



Ratio Energies - Limited Partnership (The "Partnership")

2.8.2022

To
Israel Securities Authority
22 Kanfei Nesharim St.
Jerusalem

To
Tel Aviv Stock Exchange Ltd.
2 Ahuzat Bayit St.
Tel Aviv

Re: Amendment to the Leviathan project financing agreement

Further to Section 20.5 of chapter A of the Partnership's periodic report for 2021 and Note 11.a to the Partnership's financial statement as of 31/12/2021, which were published on 31/3/2022 (reference: 2022-01-033438) (the "**Periodic Report**"), regarding the financing agreement in connection with the Leviathan project (the "**Financing Agreement**"), the Partnership respectfully reports that on August 1, 2022, an amendment to the Financing Agreement was signed, which includes a number of amendments and updates regarding the ongoing operation of the Financing Agreement and, *inter alia*, the following main changes:

1. **Changing the base interest rate from Libor to SOFR (Secured Overnight Financing Rate)**

As mentioned in Note 11a.2.c. of the Periodic Report, as part of the Financing Agreement, a mechanism was established for determining an alternative base interest rate in lieu of the Libor interest rate, after use thereof is discontinued.¹ In the amendment to the Financing Agreement, provisions were established in regards to the transition, such that starting from the actual transition date, the loan will be linked to the TERM SOFR interest rate, which is published by an authorized body, the CME (Chicago Mercantile Exchange) Group, plus a credit spread. This interest rate is a forward-looking periodic interest rate based on the SOFR interest rate. The date of application of the new interest rate will be at the borrower's discretion and with the approval of majority lenders, as detailed in the Financing Agreement, and no later than the Official Transition Date as stated above. As of this date, the transition date has not been determined.

2. **Determining provisions regarding hedging transactions to protect the loan interest rate**

¹ The FCA (Financial Conduct Authority) has announced that trading in the Libor interest rate will cease on June 30, 2023 (the "**Official Transition Date**").



Further to the general provisions stipulated in the Financing Agreement regarding the borrower's ability to hedge, agreed in the amendment to the Financing Agreement is the language of a framework agreement for future hedging transactions in relation to the interest of the loan, in accordance with the conditions that will prevail at that time. Provisions were established determining that the hedging entities with which the borrower will be allowed to enter into hedging transactions in the future will be exclusively from among the lenders or their affiliates. Also, the language of an intercreditor agreement was agreed upon, to be signed between the lenders and the future hedgers, in which the arrangements were determined according to which the lenders and hedgers will be able to exercise their rights in the joint collateral in accordance with the enforcement rights already established in the Financing Agreement.

Further to the aforementioned amendment to the Financing Agreement, it should be noted that the borrower intends, subject to prevailing market conditions, to perform hedging transactions to protect the interest rate up to a total portion of the loan amount that will not exceed \$250 million for the period until shortly before the final repayment date of the loan.

Sincerely,

**Ratio Energies Management Ltd.
General Partner of Ratio Energies -
Limited Partnership**

By Ligad Rotlevy, Chairman