafter: "**Delivery Inspection**"). The Operator shall be responsible to cooperate with representatives of the Authority and assist during the Delivery Inspection, and to perform at the Service Spaces and in the fixed equipment, at its own responsibility and account repair of any malfunction, damage, defect and fault of the Service Spaces and their environment discovered by the Authority during the Delivery Inspection, within the period set by the Authority for such purpose, and all as set forth in the operation and service appendix.

20.1.2. **Cleaning and waste removal.** The Operator shall bear full and exclusive liability to deliver to the Authority and/or to any person on its behalf possession of the Service Spaces when they, their surroundings and access ways to and from them, are clean and without waste. In the framework of the aforementioned, the Operator shall clean and remove from the Service Spaces to outside the areas of the Airport, all waste, garbage and dirt according to the provisions of the Authority and the provisions of applicable law at the expense of the Operator, so to allow the Authority and/or any person on its behalf to take possession of the Service Spaces, when they are clean and clear of any such waste, on the day following the date the Engagement Period ended.

20.1.3. **Vacating and dispossession.** The Operator shall bear full and exclusive liability to deliver to the Authority and/or to any person on its behalf possession of the

Service Spaces when they are vacant of any person and object (except the Fixed Equipment). In the framework of the aforementioned, the Operator shall remove at its own expense from the Service Spaces and from the public area (as applicable), to outside the areas of the Airport, all Mobile Equipment, apparatuses, devices, tools, objects and shall remove the manpower existing in them, in order to allow the Authority and/or any person on its behalf take possession of the Service Spaces, when they are clear of any person or object, on the day following the date the Engagement Period ended.

- 20.2. For avoidance of doubt it is hereby clarified that the Operator shall in no event be entitled to delay and/or prevent and/or refuse to deliver possession of the Service Spaces, and this for any reason whatsoever, including due to any claim and/or argument of the Operator and/or any person on its behalf against the Authority and/or any person on its behalf.
- 20.3. Upon the end of the Engagement Period, for any reason whatsoever, the Authority shall be entitled to take possession of the Service Spaces and use them for any purpose it deems fit (including itself or through others) and accordingly the provisions of the Contract shall be terminated and shall be invalid except provisions the nature of which require them to apply pursuant to the end of the Engagement Period, including: the provisions reflecting the obligations of the Operator to complete all its obligations according to the provisions of this Section 20 as well as the rights of the Authority according to the Contract and/or according to the provisions of applicable law in connection with breach of the Operator's undertakings and/or rights of the Authority in connection with breach of any of its additional undertakings according to the other provisions of the Contract and the provisions of applicable law.
- 20.4. In the event the Operator does not vacate the Service Spaces and/or does not remove the Mobile Equipment, Products and objects within the date specified in this Section above, than without derogating from the right of the Authority to Agreed Relief as set forth in Section 28.2 hereunder and from its right according to all other provisions of the Contract and the provisions of applicable law, the Authority shall be entitled to enter the Service Spaces and remove the Mobile Equipment, Products and objects, or order a third party to do so, and transfer them to warehouse or another storage location, all at the expense of the Operator, and the Operator hereby grants its consent to the aforementioned, and it hereby irrevocably waives, and shall be prevented and estopped from raising any argument and/or claim of any kind or type in connection thereto. In addition to the rights of the Authority set forth in this Section 20.2 above and any other right available to it according to the provisions of the Contract and/or according to the provisions of applicable law, the Authority shall be entitled, according to its sole and absolute discretion, terminate provision of any of the services and/or additional services to the Service Spaces, and this for purpose of vacating and dispossessing the Operator thereof.
- 20.5. For avoidance of doubt it is hereby emphasized and noted that the provisions of this Section shall add and not diminish from the authority of the Administration set forth

in Section 23 of the Israel Airports Authority (Maintaining Order at Airports) Rules, 5744-1984.

20.6. Breach of any of the provisions of Sections 20.1-20.2 above, by the Operator, shall constitute material breach of the Contract.

21. **Advertising and publicity**

21.1. Advertising and publicity at the Airport, of any kind or type, including using signs, marks and posters advertising the Services, and any other publication or advertisement at the Airport shall be performed only by parties holding a license on behalf of the Authority for providing advertising services at the Airport.

21.2. For avoidance of doubt it is clarified that the aforementioned in Section 21.1 above, does not apply to signs bearing the name/trade name of the Operator that are positioned on or inside the Service Spaces (in accordance with provisions on this matter specified in the modification work appendix), and to advertisements (for the Operator and/or for third parties) which constitute an integral part of the Fixed Equipment or Mobile Equipment, all in content, size, shape and writing approved by the Authority. It is hereby clarified that advertisements inside the Service Spaces visible on the outside which are not of the Operator (except as set forth in this Subsection above), the provisions of Section 21.1 shall apply.

21.3. The Operator undertakes to comply with the provisions of Section 14 of the Israel Airports Authority (Maintaining Order at Airports) Rules, 5744-1984.

21.4. Breach of any of the provisions of this Section 21 above, by the Operator, shall constitute material breach of the Contract.

22. **Bank guarantee**

22.1. For guaranteeing fulfillment of all undertakings of the Operator according to the Contract (including vacating and delivering possession of the Service Spaces), the Operator shall deposit in the hands of the Authority guarantees as follows (hereinafter: "**Bank Guarantee**"):

22.1.1. Upon signing the Contract the Operator shall deposit in the hands of the Authority, a bank guarantee from a bank in Israel or from a bank with a foreign bank license, granted for such purpose by the Bank of Israel, when it is autonomous, unconditional and linked to the price index (from the basic index to the index known on the date of payment thereunder) in the amount equal to 1/6 of the Basic Combined License Fee as set forth in Section 11.1.1.2 above, after linking to the index (from the basic index until the index known on the date set for issuing the Bank Guarantee), all with the addition of VAT.

- 22.1.2. No later than 6 months prior to the date of commencement of the Services Period, the Operator shall deposit in the hands of the Authority, instead of the guarantee deposited at the time of signing the Contract, a bank guarantee from a bank in Israel or from a bank with a foreign bank license, granted for such purpose by the Bank of Israel, when it is autonomous, unconditional and linked to the price index (from the basic index to the index known on the date of payment thereunder) in the amount equal to 1/3 of the Basic Combined License Fee as set forth in Section 11.1.1.2 above, after linking to the index (from the basic index until the index known on the date set for issuing the Bank Guarantee), all with the addition of VAT.
- 22.2. The Bank Guarantee shall be in the form attached at appendix to the Contract, per the request of the Operator and shall be granted in favor of the Authority.
- 22.3. The Operator hereby represents that it knows that depositing the Bank Guarantee at the aforementioned dates is a material condition for relieving the License.
- 22.4. It is agreed that the amount of the Bank Guarantee during the Services Period for each Contract Year, starting with the second Contract Year, shall be calculated according to the amount equal to 1/3 of the total charges (VAT inclusive), issued during the previous Contract Year, but no less than the amount set forth in Section 22.1.2 above (after updating to the index as set forth in such Section).
- 22.5. Validity of each Bank Guarantee, for each of the Contract Years, shall be 15 months from the date of issuance or up to 90 days after the end of the Engagement Period (including extensions, if any), according to the earlier.
- 22.6. In the event that according to the sole discretion of the Authority, the Operator has not fulfilled any of its obligations according to the Contract, including failing to pay any of the payments it is required to according to the Contract, the Authority shall be entitled to forfeit the Bank Guarantee, all or part thereof, and collect its money without being required to appeal to court, arbitration or other legal negotiations.
- 22.7. In the event the Authority exercised its right to collect the Bank Guarantee funds or any amount of the Bank Guarantee, the Operator shall be obligated to renew the relevant Bank Guarantee or supplement any amount that was part of the Bank Guarantee before such collection, within seven (7) days from the day the Operator received notice whereby the Authority has collected the Bank Guarantee or any part thereof.
- 22.8. At the end of the Engagement Period, in the event the Operator has not fulfilled all its obligations in connection with the Contract, including its obligations to deliver and vacate in accordance with the provisions of Section 20 above, the Authority shall return to the Operator, according to its discretion, the Bank Guarantee document upon expiry.
- 22.9. It is hereby agreed that the amount of the Bank Guarantee shall not serve as indication, limitation or ceiling for the obligations of the Operator.

22.10. The aforementioned in this Section shall not prejudice any other right available to the Authority according to the aforementioned Contract or according to applicable law.

22.11. Breach of any of the provisions of Sections 22.1, 22.3-22.4 and 22.6 above, by the Operator, shall constitute material breach of the Contract.

23. Liability in tort for body and property

23.1. The Operator shall bear tort liability as set forth in the appendix attached to the Contract, and this without derogating from all other obligations and/or rights of the Authority according to the provisions of the Contract and/or applicable law.

23.2. The Operator undertakes to comply with requirements of applicable law with respect to the Products that shall be sold by it in the framework of the Services. The Operator must immediately notify the Authority and the health authorities of any discovery of health related damage caused to any person.

23.3. Breach of any of the provisions of this Section 23 above, by the Operator, shall constitute material breach of the Contract.

24. Insurance

The Operator shall bear insurance obligations and shall present to the Authority insurance confirmations as set forth in the appendix attached to this Contract. It is clarified, that the Operator shall be charged payment for insurance participation fee, at the rate set forth in the insurance and insurance confirmation appendix, and this out of the overall total of the Combined License Fee, the Use Fee and the Services Fee required to pay according to provisions of the Contract. Breach of the provision of this Section 24 above, by the Operator, shall constitute material breach of the Contract.

25. Confidentiality

25.1. The Operator undertakes to keep confidential, not transfer, deliver and/or bring to the knowledge of any person, any information about the Authority and in connection with performing the Contract, that has come to its possession by virtue, or during, or consequentially to performing the Contract or providing the Services or within the Engagement Period, prior to its commencement or after its conclusion.

25.2. The Operator undertakes to obtain the signatures of the workers employed in providing the Services, or any person employed on its behalf in providing the Services, on confidentiality undertakings, whereby the signing party undertakes not to transfer, notify, deliver or bring to the knowledge of any person any knowledge or information as aforementioned in this Section above.

25.3. Breach of the provisions of this Section 25 above, by the Operator, shall constitute material breach of the Contract.

26. **Suspending the Contract**

- 26.1. The Authority shall be entitled to instruct the Operator to suspend provision of the Services according to the Contract. In such event, the Operator shall suspend provision of the Services and per written request of the Authority shall vacate the Service Spaces within the period set by the Authority for such purpose. The Operator shall renew provision of Services at the Service Spaces within 24 hours of the date it received written notice from the Authority to such effect.
- 26.2. In the event provision of the Services is suspended at all the Service Spaces, as set forth in Section 26.1 above, for a period exceeding 72 consecutive hours, not due to act and/or omission of the Operator, than for the suspension period only, the Operator shall not pay the Combined License Fee, the Use Fee and the Service Fee, and in addition the Services Period shall be extended for a respective period of time equal to the period the Contract was actually suspended.
- 26.3. In the event provision of the Services is suspended not due to act and/or omission of the Operator at part of the Service Spaces for a period exceeding 72 consecutive hours, each such Service Spaces shall be deemed to have been subtracted (for the actual suspension period only), and accordingly – the adjustments shall be made to payment of the Combined License Fee and/or Use and Services Fee, in the manner and under conditions set forth in Sections 18.2-18.5 above.
- 26.4. In the event the Authority suspended provision of the Services at all the Service Spaces, for a period exceeding 90 consecutive days, each of the parties shall be entitled to cancel the Contract, by advance written notice of 15 days sent to the other party (provided suspension of the Services has not ended within such advance notice period), and this without such cancelation be deemed breach of the Contract by the cancelling party. In the event the Contract has not been cancelled, the Services Period shall be extended for a respective period of time equal to the period of actual suspension.
- 26.5. For avoidance of doubt it is clarified, that the rights of the Operator according to the provisions of Section 26 above under the circumstances set forth therein, shall constitute exclusive, final and full relief for suspension of the Contract and the Operator shall not be entitled to any payment and/or compensation and/or indemnity of any kind or type and it hereby finally, fully and irrevocably waives and shall be prevented from raising any argument and/or claim of any kind or type.
- 26.6. Breach of any of the provisions of Sections 26.1-26.4 above, by the Operator, shall constitute material breach of the Contract.

27. **Termination of the Contract**

- 27.1. Termination of the Contract by the Authority due to breach of the Contract by the Operator

- 27.1.1. Without derogating from any other right available to the Authority according to the Contract and/or according to the provisions of applicable law, the Authority shall be entitled to terminate the Contract in the event the Operator breached any of the provisions thereof, by advance notice of 14 days and shall be entitled to terminate the Contract (or part thereof) in the event the Operator materially breached any of its provisions by advance notice of 7 days (provided the breach was not remedied during such advance notice period).
- 27.1.2. Without derogating from any other right available to the Authority according to the Contract and/or according to the provisions of applicable law, the Authority shall be entitled to immediately terminate the Contract also under any of the circumstances described hereunder:
- 27.1.2.1. The Operator admitted to inability to pay its debts towards any third party, including composition with creditors or proposal for such composition with creditors.
- 27.1.2.2. Motion for liquidation order has been submitted against the Operator or the Operator has been served a liquidation order, or has been assigned a temporary liquidator or temporary receiver or permanent liquidator or receiver, or a motion for a receiving order has been submitted or a receiving order granted over its property or part thereof, or motion submitted for staying of process order or an order for staying of process granted or the Operator has become insolvent, or any motion or order or appointment of similar affect, and one of the following has occurred: the Operator has not submit a motion for cancelling the motion or order or the appointment within the period of time set forth in the law for submitting such motion, and if the law does not set a date for submitting such motion – within 60 days or the cancellation motion submitted by the Operator is rejected in final judgment or decision.
- 27.1.2.3. In the event of lien, temporary or permanent, being imposed on the property of the Operator, or on a material part thereof, or execution procedures taken against property of the Operator or a material part thereof, and one of the following has occurred: the Operator has not submitted a motion for cancelling the lien or execution procedure within the period of time set forth in the law for submitting such motion, and if the law does not set a date for submitting such motion – within 60 days or the cancellation motion submitted by the Operator is rejected in final judgment or decision.
- 27.1.2.4. Voluntary liquidation procedures have been initiated by the Operator, except procedures for merger or reorganization under conditions approved by the Authority.
- 27.1.2.5. Conviction of the Operator, its general manager and any holder of substantial control of the Bidder, of any violation according to any of the following sections according to the Penal Law, 5737-1977: 100 [treason], 112

[espionage], 237 [perjury], 290-291 [bribery], 300 [murder], 305 [attempted murder], 330 [attempting to injure by explosive substances], 383 [assault of a public servant], 422-425 [deceit, false entry in corporate documents, offenses by directors and employees of a corporation, failure to disclose information and misleading publication by senior functionary] and/or according to the Commodities and Services Supervision Law, 5718-1957.

27.2. Termination of the Contract by the Authority

The Authority alone shall be entitled according to its sole and absolute discretion to terminate the Contract, for any reason, by advanced written notice, delivered to the Operator at least 45 days prior to the date set by the Authority for termination of the Contract. The Operator hereby irrevocably represents and warrants, that it knows that such termination of the Contract is a right conferred to the Authority, and that under such circumstances it irrevocably waives raising any argument and/or claim, of any kind or type thereto, including argument regarding reliance on receiving the License for provision of the Services for the entire Services Period as well as arguments pertaining to investments made by the Operator in connection with the Services and/or in connection with their feasibility.

27.3. Termination of the Contract by the Operator

The Operator shall be entitled to terminate the Contract only under the circumstances described in this Section 27.3 hereunder and subject to the provisions specified therein:

- 27.3.1. The Operator shall be entitled to appeal to the Authority after the date of January 1, 2019, by written notice, to be sent for such purpose to the Authority's representative with a request to conduct negotiations with the Authority for changing the conditions of the Contract (hereinafter: "**Appeal for Negotiations**"), and this only in the event that the Combined License Fee from Gross Sales Revenue due from the Operator to the Authority according to the Contract for the period of 12 full consecutive calendar months immediately prior to January 1, 2019 or prior to a later date during the balance of the Services Period and Extension Periods if applicable (hereinafter respectively: "**Reference Period**" and "**Rate of Charge During Reference Period**"), increased by an additional 3% or more than the average rate of the amount of all Combined License Fee due from the Operator from the Gross Sales Revenue for the entire period prior to the Reference Period that started on the date of commencing provision of the Services and ending on the date of commencement of the Reference Period (hereinafter respectively: "**Average Rate During Initial Services Period**" and "**Initial Services Period**"). (For example: in the event it is found that the average rate during the Initial Services Period reaches 50% than in the event that the charge rate during the Reference Period reaches 53% or more than the Operator shall be entitled to appeal to the Authority with a request to conduct negotiations for changing the conditions of the Contract in accordance with this Section 27.3.1).

- 27.3.2. Calculating the average rate during the Initial Services Period shall be done as follows: the Combined License Fee due from the Operator during the entire Initial Services Period shall be divided by the amount of Gross Sales Revenue during the Initial Services Period. The resulting rate shall be multiplied by one hundred and shall constitute the ratio in percentage.
- 27.3.3. The Operator shall attach to an Appeal for Negotiations for the Authority financial reports (including full and detailed calculations), confirmed by the auditing accountant of the Operator as follows:
- 27.3.3.1. Financial report correctly reflecting the Gross Sales Revenue during the Initial Services Period, the Combined License Fee due from the Operator during the Initial Services Period and the ratio between them, divided into calendar months included in the Initial Services Period (hereinafter: **“Statement for the Initial Services Period”**).
- 27.3.3.2. Financial report (including full and detailed calculations), confirmed by the auditing accountant of the Operator correctly reflecting the Gross Sales Revenue during the Reference Period, the Combined License Fee due from the Operator during the Reference Period and the ratio between them, divided into calendar months included in the Reference Period (hereinafter: **“Statement for the Reference Period”**).
- 27.3.4. In the event that the Initial Services Period includes a period that is not a Contract Year, than calculation of the Statement for the Initial Services Period shall be made on the basis of the assumption that such period is, for purpose of the calculation only, a Contract Year and the calculation shall be made in accordance with the provisions of Section 13.2 above including annual update to passenger traffic and with respect to the annual amount from Sales Revenue.
- 27.3.5. In the event that the Reference Period is not a Contract Year, than calculation of the Statement for the Reference Period shall be made on the basis of the assumption that the Reference Period is, for purpose of the calculation only, a Contract Year and the calculation shall be made in accordance with the provisions of Section 13.2 above including with respect to annual update to passenger traffic and with respect to the annual amount from Sales Revenue.
- 27.3.6. As of the date of delivering the Appeal for Negotiations according to Section 27.3.1 above and no later than the lapse of 90 calendar days from the aforementioned date (hereinafter: **“Negotiation Period”**), the parties shall act as follows:
- 27.3.6.1. The Authority shall examine, during the initial 45 calendar days of the Negotiation Period (hereinafter: **“Inquiry Period”**), through an external accountant on its behalf the Statement for the Initial Services Period and the Statement for the Reference Period. In addition the Authority shall determine

during the Inquiry Period whether the rate of charge in the Reference Period increased by an additional 3% or more than the average rate during the Initial Services Period.

- 27.3.6.2. During the Negotiation Period the Authority and the Operator shall conduct negotiations in good faith, at which they shall formulize agreements relating the need to introduce changes and adjustments to the Contract and their characteristics, based on the Statement for the Initial Services Period and the Statement for the Reference Period and on the assumption whereby the charge rate during the Reference Period increased by an additional 3% or more than the average rate during the Initial Services Period (hereinafter: “**Contractual Adjustments**”). Conducting negotiations shall be carried out by regular meetings at high frequency for purpose of guaranteeing efficiency of the negotiations during the Negotiation Period.
- 27.3.7. Without derogating from the aforementioned, the Authority alone shall be entitled to extend the Inquiry Period and the Negotiation Period for additional periods, in the event the Operator was late to perform any of its obligations according to this Section 27.3.
- 27.3.8. In the event the Authority determined, up to the end of the Inquiry Period, that the charge rate during the Reference Period is not greater than the average rate during the Initial Services Period, by an additional 3% of more, the Authority shall notify the Operator to such effect. As of such date, the negotiations shall stop, without applying any of the Contractual Adjustments and without the Operator having the right to terminate the Contract. For avoidance of doubt it is hereby clarified that in such event the Operator shall be responsible to continue to fulfill all its obligations according to the Contract, without any change until the end of the Engagement Period (or Extension Periods if applicable), and this without derogating from the right of the Authority according to all other provisions of the Contract.
- 27.3.9. In the event the Authority determined up to the end of the Inquiry Period, that the charge rate during the Reference Period is greater by an additional 3% of more than the average rate during the Initial Services Period, the Authority shall notify the Operator to such effect, by written notice sent for such purpose by the Authority’s Representative (hereinafter: “**Deviation Notice**”) and in such event, the following provisions shall apply:
- 27.3.10. In the event the parties have not formulized agreed Contractual Adjustments until the end of the Negotiation Period, than only under such circumstances the Operator shall have the right to notify the Authority, by written notice sent to the Authority’s Representative, of its desire to terminate the Contract, by advance notice of 12 months from the date of such notice (hereinafter, respectively: “**Exit Notice**” and “**Final Exit Period**”), whereby termination of the Contract shall come into effect, in any case, only 12 months from the date of the Exit Notice. In any case the Final Exit Period shall not commence prior to the lapse

of 90 days from the date of Appeal for Negotiations. For avoidance of doubt it is hereby clarified that the Authority shall be entitled to shorten the Exit Period, according to its sole and absolute discretion provided such termination shall be at least 90 days from the date of the Authority's notice of shortening the Exit Period and without the Operator having any argument and/or claim in connection thereto.

It is also clarified that termination of the Contract by the Operator under the circumstances and in the manner described in this Section 27.3.1 above, shall itself not be deemed breach of the Contract by the Operator and shall not constitute grounds for preventing participation of the Operator in future tenders the Authority shall conduct, and this without derogating from the obligations of the Operator and the rights of the Authority according all other provisions of the Contract.

- 27.3.11. During the Final Exit Period (in the event the Contract is terminated by the Operator according to the provisions of Section 27.3.10 above), the ratio between the Combined License Fee and the Use Fee in Rear Areas due from the Operator during the Final Exit Fee from the Gross Sales Revenue during the Final Exit Period (hereinafter: "**Aggregate Charge Rate During the Exit Period**") shall not increase more than an additional 3% from the average rate during the Initial Services Period plus an additional 2% (hereinafter: "**Maximum Rate During Exit Period**"). For avoidance of doubt it is hereby clarified that charges for services of any kind or type are not included in the Aggregate Charge During the Exit Period. (For example: in the event it is discovered that the average rate during the Initial Services Period is 50% than the Aggregate Charge Rate During the Exit Period shall be no greater than 55%).
- 27.3.12. The Operator shall submit to the Authority, no later than 30 days following the end of the Exit Period, a financial statement for the Exit Period (including full and detailed calculations), confirmed by the auditing accountant of the Operator correctly reflecting the Gross Sales Revenue during the Exit Period, the Combined License Fee and the Use Fee for Rear Areas due from the Operator during the Exit Period and the ratio between them, divided into calendar months included in the Exit Period (hereinafter: "**Statement for the Exit Period**"), in the event that the Final Exit Period is not a Contract Year, as defined than calculation for purpose of charging the Combined License Fee shall be made by the Authority on the basis of the assumption that the Final Exit Period is a Contract Year and the calculation shall be made in accordance with the provisions of Section 13.2.1 above including annual update to passenger traffic and with respect to the annual amount from Sales Revenue.
- 27.3.13. In the event that the calculation conducted by the Authority as set forth in Section 27.3.12 above it is found that the Aggregate Charge Rate During the Exit Period exceeds the Maximum Rate During Exit Period, the Authority shall refund to the Operator the difference between the charge according to the Aggregate Charge Rate During the Exit Period and the charge according to the Maximum Rate During Exit Period.

27.3.14. It is explicitly clarified that in the event the Operator did not send to the Authority written notice regarding its desire to terminate the Contract as set forth in Section 27.3.10 above, the provisions of Section 27.3.8 above shall apply, whereby the Operator shall be liable to continue fulfilling all its obligations according to the Contract, without any change, until the end of the Engagement Period (or Extension Periods if applicable) and this without derogating from the right of Operator to send a new Appeal for Negotiations, to which all provisions of this Section 27.3 shall apply, separately, including with respect to the period of time from delivering the Appeal for Negotiations and until the date the Operator is entitled to terminate the Contract in practice (if it is entitled to do so).

27.3.15. It is hereby explicitly clarified that in the event the Operator terminated the Contract in the manner described in Section 27.3.10 above, the Operator shall be liable to continue fulfilling all its obligations according to the Contract until the end of the Final Exit Period, without any change except the changes specified in this Section 27.3, including with respect to – provision of the Services and payment of the License Fee, Use Fee, Services Fee and Additional Services Fee according to the Contract, in full and on time. For avoidance of doubt it is hereby clarified that the right of the Operator to terminate the Contract and/or execute it subject to the Contractual Adjustments, are contingent upon actual payment of all payments specified in this Section 27.3.15.

27.3.16. The parties hereby irrevocably represent and warrant that they have carefully examined the arrangement set forth in this Section 27.3 above, its application, its implications and the rights conferred to the parties thereunder, and they hereby waive, finally and irrevocably and shall be prevented and estopped from raising (personally and/or through any person on their behalf), any argument and/or claim and/or demand, of any kind or type, deriving from the provisions of such arrangement and/or its implementation, including argument and/or claim and/or demand deriving from shortening the Services Period and/or carrying out the Contractual Adjustments and/or deriving from the rights and/or investments and/or work of any kind or type, performed at the Service Spaces and/or in connection with performance of the Services.

28. **Agreed relief**

28.1. Relief for delay in commencing provision of the Services

It is hereby agreed that in the event the Operator is late in commencing provision of the Services (all or part) from the date set forth therefore in the Contract, and this for any reason that is not a delay caused by explicitly written order of the Authority, than without derogating from any right available to the Authority according to the Contract and/or according to applicable law the Operator shall start paying to the Authority the amount of the annual Basic Combined License Fee even through it has not commenced providing the Services in practice.

28.2. Liquidated damages for delay in vacating and handing over possession to the Service Spaces

28.2.1. It is hereby agreed that for every day of delay in vacating any of the Service Spaces that are Sales Areas, all or part (including rest days, Sabbath and/or holiday), and this at any time and for any reason whatsoever that is not an explicit written order of the Authority, the Operator shall pay to the Authority, as fixed and predetermined liquidated damages, an amount equal to three times the Combined License Fee the Operator was charged during the Contract Year prior to the date set for vacating the Service Spaces, divided by 364 (plus lawful VAT), and this for each day of the period starting on the date the Operator was to vacate the Service Spaces in full until the date of actual vacating according to the Contract.

In the event the Operator is required to vacate any of the Sales Areas before the lapse of 12 months from the date of commencement of the Services Period, the aforementioned liquidated damages shall be calculated for a period of 12 months, as the amount of payments of the Combined License Fee the Operator was charged up to the date it was ordered to vacate the Service Spaces, divided by the months of actual provision of Services, multiplied by 12 months divided by 364 (plus lawful VAT), and this for each day of the period starting on the date the Operator was to vacate the Service Spaces in full until the date of actual vacating according to the Contract.

28.2.2. For every day of delay in vacating any of the Service Spaces that are Rear Areas, all or part (including rest days, Sabbath and/or holiday), and this at any time and for any reason whatsoever that is not an explicit written order of the Authority, the Operator shall pay to the Authority, as fixed and predetermined liquidated damages, an amount equal to three times the Use Fee due from the Operator according to the Contract for all the Rear Areas allocated to it according to the Contract (according to the updated annual rate at such time plus lawful VAT), divided by 364, and this for each day of the period starting on the date the Operator was to vacate the Rear Areas in full until the date of actual vacating according to the Contract.

28.3. Liquidated damages for breach of provisions of the security appendix and the service and operation appendix

It is hereby agreed that for breach of the provision of the service and operation appendix and/or the security appendix, the Operator shall pay to the Authority liquidated damages in such defined amounts and under circumstances set forth in such appendixes.

28.4. The parties hereby represent that the aforementioned in Sections 28.1-28.3 above, constitutes an agreed and adequate relief for the damage the parties anticipate as a probable result of delay in commencing provision of the Services and/or delay in vacating the Service Spaces, as applicable. It is hereby clarified, that notwithstanding anything set forth in applicable law, the agreed relief shall not diminish from the right of the Authority to any other relief and/or remedy and/or right according to the Contract

and/or according to applicable law, and shall not diminish from its right to terminate the Contract and/or receive compensation at a higher rate, *inter alia* as obligated towards a third party. For avoidance of doubt it is clarified that the aforementioned relief agreed to by the Operator shall not diminish from its obligation to commence provision of the Services on time and/or to vacate the Service Spaces on time, and that such payment shall not grant the Operator a license to make any use of the Service Spaces for any additional period.

28.5. Breach of any of the provisions of Sections 28.1-28.3 above, by the Operator, shall constitute material breach of the Contract.

29. Performance at the expense of the Operator

29.1. Without derogating from the rights of the Authority according to all other provisions of the Contract and/or according to applicable law, in the event the Contract imposes an obligation on the Operator to perform an action or make a payment which is not fulfilled, the Authority shall be entitled to fulfill it itself or through third parties, at the expense of the Operator and to collect payment of its associated expenses from it.

29.2. The Operator undertakes to pay to the Authority all the expenses it incurred as set forth in this Section above, according to accounts submitted to it by the Authority, within 30 days from the date of presenting the account by the Authority. In the event the Operator does not pay the account within the period set forth above, such amount shall incur a late fee as set forth in the provisions of Section 19 above. Breach of any of the provisions of this Section 29.2 above, by the Operator, shall constitute material breach of the Contract.

30. Assignment of rights and obligations

30.1. The Operator is not entitled to assign, endorse to a third party its rights and/or obligations according to the Contract, all or part, for consideration or no consideration, and it is not entitled to transfer or deliver or assign or pledge to a third party any right or obligation according to the Contract and/or make any transaction with any right it has according to the Contract, except with the Authority's advance written consent and according to the conditions and limitations it determined for such purpose in writing. It is clarified that the Authority shall be entitled to refuse to the Operator's request as aforementioned according to its absolute and sole discretion without being required to explain the reason for its refusal and the Operator waives any argument and/or claim and/or demand in connection thereto. For avoidance of doubt it is hereby clarified that any endorsement and/or transfer and/or delivery and/or assignment and/or pledge made by the Operator and/or any person on its behalf not according to the provision of the Contract, shall be null and void and shall have no effect unless the Authority has provided its explicitly written consent.

Notwithstanding the aforementioned in this Section 30.1 above, it is hereby clarified that the Operator shall be entitled to perform the Services through a wholly owned (100%)

subsidiary, and all in the manner whereby the Operator and such subsidiary are liable for all the undertakings in this Contract, towards the Authority and towards any third party, jointly and severally and in accordance with all other conditions defined therefore by the Authority, including with respect to issuing the bank guarantee, presenting insurance confirmations, payment of License Fee, Use Fee, Services Fee, Additional Services Fee etc. Without derogating from the generality of the aforementioned, it is also clarified that the approval to perform the Services through a subsidiary as set forth above shall be subject and contingent upon signature of the Operator and the subsidiary on an irrevocable letter of undertaking and warranty towards the Authority, in the form made solely by the Authority according to its sole discretion, that shall be attached as an appendix an integral part of the Contract.

30.2. It is also hereby clarified, for avoidance of doubt, and without derogating from the generality of the aforementioned in this Section 30 above, that the Operator shall be responsible that it or any legal entity holding, directly or indirectly, at a rate of more than twenty five percent in the Operator; and/or legal entities held by the Operator, directly or indirectly, at a rate of twenty five percent or more; and/or legal entities held mutually by the license holder, at a rate of twenty five percent or more, directly or indirectly, shall not be able to hold, together, during the Engagement Period (including Extension Periods, if applicable), more than 5 licenses for provision of commercial services at Terminal 3 that are in effect after October 2, 2014, except as approved by the Authority in advance and in writing.

30.3. Breach of any of the provisions of this Section 30 above, by the Operator, shall constitute material breach of the Contract.

31. **No changes in the Operator**

The Operator represents and warrants that during the entire Engagement Period and/or Extension Periods, if applicable, no changes shall occur in the holdings of the controlling shareholders of the Operator, and this unless the Authority has granted its advance written consent and in accordance with the conditions of such approval. Without derogating from the generality of the aforementioned, it is clarified that in the event the Operator is a corporation established by joint bidders, the rate of holding of the Professional Leader in the Operator, during a period of 24 months from the date of commencement of the Services Period, shall not fall from 51%, unless the Authority has granted its advance written approval and in accordance with the conditions of such approval. Breach of any of the provisions of this Section 31 above, by the Operator, shall constitute material breach of the Contract.

32. **Employees of the Operator**

32.1. The Operator undertakes to employee, for purpose of providing the Services, employees and/or other workers, responsible, skilled, experienced, with control of English and/or additional European languages, in suitable attire and in adequate quantity to provide the Services at a high level, all according to the guidelines of the Authority. In the framework of the aforementioned, the Operator shall comply with all relevant

provisions specified in the services and operation appendix and in the security provisions appendix.

- 32.2. The Operator hereby represents that it knows that the Contract shall not grant it or any of its employees employed by it the right to receive entry permits to restricted areas of the Airport, and such permits shall be granted as needed and subject to the provisions of the security appendix. The Authority shall be entitled to refuse to grant the employees and/or authorized parties of the Operator an entry permit to the restricted areas of the Airport, or cancel or suspend such a permit granted to an employee and/or authorized party of the Operator, if granted.
- 32.3. The Authority is entitled to require from the Operator to remove from each one of the Service Spaces any of its employees and/or those employed by it in provision of the Services. The Operator undertakes that once the Authority has provided such order as set forth in this Section 32.3 above, entrance to the relevant Service Spaces of any such employee or worker shall be prohibited, and this within a period of time specified in the request of the Authority, and the Authority shall not be liable for payment of any compensation due to the aforementioned.
- 32.4. The Operator represents that any person employed by it for purpose of providing the Services, shall be deemed for all intents and purposes its employee or agent, and shall be employed by it and at its expense, and it shall be liable for any claims deriving from its relationship with them. In the framework of the aforementioned, the Operator undertakes to comply, during the entire Engagement Period, with respect to each of its employees and/or with respect to any person engaged by it for provision of the Services, with labor laws, including the provisions of general collective bargaining agreements, between the Financial Organizations Coordination Agency and the Histadrut and/or any collective bargaining agreement made and effective on the appropriate branch of the economy, or as such agreements are extended or amended in the future, including expansion orders enacted according to such agreements.
- 32.5. The Operator undertakes to be responsible towards its employees, agents and any person employed by it or on its behalf in provision of the Services and/or in connection with provision of the Services, for any damage and/or loss caused to them, directly or indirectly, as result of accident or damage caused while providing the Services, or during any activity related to provision of the Services and for such purpose the Operator represents that it shall maintain an employer's insurance policy, and/or other policy insuring the employees on its behalf as set forth in the insurance appendix.
- 32.6. It is clarified that the Operator serves as an independent contractor in providing the Services according to the Contract, and that any right granted under the Contract to the Authority and/or the Administration and/or their representatives and/or to any person appointed by the, and/or to any person acting in their name and/or behalf, to supervise and/or intervene in any way in provision of the Services, shall be deemed nothing more than means to guarantee performance of the provisions of the Contract in full, and the Operator and its employees and/or those employed by it in provision of the Services

shall not have rights of Authority employees, and shall not be entitled to any payments, compensation or other benefits from the Authority in connection with performance of the Contract or order provided thereunder, or in connection with termination or end of the Contract, for any reason whatsoever.

32.7. Nothing set forth in the Contract is to be construed as authorizing the Operator to appear in the name of the Authority or on its behalf, or granting it status of representative of the Authority for any matter or purpose.

32.8. Breach of any of the provisions of Sections 32.1, 32.4, 32.5 & 32.7 above, by the Operator, shall constitute material breach of the Contract.

33. Change/cancellation of tax exemption

33.1. The Bidder hereby represents and warrants finally, fully and irrevocably, that it knows that the Authority does not guarantee in any manner or way that the Operator shall be entitled to receive a tax exemption for any of the Products and/or for any change and/or limitation and/or benefit pertaining to tax exemption for any of the Products, and the Operator shall have no argument and/or claim against the Authority in connection thereto.

33.2. For avoidance of doubt it is hereby also clarified that except for the rights of the Operator according to the provisions of Sections 13.4 and 27.3 above (under the circumstances specified therein), policy of the customs authorities in connection with any of the Products and/or change and/or update thereto shall not grant in any event, directly or indirectly, to the Operator the option for any relief and/or change and/or reduction of any of its obligations according to the Contract, including any reduction or decrease of the Combined License Fee or any other payment thereunder.

34. Offset and lien

It is hereby clarified that the Authority alone shall be entitled according to its sole and absolute discretion, offset any amount due to from it to the Operator, from the amounts due to the Authority from the Operator (of any source), including according to the Contract or according to any other contracts signed between the Authority and the Operator. Without derogating from the aforementioned, the Authority alone shall have the right of lien in connection to all the Mobile Equipment and/or any other chattel of the Operator. The Operator hereby waives finally, absolutely and irrevocably any right conferred to it under law or contract for offset and/or lien of any kind or type. Breach of any of the provisions of this Section 33 above by the Operator shall constitute material breach of the Contract.

35. Affect of disputes

The Operator hereby represents and warrants finally, fully and irrevocably, that it shall be fully and exclusively liable to continue performing its obligations according to the Contract without delay and/or interruptions and/or suspensions, and this in any event including

circumstances in the framework of which the Operator believes the Authority is not acting in accordance with the provisions of the Contract and/or circumstances of dispute and/or disagreement between the parties, of any kind or type, including dispute and/or disagreement brought before any judicial panel. The Operator also hereby represents and warrants finally, fully and irrevocably that notwithstanding any provision of applicable law, including the Contracts (Remedies for Breach of Contract) Law, 5731-1970, except under circumstances described in Section 26.4 above, the Operator shall not be entitled in any event, manner or way and for any reason to terminate the Contract unilaterally, and that the only relief the Operator is entitled to for any act and/or omission and/or breach of the Authority, as pecuniary relief.

36. **Exclusivity**

36.1. The Operator shall be granted exclusivity for sale of the products listed hereunder, in the specific areas set forth beside them:

36.1.1. Cosmetics and perfume products in Terminal 3 only, except perfume and cosmetics by Victoria's Secret;

36.1.2. Alcohol and tobacco products in the Departures Hall in Terminal 3 only, **except** sale of alcoholic beverages in glasses/cups and opened bottles in the food courts in the Departures Hall in Terminal 3, with respect to which the Operator shall not be granted exclusivity;

36.1.3. Sale of prescription medicine at the Sky Center only.

36.2. It is explicitly clarified that the Operator shall not be granted exclusivity for sale of the products to airlines – for sale to customers of the airlines in the framework of international flights departing Ben-Gurion International Airport.

It is also hereby explicitly clarified that except as set forth in Section 36.1 above, the Operator shall not be granted exclusivity for sale of any of the products and/or for provision of any of the Services subject of the license, all or part, and the Authority shall be entitled, at any time, according to its absolute and sole discretion to provide any of the Services subject of the license itself and/or to grant a license/s of any kind or type whatsoever, to third parties, for providing such Services (in so far as they are not included in the provision of Section 36.1 above) and/or for provision of similar and/or alternate services in any of the areas of Ben-Gurion International Airport and the Operator hereby finally and irrevocably waives and shall be prevented and estopped from raising any argument and/or claim of any type or kind in connection thereto.

Without derogating from the generality of the aforementioned in this Section above, it is hereby explicitly clarified that during the entire Engagement Period and/or Extension Periods, if applicable, the Authority shall be entitled to sell itself and/or to grant a license to third parties to sell in the area of Ben-Gurion International Airport, products that are identical and/or similar and/or alternate to the products which respect to which the Operator has exclusivity, and this except in Terminal 3 with respect to which the provisions of Section 36.1 above shall apply, and the Operator hereby finally and irrevocably waives and shall be prevented and estopped from raising any argument and/or claim of any type or kind in connection thereto.

37. **Waiver**

No behavior on behalf of the Authority shall be deemed a waiver of any of its rights according to the Contract or according to applicable law, or as change of any of the Contract's conditions, or as consent on its behalf to any breach or non-fulfillment of any conditions, unless made explicitly and in writing. Consent of the Authority to deviate from the provisions of the Contract in a certain instance shall not constitute a precedent and shall not be used as an analogy for other cases. In the event the Authority failed to exercise any of the rights conferred to it according to the Contract in a certain case, such shall not be deemed a waiver of the same rights in another case and such behavior shall not be construed as a waiver of any rights or obligations according to the Contract.

38. **Exhaustive Contract**

The Contract includes, expresses and exhausts all the agreed conditions between the parties. Any promise, declaration, written or oral contract, undertaking or representation made or granted by the parties prior to executing the Contract, which have not been expressed in the Contract, are hereby cancelled and shall not add to the obligations and rights set forth in the Contract or deriving thereunder, diminish or change them, and the parties shall not be bound by them. Any change in the Contract shall be made by separate document, printed in writing, and signed by both parties through their authorized signatories, and if not done so – shall be invalid. Such change, after having been printed and signed as required, shall be attached as an appendix to the Contract and an integral part thereof.

39. **Maintaining integrity**

The Operator hereby represents and warrants as follows:

39.1. That it and/or any person on its behalf have not offered/will not offer and/or have not given/will not give and/or have not accepted and/or will not accept, directly and/or indirectly, any personal benefit and/or money and/or anything of value with the purpose of influencing, directly and/or indirectly, engagement of the Authority with it under the Contract, including any resolution of the Authority and/or its functionaries and/or employees and/or any person on its behalf with respect to the Contract, with its signature and during its period.

39.2. That it and/or any person on its behalf have not solicited/will not solicit and/or have not cooperated/will not cooperate, directly and/or indirectly, with functionaries of the Authority and/or its employees and/or any person on its behalf and/or any other factor with the purpose of obtaining classified/confidential information connected to the Contract.

39.3. That it and/or any person on its behalf have not solicited and/or cooperated, directly and/or indirectly, with functionaries of the Authority and/or its employees and/or any person on its behalf and/or any other factor, with the purpose of artificially and/or non-competitively fixing prices and/or payments relevant to the Contract.

39.4. The Operator acknowledges that in the event of breach of any of its undertakings included in its representations above, the Authority shall be entitled, according to its sole discretion and at any stage, cancel this Contract retroactively (without the right to refund of investment), and the Operator waives and shall be prevented and estopped from raising any argument and/or claim of any kind or type in connection thereto.

39.5. Breach of any of the provisions of this Section 39 above, by the Operator, shall constitute material breach of the Contract.

40. Use of information and data

The Operator hereby represents and warrants irrevocably that it knows the Authority is granted the right to sue and publish, for any purpose, whether during the Engagement Period or thereafter, including towards future tenders conducted in connection with the Services subject of this Contract, all the data (including, without derogating from the generality of the aforementioned, financial and commercial data) that reaches its hands from the Operator and/or in connection with provision of the Services and/or in connection with the engagement with the Operator during the Engagement Period (including Extension Periods, if applicable), and the Operator hereby agrees in advance and irrevocably to any use or publication made by the Authority as aforementioned.

41. Jurisdiction and choice of laws

The competent court in Tel Aviv has exclusive jurisdiction to hear any matter connected and related to the existence of the Contract. The laws of the State of Israel shall apply to the Contract and it shall be construed according to such laws that shall prevail over any principles of conflict of laws pointing to application of foreign law.

42. Addresses of the parties

The address of the parties for purpose of the Contract, as long as notice by registered mail regarding change has not been received, shall be as set forth in the header of the Contract. In the event of change in the address of the Operator the Operator undertakes to notify the Authority within 3 days of the change of address.

43. Delivering notices

Notices according to the Contract are to be in writing, unless explicitly set forth otherwise. Granting an extension, as set forth in Section 7(b) of the Contracts (Remedies for Breach of Contract) Law, 5731-1970, requires written notice. Notices shall be deemed received upon personal delivery or 24 hours after transmitting by telegram or facsimile message, or 72 hours after sending by registered mail, according to the earlier.

In witness hereof the parties have signed:

Authority

Operator