UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-36761

KENON HOLDINGS LTD.

(Exact name of registrant as specified in its charter)

(Company Registration No. 201406588W)

Singapore (Jurisdiction of incorporation or organization)	4911 (Primary Standard Industrial Classification Code Number)	Not Applicable (I.R.S. Employer Identification No.)

1 Temasek Avenue #37-02B
Millenia Tower
Singapore 039192
+65 6351 1780

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Copies to:
Scott V. Simpson
James A. McDonald
Skadden, Arps, Slate, Meagher and Flom (UK) LLP
40 Bank Street
London E14 5DS
Telephone: +44 20 7519 7000
Facsimile: +44 20 7519 7070

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Ordinary Shares, no par value	KEN	The New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

53,871,159 shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ **No** ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ **No** ☐

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such a shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ **No** ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit files).

Yes ☒ **No** ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards † provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the Registrant has elected to follow:

Item 17 ☐ **Item 18** ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ **No** ☒

TABLE OF CONTENTS

PART I

ITEM 1.	Identity of Directors, Senior Management and Advisers	8
	A. Directors and Senior Management	8
	B. Advisers	8
	C. Auditors	8
ITEM 2.	Offer Statistics and Expected Timetable	8
ITEM 3.	Key Information	8
	A. Reserved	8
	B. Capitalization and Indebtedness	8
	C. Reasons for the Offer and Use of Proceeds	8
	D. Risk Factors	8
ITEM 4.	Information on the Company	41
	A. History and Development of the Company	41
	B. Business Overview	41
	C. Organizational Structure	99
	D. Property, Plants and Equipment	100
ITEM 4A.	Unresolved Staff Comments	100
ITEM 5.	Operating and Financial Review and Prospects	100
	A. Operating Results	108
	B. Liquidity and Capital Resources	113
	C. Research and Development, Patents and Licenses, Etc.	126
	D. Trend Information	127
	E. Off-Balance Sheet Arrangements	128
	F. Tabular Disclosure of Contractual Obligations	128
	G. Safe Harbor	128
ITEM 6.	Directors, Senior Management and Employees	129
	A. Directors and Senior Management	129
	B. Compensation	131
	C. Board Practices	131
	D. Employees	134
	E. Share Ownership	135
ITEM 7.	Major Shareholders and Related Party Transactions	135
	A. Major Shareholders	135
	B. Related Party Transactions	136
	C. Interests of Experts and Counsel	137
ITEM 8.	Financial Information	137
	A. Consolidated Statements and Other Financial Information	137
	B. Significant Changes	137
ITEM 9.	The Offer and Listing	137
	A. Offer and Listing Details.	137
	B. Plan of Distribution	137
	C. Markets	137
	D. Selling Shareholders	137
	E. Dilution.	137
	F. Expenses of the Issue	137

ITEM 10.	Additional Information	138
	A. Share Capital	138
	B. Constitution	138
	C. Material Contracts	150
	D. Exchange Controls	150
	E. Taxation	151
	F. Dividends and Paying Agents	155
	G. Statement by Experts	155
	H. Documents on Display	156
	I. Subsidiary Information	156
ITEM 11.	Quantitative and Qualitative Disclosures about Market Risk	156
ITEM 12.	Description of Securities Other than Equity Securities	156
	A. Debt Securities	156
	B. Warrants and Rights	156
	C. Other Securities	157
	D. American Depositary Shares	157
	PART II	
ITEM 13.	Defaults, Dividend Arrearages and Delinquencies	157
ITEM 14.	Material Modifications to the Rights of Security Holders and Use of Proceeds	157
ITEM 15.	Controls and Procedures	157
ITEM 16.	[RESERVED]	158
ITEM 16A.	Audit Committee Financial Expert	158
ITEM 16B.	Code of Ethics	158
ITEM 16C.	Principal Accountant Fees and Services	158
ITEM 16D.	Exemptions from the Listing Standards for Audit Committees	159
ITEM 16E.	Purchases of Equity Securities by the Issuer and Affiliated Purchasers	159
ITEM 16F.	Change in Registrant's Certifying Accountant	159
ITEM 16G.	Corporate Governance	159
ITEM 16H.	Mine Safety Disclosure	159
	PART III	
ITEM 17.	Financial Statements	159
ITEM 18.	Financial Statements	159
ITEM 19.	Exhibits	160

INTRODUCTION AND USE OF CERTAIN TERMS

We have prepared this annual report using a number of conventions, which you should consider when reading the information contained herein. In this annual report, the "Company," "we," "us" and "our" shall refer to Kenon Holdings Ltd., or Kenon, and each of our subsidiaries and associated company, collectively, as the context may require, including:

- OPC Energy Ltd. ("OPC"), an owner, developer and operator of power generation facilities in the Israeli and United States power markets, in which Kenon has a 58.2% interest;
- Qoros Automotive Co., Ltd. ("Qoros"), a Chinese automotive company based in China, in which Kenon, through its 100%-owned subsidiary Quantum (as defined below), has a 12% interest;
- ZIM Integrated Shipping Services, Ltd. ("ZIM"), an Israeli global container shipping company, in which Kenon has an approximately 28% interest; and
- "CPV" means the CPV Group (i.e. Power Holdings LP (a limited partnership established under Delaware law), Competitive Power Ventures Inc. (a company incorporated under Delaware law) and CPV Renewable Energy Company Inc.), a business engaged in the development, construction and management of power plants running conventional energy (powered by natural gas) and renewable energy in the United States, which was acquired from Global Infrastructure Management, LLC in January 2021 by CPV Group LP, an entity in which OPC holds a 70% interest.

Additionally, this annual report uses the following conventions:

- "Ansonia" means Ansonia Holdings Singapore B.V., a company organized under the laws of Singapore, which owns approximately 58% of the outstanding shares of Kenon;
- "Hadera Paper" means Hadera Paper Ltd., an Israeli corporation, which is owned by OPC;
- "HelioFocus" means HelioFocus Ltd., an Israeli corporation, in which Kenon, through IC Green, held a 70% interest, and which was liquidated on July 6, 2017;
- "IC" means Israel Corporation Ltd., an Israeli corporation traded on the Tel Aviv Stock Exchange, or the "TASE," and Kenon's former parent company;
- "IC Green" means IC Green Energy Ltd., an Israeli corporation and a wholly-owned subsidiary of Kenon, which held Kenon's equity interests in Primus and previously held Kenon's equity interest in HelioFocus;
- "IEC" means Israel Electric Corporation, a government-owned entity, which generates and supplies the majority of electricity in Israel, transmits and distributes all of the electricity in Israel, acts as the system operator of Israel's electricity system, determines the dispatch order of generation units, grants interconnection surveys, and sets spot prices, among other roles;
- "Inkia Business" means Inkia's Latin American and Caribbean power generation and distribution businesses, which were sold in December 2017;
- "Kallpa" means Kallpa Generación SA, a company within the Inkia Business. Kallpa was owned by Inkia until December 2017;
- "Majority Shareholder in Qoros" means the China-based investor related to the Baoneng Group that holds 63% of Qoros;
- "OPC-Hadera" is the trade name of Advanced Integrated Energy Ltd., an Israeli corporation, in which OPC has a 100% interest;
- "OPC-Rotem" means O.P.C. Rotem Ltd., an Israeli corporation, in which OPC has an 80% interest;

- "our businesses" shall refer to each of our subsidiaries and associated company, collectively, as the context may require;
- "Primus" refers to Primus Green Energy, Inc. In 2020, Primus changed its name to ICG Energy, Inc and was transferred to OPC in 2021;
- "Quantum" means Quantum (2007) LLC, a Delaware limited liability company, is a wholly-owned subsidiary of Kenon and which is the direct owner of our interest in Qoros;
- "Samay I" means Samay I S.A., a Peruvian corporation;
- "spin-off" shall refer to (i) IC's January 7, 2015 contribution to Kenon of its interests in each of IC Power, Qoros, ZIM, Tower, Primus, HelioFocus and the Renewable Energy Group, as well as other intermediate holding companies related to these entities, and (ii) IC's January 9, 2015 distribution of Kenon's issued and outstanding ordinary shares, via a dividend-in-kind, to IC's shareholders;
- "Tower" means Tower Semiconductor Ltd., an Israeli specialty foundry semiconductor manufacturer, listed on the NASDAQ stock exchange, or "NASDAQ," and the TASE, in which Kenon used to hold an interest until June 30, 2015; and
- "Tzomet" means Tzomet Energy Ltd., an Israeli corporation in which OPC has a 100% interest, following the acquisition of the remaining 5% interest in February 2020.

Additionally, this annual report uses the following conventions for OPC and ZIM:

- "Availability factor" refers to the number of hours that a generation facility is available to produce electricity divided by the total number of hours in a year.
- "COD" means the commercial operation date of a development project;
- "cooperation arrangements" means one or more vessel sharing arrangements, swap agreements and slot sharing arrangements.
- "distribution" refers to the transfer of electricity from the transmission lines at grid supply points and its delivery to consumers at lower voltages through a distribution system;
- "EPC" means engineering, procurement and construction;
- "firm capacity" means the amount of energy available for production that, pursuant to applicable regulations, must be guaranteed to be available at a given time for injection to a certain power grid;
- "GWh" means gigawatt hours (one GWh is equal to 1,000 MWh);
- "Energy Center" means OPC Hadera's boilers and a steam turbine. The Energy Center currently serves as back-up for the OPC-Hadera power plant's supply for steam and its turbine is not currently operating and is not expected to operate with generation of more than approximately 16MW;
- "installed capacity" means the intended full-load sustained output of energy that a generation unit is designed to produce (also referred to as name-plate capacity);
- "IPP" means independent power producer, excluding co-generators and generators for self-consumption;
- "kWh" means kilowatts per hour;
- "MW" means megawatts (one MW is equal to 1,000 kilowatts or kW);
- "MWh" means megawatt per hour;

- “OEM” means original equipment manufacturer;

- “OPC’s capacity” or “OPC’s installed capacity” means, with respect to each asset, 100% of the capacity of such asset, regardless of OPC’s ownership interest in the entity that owns such asset;

- “PPA” means power purchase agreement;

- “strategic alliance” means a more extensive type of cooperation arrangement and is longer-term than a strategic cooperation. It involves cooperation arrangements and usually includes all of ZIM’s East/West routes, such as Asia-Europe, Asia-Med, Cross Atlantic and Trans Pacific. The duration of a strategic alliance will typically be long-term, as long as 10 years;

- “strategic cooperation” means a more extensive type of cooperation arrangement, generally being longer term and involving more trade routes. It involves some joint planning mechanism, but joint planning is less extensive as compared to a strategic alliance. A strategic cooperation can take the form of one or a combination of cooperation arrangements; and

- “transmission” refers to the bulk transfer of electricity from generating facilities to the distribution system at load center station in which the electricity is stabilized by means of the transmission grid.

FINANCIAL INFORMATION

We produce financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, or IFRS, and all financial information included in this annual report is derived from our IFRS financial statements, except as otherwise indicated. In particular, this annual report contains certain non-IFRS financial measures which are defined under “*Item 5 Operating and Financial Review and Prospects”* and *“Item 4.B Business Overview—Our Businesses—OPC*.”

Our consolidated financial statements included in this annual report comprise the consolidated statements of profit and loss, other comprehensive income (loss), changes in equity, and cash flows for the years ended December 31, 2020, 2019 and 2018 and the consolidated statements of financial position as of December 31, 2020 and 2019. We present our consolidated financial statements in U.S. Dollars.

All references in this annual report to (i) “U.S. Dollars,” “$” or “USD” are to the legal currency of the United States of America; (ii) “RMB” are to Yuan, the legal currency of the People’s Republic of China, or China; and (iii) “NIS” or “New Israeli Shekel” are to the legal currency of the State of Israel, or Israel. We have made rounding adjustments to reach some of the figures included in this annual report. Consequently, numerical figures shown as totals in some tables may not be arithmetic aggregations of the figures that precede them.

The financial information presented herein with respect to Qoros has not been audited and is based on Qoros' management accounts.

NON-IFRS FINANCIAL INFORMATION

In this annual report, we disclose non-IFRS financial measures, namely EBITDA, as defined under “*Item 5 Operating and Financial Review and Prospects*” and “*Item 4.B Business Overview—Our Businesses—OPC—OPC’s Description of Operations*.” Each of these measures are important measures used by us, and our businesses, to assess financial performance. We believe that the disclosure of EBITDA provides transparent and useful information to investors and financial analysts in their review of our, or our subsidiaries’, operating performance and in the comparison of such operating performance to the operating performance of other companies in the same industry or in other industries that have different capital structures, debt levels and/or income tax rates.

MARKET AND INDUSTRY DATA

Certain information relating to the industries in which each of our subsidiaries and associated companies operate and their position in such industries used or referenced in this annual report were obtained from internal analysis, surveys, market research, publicly available information and industry publications. Unless otherwise indicated, all sources for industry data and statistics are estimates or forecasts contained in or derived from internal or industry sources we believe to be reliable. Market data used throughout this annual report was obtained from independent industry publications and other publicly available information. Such data, as well as internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified. In addition, in certain cases we have made statements in this annual report regarding the industries in which each of our subsidiaries and associated company operate and their position in such industries based upon the experience of our businesses and their individual investigations of the market conditions affecting their respective operations. We cannot assure you that any of these statements are accurate or correctly reflect the position of subsidiaries and associated company in such industries, and none of our internal surveys or information has been verified by independent sources.

Market data and statistics are inherently predictive and speculative and are not necessarily reflective of actual market conditions. Such statistics are based upon market research, which itself is based upon sampling and subjective judgments by both the researchers and the respondents. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets are defined differently, (ii) the underlying information was gathered by different methods and (iii) different assumptions were applied in compiling the data. Accordingly, although we believe and operate as though all market and industry information presented in this annual report is accurate, the market statistics included in this annual report should be viewed with caution.

PRESENTATION OF OPC CAPACITY AND PRODUCTION FIGURES

Unless otherwise indicated, statistics provided throughout this annual report with respect to power generation units are expressed in MW, in the case of the capacity of such power generation units, and in GWh, in the case of the electricity production of such power generation units. One GWh is equal to 1,000 MWh, and one MWh is equal to 1,000 kWh. Statistics relating to aggregate annual electricity production are expressed in GWh and are based on a year of 8,760 hours. Unless otherwise indicated, OPC's capacity figures provided in this annual report reflect 100% of the capacity of all of OPC's assets, regardless of OPC's ownership interest in the entity that owns each such asset. For information on OPC's ownership interest in each of its operating companies, see "*Item 4.B Business Overview—Our Businesses—OPC*."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, or the Exchange Act, and reflects our current expectations and views of the quality of our assets, our anticipated financial performance, our future growth prospects, the future growth prospects of our businesses, the liquidity of our ordinary shares, and other future events. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts and are principally contained in the sections entitled "*Item 3. Key Information*," "*Item 4. Information on the Company*" and "*Item 5. Operating and Financial Review and Prospects*." These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. Some of these forward-looking statements can be identified by terms and phrases such as "anticipate," "should," "likely," "foresee," "believe," "estimate," "expect," "intend," "continue," "could," "may," "plan," "project," "predict," "will," and similar expressions.

These forward-looking statements relate to:

- our goals and strategies;
- our capital commitments and/or intentions with respect to each of our businesses;
- our capital allocation principles, as set forth in "*Item 4.B Business Overview*";
- the funding requirements, strategies, and business plans of our businesses;

- the potential listing, offering, distribution or monetization of our businesses;
- expected trends in the industries and markets in which each of our businesses operate;
- our expected tax status and treatment;
- statements relating to litigation and/or regulatory proceedings;
- statements relating to the sale of the Inkia Business including the pledge of OPC's shares, the deferred payment agreement and Kenon's guarantee and risks related thereto, and statements with respect to claims relating to the Inkia Business sale retained by Kenon;
- the expected effect of new accounting standards on Kenon;
- the expected effects of the coronavirus, including the effect of any current or future force majeure notices, on our businesses;
- with respect to OPC:
  - the expected cost and timing of commencement and completion of development and construction of CPV's construction and development projects and the Tzomet project, as well as the anticipated installed capacities and expected performance (e.g., efficiency) of such projects, including the license and approvals for the development of the project, financing and the expected payment of the remaining consideration;
  - expected macroeconomic trends in Israel and the US, including the expected growth in energy demand;
  - potential expansions (including new projects or existing projects);
  - its gas supply agreements;
  - its strategy;
  - its dividend policy;
  - expected trends in energy consumption;
  - regulatory trends;
  - its anticipated capital expenditures, and the expected sources of funding for capital expenditures;
  - projections and expected trends in the electricity market in Israel and the US; and
  - the price and volume of gas available to OPC and other IPPs in Israel and the US;
- with respect to Qoros:
  - Qoros' expectation to renew or refinance its working capital facilities to support its continued operations and development;
  - statements with respect to trends in the Chinese passenger vehicle market;
  - Qoros' expectation of pricing trends in the Chinese passenger vehicle market;
  - Qoros' ability to increase its production capacity;
  - statements relating to the investment by the Majority Shareholder in Qoros into Qoros, including the put option and the Majority Shareholder in Qoros' obligation to assume its proportionate share of Kenon and Chery's guarantee and pledge obligations;
  - statements relating to the agreement to sell Kenon's remaining interest in Qoros to the Majority, including with respect to the timing for payments and the conditions to me in connection with the sale including the release of the pledge over Kenon's shares in Qoros; and

- with respect to ZIM:
  - the assumptions used in Kenon's and ZIM's impairment analysis with respect to Kenon's investment in ZIM, and ZIM's assets, respectively, including with respect to expected fuel price, freight rates, demand trends;
  - ZIM's expectation of modifications with respect to its and other shipping companies' operating fleet and lines, including the utilization of larger vessels within certain trade zones and modifications made in light of environmental regulations;
  - statements with respect to International Maritime Organization, or IMO, regulations which came into effect in 2020 ("IMO 2020") and other regulations, including the expected effects of such regulations;
  - statements regarding the 2M Alliance and expected benefits of the alliance;
  - statements with respect to ZIM's dividend policy; and
  - trends related to market conditions and the global container shipping industry, including with respect to fluctuations in container supply, industry consolidation, demand, bunker prices and charter/freights rates, including as a result of the COVID-19 pandemic.

The preceding list is not intended to be an exhaustive list of each of our forward-looking statements. The forward-looking statements are based on our beliefs, assumptions and expectations of future performance, taking into account the information currently available to us and are only predictions based upon our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by these forward-looking statements which are set forth in "*Item 3.D Risk Factors*." Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing factors that could cause our actual results to differ materially from those contemplated in any forward-looking statement included in this annual report should not be construed as exhaustive. You should read this annual report, and each of the documents filed as exhibits to the annual report, completely, with this cautionary note in mind, and with the understanding that our actual future results may be materially different from what we expect.

PART I

ITEM 1. Identity of Directors, Senior Management and Advisers

A. Directors and Senior Management

Not applicable.

B. Advisers

Not applicable.

C. Auditors

Not applicable.

ITEM 2. Offer Statistics and Expected Timetable

Not applicable.

ITEM 3. Key Information

A. Reserved

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Our business, financial condition, results of operations and liquidity can suffer materially as a result of any of the risks described below. While we have described all of the risks we consider material, these risks are not the only ones we face. We are also subject to the same risks that affect many other companies, such as technological obsolescence, labor relations, geopolitical events, climate change and risks related to the conducting of international operations. Additional risks not known to us or that we currently consider immaterial may also adversely impact our businesses. Our businesses routinely encounter and address risks, some of which may cause our future results to be different—sometimes materially different—than we presently anticipate.

Risks Related to Our Strategy and Operations

Some of our businesses have significant capital requirements.

The business plans of our businesses contemplate additional debt or equity financing which is expected to be raised from third parties. However, our businesses may be unable to raise the necessary capital from third party financing sources.

In the event that one or more of our businesses requires capital, either in accordance with their business plans or in response to new developments or to meet operating expenses, and such businesses are unable to raise such financing, Kenon may provide such financing by (i) issuing equity in the form of shares or convertible instruments (through a pre-emptive offering or otherwise), (ii) using funds received from the operations or sales of Kenon's other businesses, (iii) selling part, or all, of its interest in any of its businesses, (iv) raising debt financing at the Kenon level or (v) providing guarantees or collateral in support of the debt of its businesses. To the extent that Kenon raises debt financing, any debt financing that Kenon incurs may not be on favorable terms, may impose restrictive covenants that limit how Kenon manages its investments in its businesses, and may also limit dividends or other distributions by Kenon. In addition, any equity financing, whether in the form of a sale of shares or convertible instruments, would dilute existing holders of our ordinary shares and any such equity financing could be at prices that are lower than the current trading prices.

Kenon may also seek to raise financing at the Kenon level to meet its obligations. Kenon is currently restricted in raising indebtedness at the Kenon level pursuant to the limitations set forth in the side letter described under "—*Side letter Entered into in connection with the Repayment of the Deferred Payment Agreement*. In the event that funds from its businesses or external financing are not available to meet such obligations on reasonable terms or at all, Kenon may need to sell assets to meet such obligations, and its ability to sell assets may be limited, particularly in light the various pledges over the shares and assets of some of Kenon's businesses. Any sales of assets may not be at attractive prices, particularly if such sales must be made quickly to meet Kenon's obligations.

Kenon has provided loans and guarantees and made equity investments to support its businesses, such as investments in and guarantees of debt relating to Qoros and investments in OPC, and may provide additional loans to or make other investments in or provide guarantees in support of its businesses. Kenon's liquidity requirements will increase to the extent it makes further loans or other investments in or grants additional guarantees to support its businesses. Third party financing sources for Kenon's businesses may require Kenon to guarantee an individual business' indebtedness and/or provide collateral, including collateral via a cross-collateralization of assets across businesses (i.e., pledging shares or assets of one of our businesses to secure debt of another of our businesses). To the extent Kenon guarantees an individual business' indebtedness, it may divert funds received from one business to another business. We may also sell some or all of our interests in any of our businesses to provide funding for another business. Additionally, if we cross-collateralize certain assets in order to provide additional collateral to a lender, we may lose an asset associated with one business in the event that a separate business is unable to meet its debt obligations. Furthermore, if Kenon provides any of its businesses with additional capital, provides any third parties with indemnification rights or a guarantee, and/or provides additional collateral, including via cross-collateralization, this could reduce our liquidity. For further information on the capital resources and requirements of each of our businesses, see "*Item 5.B Liquidity and Capital Resources*."

Disruptions in the financial markets could adversely affect Kenon or its businesses, which may not be able to obtain additional financing on acceptable terms or at all.

Kenon's businesses may seek to access capital markets for various purposes, which may include raising funding for the repayment of indebtedness, acquisitions, capital expenditures and for general corporate purposes. The ability of Kenon's businesses to access capital markets, and the cost of such capital, could be negatively impacted by disruptions in those markets. Disruptions in the capital or credit markets could make it more difficult or expensive for our businesses to access the capital or lending markets if the need arises and may make financing terms for borrowers less attractive or available. Furthermore, a decline in the value of any of our businesses, which are or may be used as collateral in financing agreements, could also impact their ability to access financing.

Kenon may seek to access the capital or lending markets to obtain financing in the future, including to support its businesses. The availability of such financing and the terms thereof will be impacted by many factors, including: (i) our financial performance, (ii) credit ratings or absence of a credit rating, (iii) the liquidity of the overall capital markets, and (iv) the state of the economy. There can be no assurance that Kenon or its businesses will be able to access the capital markets on acceptable terms or at all. If Kenon or its businesses deems it necessary to access financing and is unable to do so on acceptable terms or at all, this could have a material adverse effect on our financial condition or liquidity.

We are subject to volatility in the capital markets.

Our strategy may include sales or distributions of our interests in our businesses. For example, in August 2017, OPC completed an initial public offering, or IPO, in Israel, and a listing on the TASE, and in February 2021, ZIM completed an IPO on the New York Stock Exchange, or NYSE. Our ability to complete a public offering, distribution or listing of one or more of our businesses is heavily dependent upon the public equity markets.

As our holdings in OPC and ZIM securities of our business are publicly traded (and to the extent any of our other holdings in companies are listed in the future), we are exposed to risks of downward movement in market prices. In addition, large holdings of securities can often be disposed only over a substantial length of time. Accordingly, under certain conditions, we may be forced to either sell our equity interest in a particular business at lower prices than expected to realize or defer such a sale, potentially for a long period of time.

We have pledged a portion of our shares in OPC to secure obligations to the buyer of the Inkia Business under the indemnification obligations in the share purchase agreement for the sale, and in 2020 we increased the number of pledged shares and the duration of the pledge until the end of 2021. To the extent that we are required to make payments under the indemnity obligation in the share purchase agreement, we may be required to sell shares in OPC and we would be subject to market conditions at the time of such sale (and the TASE regulations in relation to such sale) which could mean that we are forced to sell our shares for a lower price than we would otherwise be able to do so, particularly if we need to sell a significant amount of shares. If we do not make required payments in the event we are required to make payments under the share purchase agreement, then, in certain circumstances, the pledge can be enforced to satisfy the indemnity obligations, which would result in a loss of some or all of the pledged OPC shares.

In connection with ZIM's IPO, we have entered into a lockup agreement with respect to our shares in ZIM which expires on July 26, 2021, so we will unlikely be able to sell or otherwise dispose of our shares in ZIM prior to that date, subject to limited exceptions.

We are a holding company and are dependent upon cash flows from our businesses to meet our existing and future obligations.

We are a holding company of various operating companies, and as a result, do not conduct independent operations or possess significant assets other than investments in and advances to our businesses. As a result, we depend on funds from our businesses or external financing to meet our operating expenses and obligations, including our operating expenses, our guarantee of the indemnification obligations under the share purchase agreement for the sale of the Inkia Business and our guarantee obligations in respect of Qoros debt.

In addition, as Kenon's businesses are legally distinct from it and will generally be required to service their debt obligations before making distributions to Kenon, Kenon's ability to access such cash flows from its businesses may be limited in some circumstances and it may not have the ability to cause its subsidiaries and associated companies to make distributions to Kenon, even if they are able to do so. Additionally, the terms of existing and future joint venture, financing, or cooperative operational agreements and/or the laws and jurisdictions under which each of Kenon's businesses are organized may also limit the timing and amount of any dividends, other distributions, loans or loan repayments to Kenon.

Additionally, as dividends are generally taxed and governed by the relevant authority in the jurisdiction in which each respective company is incorporated, there may be numerous and significant tax or other legal restrictions on the ability of Kenon's businesses to remit funds to us, or to remit such funds without incurring significant tax liabilities or incurring a ratings downgrade.

We do not have the right to manage, and in some cases do not control, some of our businesses, and therefore we may not be able to realize some or all of the benefits that we expect to realize from our businesses.

As we own minority interests in Qoros and ZIM, we are subject to the operating and financial risks of these businesses, the risk that these businesses may make business, operational, financial, legal or regulatory decisions that we do not agree with, and the risk that we may have objectives that differ from those of the applicable business itself or its other shareholders. Our ability to control the development and operation of these investments may be limited, and we may not be able to realize some or all of the benefits that we expect to realize from these investments. For example, we may not be able to cause these businesses to make distributions to us in the amount or at the time that we may need or want such distributions.

The Majority Shareholder in Qoros holds 63% of Qoros and Kenon and Chery have 12% and 25% stakes in Qoros, respectively. Kenon can appoint two of nine Qoros directors. Although we still actively participate in the management of Qoros through our 12% interest and board representatives, our right to control Qoros decreased with the Majority Shareholder in Qoros' investments in Qoros. For further information, see "*Item 4.B Business Overview—Our Businesses—Qoros —Qoros' Investment Agreement*" and "*Item 4.B Business Overview—Our Businesses—Qoros—Kenon's Sale of Half of its Remaining Interest in Qoros to the Majority Shareholder in Qoros.*"

In addition, we rely on the internal controls and financial reporting controls of our businesses and the failure of our businesses to maintain effective controls or to comply with applicable standards could make it difficult to comply with applicable reporting and audit standards. For example, the preparation of our consolidated financial statements requires the prompt receipt of financial statements that comply with applicable accounting standards and legal requirements from each of our subsidiaries and associated company, some of whom rely on the prompt receipt of financial statements from each of their subsidiaries and associated company. Additionally, in certain circumstances, we may be required to file with our annual report on Form 20-F, or a registration statement filed with the SEC, financial information of associated companies which has been audited in conformity with SEC rules and regulations and relevant audit standards. We may not, however, be able to procure such financial statements, or such audited financial statements, as applicable, from our subsidiaries and associated companies and this could render us unable to comply with applicable SEC reporting standards.

Our businesses are leveraged.

Some of our businesses are significantly leveraged and may incur additional debt financing in the future. As of December 31, 2020, OPC had $921 million of outstanding indebtedness, ZIM had outstanding indebtedness of approximately $1.9 billion and Qoros had external loans and borrowings of RMB3.3 billion (approximately $512 million) and loans and other advances from parties related to the Majority Shareholder of RMB5.3 million (approximately $809 million).

Highly leveraged assets are inherently more sensitive to declines in earnings, increases in expenses and interest rates, and adverse market conditions. A leveraged company's income and net assets also tend to increase or decrease at a greater rate than would otherwise be the case if money had not been borrowed. Consequently, the risk of loss associated with a leveraged company is generally greater than for companies with comparatively less debt. Additionally, some of our businesses' assets have been pledged to secure indebtedness, and as a result, the amount of collateral that is available for future secured debt or credit support and a business' flexibility in dealing with its secured assets may be limited. Our businesses use a substantial portion of their consolidated cash flows from operations to make debt service payments, thereby reducing its ability to use their cash flows to fund operations, capital expenditures, or future business opportunities. Additionally, ZIM remains highly leveraged and continues to face risks associated with those of a highly leveraged company.

Our businesses will generally have to service their debt obligations before making distributions to us or to any other shareholder. In addition, many of the financing agreements relating to the debt facilities of our operating companies contain covenants and limitations, including the following:

- leverage ratio;
- minimum equity;
- debt service coverage ratio;
- limits on the incurrence of liens or the pledging of certain assets;
- limits on the incurrence of subsidiary debt;
- limits on the ability to enter into transactions with affiliates, including us;
- minimum liquidity and fixed charge cover ratios;
- limits on the ability to pay dividends to shareholders, including us;
- limits on the ability to sell assets; and
- other non-financial covenants and limitations and various reporting obligations.

If any of our businesses are unable to repay or refinance their indebtedness as it becomes due, or if they are unable to comply with their covenants, we may decide to sell assets or to take other actions, including (i) reducing financing in the future for investments, acquisitions or general corporate purposes or (ii) dedicating an unsustainable level of our cash flow from operations to the payment of principal and interest on their indebtedness. As a result, the ability of our businesses to withstand competitive pressures and to react to changes in the various industries in which we operate could be impaired. A breach of any of our businesses' debt instruments and/or covenants could result in a default under the relevant debt instrument(s), which could lead to an event of default. Upon the occurrence of such an event of default, the lenders could elect to declare all amounts outstanding thereunder to be immediately due and payable and, in the case of credit facility lenders, terminate all commitments to extend further credit. If the lenders accelerate the repayment of the relevant borrowings, the relevant business may not have sufficient assets to repay any outstanding indebtedness, which could result in a complete loss of that business for us. Furthermore, the acceleration of any obligation under certain debt instrument may permit the holders of other material debt to accelerate their obligations pursuant to "cross default" provisions, which could have a material adverse effect on our business, financial condition and liquidity.

As a result, our businesses' leverage could have a material adverse effect on our business, financial condition, results of operations or liquidity.

In addition, we have back-to-back guarantee obligations to Chery of approximately $17 million and have pledged substantially all of our interest in Qoros to support certain Qoros debt, as well as Chery's guarantees of Qoros debt.

We face risks in relation to the Majority Shareholder in Qoros' investment in Qoros and the agreement to sell all of Kenon's remaining interest in Qoros

In 2018, the Majority Shareholder in Qoros acquired 51% of Qoros from Kenon and Chery. The investment was made pursuant to an investment agreement among the Majority Shareholder in Qoros, Quantum, Wuhu Chery Automobile Investment Co., Ltd. (a subsidiary of Chery), or Wuhu Chery, and Qoros. In April 2020, Kenon sold half of its remaining interest in Qoros (i.e. 12%) to the Majority Shareholder in Qoros. As a result, Kenon holds a 12% interest in Qoros, the Majority Shareholder in Qoros holds 63% and Chery holds 25%.

In April 2021, Kenon agreed to sell all of its remaining interest in Qoros (i.e. 12%) to the Majority Shareholder in Qoros for a purchase price of RMB1,560 million (approximately $238 million). The sale is subject to certain conditions, including a release of the share pledge over the shares to be sold (substantially all of which have been pledged to Qoros' lending banks), approval of the transaction by the National Development and Reform Commission and registration with the State Administration of Market Regulation.

An entity within the Baoneng Group has guaranteed the obligations of the Majority Shareholder in Qoros under this agreement.

The purchase price for Kenon's 12% stake in Qoros is payable in instalments with a deposit of 5% of the purchase price payable no later than July 31, 2021 and the final payment due by March 31, 2023. The agreement provides that the first and second payments, including the deposit (collectively representing, together with the deposit, 50% of the purchase price), will be paid into a designated account set up in the name of the Majority Shareholder in Qoros over which Quantum has joint control. According to the agreement, the transfer of these payments to Quantum will occur by the end of Q2 2022, provided that the relevant conditions are met in connection with the registration of the shares to the purchaser, subject to receipt by Quantum of collateral acceptable to it. The agreement provides that the third and fourth payments will be paid directly to Quantum.

Completion of the sale requires obtaining necessary regulatory approvals and a release of the pledge over Kenon's shares in Qoros and the registration of the transfer of such shares as well as the execution of amended documents relating to Qoros (e.g. the Joint Venture Agreement), which will require execution of relevant documentation by the relevant parties, including Qoros' shareholders.

Kenon faces risks in connection with the sale agreement, including the risk that regulatory approvals are not obtained, that the pledge over Kenon's shares is not released or that the sale is not completed for any other reason whether because conditions to the sale are not met or because the Majority Shareholder in Qoros is not able to, or otherwise does not, comply with its obligations under the agreement.

The agreement requires Kenon to transfer all of its shares representing 12% of Qoros following payment of only 50% of the total purchase price, with the remaining 50% of the purchase price to be paid in installments following the transfer of shares. Kenon's ability to enforce such payment obligations, if not paid as required, may be more limited after it has transfer title to the shares.

Kenon has put rights with respect to its remaining interest in Qoros. In the event that the Majority Shareholder in Qoros fails to pay the full amount of any payment due for the sale of Kenon's remaining interest in Qoros within sixty days after the relevant payment date, or Quantum fails to receive the full amount of the first and second payments (including the deposit) by June 30, 2022, Quantum may, at its sole election, immediately exercise the put option without any required notice period.

Substantially all of Kenon's shares in Qoros are pledged to Qoros' lenders and it is a condition to the transfer of shares that such pledge be released. To the extent that Kenon’s pledge is not released as required, this would impact Kenon’s ability to complete the sale of its remaining 12% interest in Qoros.

If the sale of Kenon's remaining interest is not completed on the agreed terms or at all and if the Majority Shareholder in Qoros does not purchase Kenon’s equity interest in Qoros upon exercise of the put option, for any reason, this could have a material adverse effect on Kenon.

Our success will be dependent upon the efforts of our directors and executive officers.

Our success will be dependent upon the decision-making of our directors and executive officers as well as the directors and executive officers of our businesses. The loss of any or all of our directors and executive officers could delay the implementation of our strategies or divert our directors and executive officers’ attention from our operations which could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Foreign exchange rate fluctuations and controls could have a material adverse effect on our earnings and the strength of our balance sheet.

Through our businesses, we have facilities and generate costs and revenues in a number of geographic regions across the globe. As a result, a significant portion of our revenue and certain of our businesses’ operating expenses, assets and liabilities, are denominated in currencies other than the U.S. Dollar. The predominance of certain currencies varies from business to business, with many of our businesses generating revenues or incurring indebtedness in more than one currency. For example, most of ZIM’s revenues and a significant portion of its expenses are denominated in the U.S. Dollar. However, a material portion of ZIM’s expenses are denominated in local currencies. In addition, OPC is subject to exchange rate fluctuations in its operations in Israel, and a portion of its PPAs and its supply arrangements are determined by reference to the NIS:USD exchange rate. OPC's acquisition of CPV will increase its exposure to the US dollar.

We have outstanding back-to-back guarantees to Chery of up to RMB109 million (approximately $17 million) in respect of certain of Qoros' indebtedness. In addition, from time to time, we have held, and may hold, a portion of our available cash in RMB, which may expose us to RMB exchange rate fluctuations.

Furthermore, our businesses may pay distributions or make payments to us in currencies other than the U.S. Dollar, which we must convert to U.S. Dollars prior to making dividends or other distributions to our shareholders if we decide to make any distributions in the future. Foreign exchange controls in countries in which our businesses operate may further limit our ability to repatriate funds from unconsolidated foreign affiliates or otherwise convert local currencies into U.S. Dollars.

Consequently, as with any international business, our liquidity, earnings, expenses, asset book value, and/or amount of equity may be materially affected by short-term or long-term exchange rate movements or controls. Such movements may give rise to one or more of the following risks, any of which could have a material adverse effect on our business, financial condition, results of operations or liquidity:

- *Transaction Risk*—exists where sales or purchases are denominated in overseas currencies and the exchange rate changes after our entry into a purchase or sale commitment but prior to the completion of the underlying transaction itself;

- *Translation Risk*—exists where the currency in which the results of a business are reported differs from the underlying currency in which the business' operations are transacted;

- *Economic Risk*—exists where the manufacturing cost base of a business is denominated in a currency different from the currency of the market into which the business' products are sold; and

- *Reinvestment Risk*—exists where our ability to reinvest earnings from operations in one country to fund the capital needs of operations in other countries becomes limited.

If our businesses do not manage their interest rate risks effectively, our cash flows and operating results may suffer.

Certain of our businesses' indebtedness bears interest at variable, floating rates. In particular, some of this indebtedness is in the form of Consumer Price Index (or CPI)-linked, NIS-denominated bonds. We, or our businesses, may incur further indebtedness in the future that also bears interest at a variable rate or at a rate that is linked to fluctuations in a currency in the form of other than the U.S. Dollar. Although our businesses attempt to manage their interest rate risk, there can be no assurance that they will hedge such exposure effectively or at all in the future. Accordingly, increases in interest rates or changes in the CPI that are greater than changes anticipated based upon historical trends could have a material adverse effect on our or any of our businesses' business, financial condition, results of operations or liquidity.

Risks Related to the Industries in Which Our Businesses Operate

Conditions in the global economy, and in the industries in which our businesses operate in particular, could have a material adverse effect on us.

The business and operating results of each of our businesses are affected by worldwide economic conditions, particularly conditions in the energy generation, passenger vehicle, and shipping industries in which our businesses operate. The operating results and profitability of our businesses may be adversely affected by slower global economic growth, credit market crises, lower levels of consumer and business confidence, downward pressure on prices, high unemployment levels, reduced levels of capital expenditures, fluctuating commodity prices (particularly prices for electricity, natural gas, bunker, gasoline, and crude oil), bankruptcies, government deficit reduction and austerity measures, heightened volatility, uncertainties with respect to the stability of the emerging markets, increased tariffs and other forms of trade protectionism and other challenges affecting the global economy. Volatility in global financial markets and in prices for oil and other commodities could result in a deterioration of global economic conditions. As a result of deteriorating global economic conditions, some of the customers of our businesses have experienced, and may experience, deterioration of their businesses, cash flow shortages, and/or difficulty in obtaining financing. As a result, existing or potential customers may delay or cancel plans to purchase the products and/or services of our businesses, or may not be able to fulfill their obligations to us in a timely fashion. Furthermore, the vendors, suppliers and/or partners of each of our businesses may experience similar conditions, which may impact their ability to fulfill their obligations.

In addition, the business and operating results of each of our businesses have been and may continue to be adversely affected by the effects of a widespread outbreak of contagious disease, including the COVID-19 outbreak, which has and could continue to adversely affect the economies and financial markets of many countries, which has had and could continue to have an adverse effect on our businesses. The coronavirus outbreak has led to quarantines, cancellation of events and travel, business and school shutdowns and restrictions, supply chain interruptions, increased unemployment and overall economic and financial market instability. Further spread of the coronavirus could cause additional quarantines, reduction in business activity, labor shortages and other operational disruptions. The full impact of this outbreak will depend on future developments, including continued or further severity of the outbreak of the coronavirus and the actions to contain the coronavirus or treat its impact.

Additionally, economic downturns may alter the priorities of governments to subsidize and/or incentivize participation in any of the markets in which our businesses operate. Slower growth or deterioration in the global economy (as a result of recent volatility in global markets, the coronavirus outbreak, trade protectionism and commodity prices, or otherwise) could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Our businesses' operations expose us to risks associated with conditions in those markets where they operate.

Through our businesses, we operate and service customers in geographic regions around the world which exposes us to risks, including:

- heightened economic volatility;
- difficulty in enforcing agreements, collecting receivables and protecting assets;
- the possibility of encountering unfavorable circumstances from host country laws or regulations;
- fluctuations in revenues, operating margins and/or other financial measures due to currency exchange rate fluctuations and restrictions on currency and earnings repatriation;
- unfavorable changes in regulated electricity tariffs;
- trade protection measures, import or export restrictions, licensing requirements and local fire and security codes and standards;
- increased costs and risks of developing, staffing and simultaneously managing a number of operations across a number of countries as a result of language and cultural differences;
- issues related to occupational safety, work hazard, and adherence to local labor laws and regulations;
- adverse tax developments;
- changes in the general political, social and/or economic conditions in the countries where we operate; and
- the presence of corruption in certain countries.

If any of our businesses are impacted by any of the aforementioned factors, such an impact could have a material adverse effect on our business, financial condition, results of operations or liquidity.

We require qualified personnel to manage and operate our various businesses.

As a result of our decentralized structure, we require qualified and competent management to independently direct the day-to-day business activities of each of our businesses, execute their respective business plans, and service their respective customers, suppliers and other stakeholders, in each case across numerous geographic locations. We must be able to retain employees and professionals with the skills necessary to understand the continuously developing needs of our customers and to maximize the value of each of our businesses. This includes developing talent and leadership capabilities in the emerging markets in which certain of our businesses operate, where the depth of skilled employees may be limited. Changes in demographics, training requirements and/or the unavailability of qualified personnel could negatively impact the ability of each of our businesses to meet these demands. If any of our businesses fail to train and retain qualified personnel, or if they experience excessive turnover, we may experience declining sales, production/manufacturing delays or other inefficiencies, increased recruiting, training or relocation costs and other difficulties, any of which could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Raw material shortages, supplier capacity constraints, production disruptions, supplier quality and sourcing issues or price increases could increase our operating costs and adversely impact the competitive positions of the products and/or services of our businesses.

The reliance of certain of our businesses on certain third-party suppliers, contract manufacturers and service providers, or commodity markets to secure raw materials (e.g., natural gas for OPC and bunker and containers for ZIM), parts, components and sub-systems used in their products or services exposes us to volatility in the prices and availability of these materials, parts, components, systems and services. Some of these suppliers or their sub-suppliers are limited- or sole-source suppliers. For more information on the risks relating to supplier concentration in relation to OPC, see "*—Risks Related to OPC— Supplier concentration may expose OPC to significant financial credit or performance risk.*"

A disruption in deliveries from these and other third-party suppliers, contract manufacturers or service providers, capacity constraints, production disruptions, price increases, or decreased availability of raw materials or commodities, including as a result of the coronavirus outbreak or catastrophic events, could have an adverse effect on the ability of our businesses to meet their commitments to customers or could increase their operating costs. Our businesses could encounter supply problems and may be unable to replace a supplier that is not able to meet their demand in either the short- or the long-term; these risks are exacerbated in the case of raw materials or component parts that are sourced from a single-source supplier. Furthermore, quality and sourcing issues experienced by third-party providers can also adversely affect the quality and effectiveness of our businesses' products and/or services and result in liability and reputational harm that could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Some of our businesses must keep pace with technological changes and develop new products and services to remain competitive.

The markets in which some of our businesses operate experience rapid and significant changes as a result of the introduction of both innovative technologies and services. To meet customer needs in these areas, these businesses must continuously design new, and update existing, products and services, as well as invest in, and develop new technologies. Introducing new products and technologies requires a significant commitment to research and development that, in return, requires the expenditure of considerable financial resources that may not always result in success.

Our sales and profitability may suffer if our businesses invest in technologies that do not operate, or may not be integrated, as expected or that are not accepted into the marketplace as anticipated, or if their services, products or systems are not introduced to the market in a timely manner, in particular, compared to its competitors, or become obsolete. Furthermore, in some of these markets, the need to develop and introduce new products rapidly in order to capture available opportunities may lead to quality problems. Our operating results depend on our ability, and the ability of these businesses, to anticipate and adapt to changes in markets and to reduce the costs of producing high-quality, new and existing products and services. If we, or any of these businesses, are unsuccessful in our efforts, such a failure could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Our businesses may be adversely affected by work stoppages, union negotiations, labor disputes and other matters associated with our labor force.

As of December 31, 2020, OPC employed 116 employees, ZIM employed approximately 5,145 employees and Qoros employed approximately 2,646 employees. Our businesses have experienced and could experience strikes, industrial unrest, work stoppages or labor disruptions as a result of the coronavirus outbreak. Any disruptions in the operations of any of our businesses as a result of labor stoppages, strikes or other disruptions could materially and adversely affect our or the relevant businesses' reputation and could adversely affect operations. Additionally, a work stoppage or other disruption at any one of the suppliers of any of our businesses could materially and adversely affect our operations if an alternative source of supply were not readily available.

A disruption in our and each of our business' information technology systems, including incidents related to cyber security, could adversely affect our business operations

Our business operations, and the operations of our businesses, rely upon the accuracy, availability and security of information technology systems for data processing, storage and reporting. As a result, we, and our businesses, maintain information security policies and procedures for managing such information technology systems. However, such security measures may be ineffective and our information technology systems, or those of our businesses, may be subject to cyber-attacks. A number of companies around the world have been the subject of cyber security attacks in recent years, including in Israel where we have a large part of our businesses. For example one of ZIM's peers experienced a major cyber-attack on its IT systems in 2017, which impacted the company's operations in its transport and logistics businesses and resulted in significant financial loss. Other Israeli businesses are facing cyber-attack campaigns, and it is believed the attackers may be from hostile countries. These attacks are increasing and becoming more sophisticated, and may be perpetrated by computer hackers, cyber terrorists or other perpetrators of corporate espionage.

Cyber security attacks could include malicious software (malware), attempts to gain unauthorized access to data, social media hacks and leaks, ransomware attacks and other electronic security breaches of our and our business' information technology systems as well as the information technology systems of our customers and other service providers that could lead to disruptions in critical systems, unauthorized release, misappropriation, corruption or loss of data or confidential information. In addition, any system failure, accident or security breach could result in business disruption, unauthorized access to, or disclosure of, customer or personnel information, corruption of our data or of our systems, reputational damage or litigation. We or our operating companies may also be required to incur significant costs to protect against or repair the damage caused by these disruptions or security breaches in the future, including, for example, rebuilding internal systems, implementing additional threat protection measures, providing modifications to our services, defending against litigation, responding to regulatory inquiries or actions, paying damages, providing customers with incentives to maintain the business relationship, or taking other remedial steps with respect to third parties. These cyber security threats are constantly evolving. For example, the COVID-19 pandemic and the resulting reduced staff in in offices and increased reliance on remote access for employees have increased and may continue to increase the likelihood of cyber security attacks. We, therefore, remain potentially vulnerable to additional known or yet unknown threats, as in some instances, we, our businesses and our customers may be unaware of an incident or its magnitude and effects. Should we or any of our operating businesses experience a cyber-attack, this could have a material adverse effect on our, or any of our operating companies', business, financial condition or results of operations.

Risks Related to Legal, Regulatory and Compliance Matters

We, and each of our businesses, are subject to legal proceedings and legal compliance risks.

We are subject to a variety of legal proceedings and legal compliance risks in every part of the world in which our businesses operate. We, our businesses, and the industries in which we operate, are periodically reviewed or investigated by regulators and other governmental authorities, which could lead to enforcement actions, fines and penalties or the assertion of private litigation claims and damages. Changes in laws or regulations could require us, or any of our businesses, to change manners of operation or to utilize resources to maintain compliance with such regulations, which could increase costs or otherwise disrupt operations. Protectionist trade policies and changes in the political and regulatory environment in the markets in which we operate, such as foreign exchange import and export controls, tariffs and other trade barriers and price or exchange controls, could affect our businesses in several national markets, impact our profitability and make the repatriation of profits difficult, and may expose us or any of our businesses to penalties, sanctions and reputational damage. In addition, the uncertainty of the legal environment in some regions could limit our ability to enforce our rights.

The global and diverse nature of our operations means that legal and compliance risks will continue to exist and additional legal proceedings and other contingencies, the outcome of which cannot be predicted with certainty, will arise from time to time. No assurances can be made that we will be found to be operating in compliance with, or be able to detect violations of, any existing or future laws or regulations. In addition, as we hold minority interests in ZIM and Qoros, we do not control them and therefore cannot ensure that they will comply with all applicable laws and regulations. A failure to comply with or properly anticipate applicable laws or regulations could have a material adverse effect on our business, financial condition, results of operations or liquidity.

We may be subject to further government regulation, which may adversely affect our strategy.

The U.S. Investment Company Act of 1940 regulates "investment companies," which includes entities that are, or that hold themselves out as being, primarily engaged in the business of investing, reinvesting and trading in securities or that are engaged, or propose to engage, in the business of investing, reinvesting, owning, holding or trading in securities and own, or propose to acquire, investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis (or 45% of the issuer's net income or assets, excluding interest in primarily controlled companies). We do not believe that we are subject to regulation under the U.S. Investment Company Act of 1940. We are organized as a holding company that conducts its businesses primarily through majority owned and primarily controlled subsidiaries. Maintaining such status may impose limits on our operations and on the assets that we and our subsidiaries may acquire or dispose of. If, at any time, we meet the definition of investment company, we could, among other things, be required either (a) to substantially change the manner in which we conduct our operations to avoid being required to register as an investment company or (b) to register as an investment company under the U.S. Investment Company Act of 1940, either of which could have an adverse effect on us and the market price of our securities. The U.S. Investment Company Act of 1940 generally only allows U.S. entities to register. If we were required to register as an investment company but failed to do so, we could be prohibited from engaging in our business in the United States or offering and selling securities in the United States or to U.S. persons, unable to comply with our reporting obligations in the United States as a foreign private issuer, subject to the delisting of the Kenon shares from the New York Stock Exchange, or the NYSE, and subject to criminal and civil actions that could be brought against us, any of which would have a material adverse effect on the liquidity and value of the Kenon shares and on our business, financial condition, results of operations or liquidity.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar anti-bribery laws outside of the United States.

The U.S. Foreign Corrupt Practices Act, or the FCPA, and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials or other persons for the purpose of obtaining or retaining business. Recent years have seen substantial anti-bribery law enforcement activity, with aggressive investigations and enforcement proceedings by both the U.S. Department of Justice and the SEC, increased enforcement activity by non-U.S. regulators, and increases in criminal and civil proceedings brought against companies and individuals. Our policies mandate compliance with the FCPA and other applicable anti-bribery laws. We operate, through our businesses, in some parts of the world that are recognized as having governmental and commercial corruption. Additionally, because many of our customers and end users are involved in construction and energy production, they are often subject to increased scrutiny by regulators. Our internal control policies and procedures may not protect us from reckless or criminal acts committed by our employees, the employees of any of our businesses, or third-party intermediaries. In the event that we believe or have reason to believe that our employees or agents have or may have violated applicable anti-corruption laws, including the FCPA, we would investigate or have outside counsel investigate the relevant facts and circumstances, which can be expensive and require significant time and attention from senior management. Violations of these laws may result in criminal or civil sanctions, inability to do business with existing or future business partners (either as a result of express prohibitions or to avoid the appearance of impropriety), injunctions against future conduct, profit disgorgements, disqualifications from directly or indirectly engaging in certain types of businesses, the loss of business permits, reputational harm or other restrictions which could disrupt our business and have a material adverse effect on our business, financial condition, results of operations or liquidity. We face risks with respect to compliance with the FCPA and similar anti-bribery laws through our acquisition of new companies and the due diligence we perform in connection with an acquisition may not be sufficient to enable us fully to assess an acquired company's historic compliance with applicable regulations. Furthermore, our post-acquisition integration efforts may not be adequate to ensure our system of internal controls and procedures are fully adopted and adhered to by acquired entities, resulting in increased risks of non-compliance with applicable anti-bribery laws.

We could be adversely affected by international sanctions and trade restrictions.

We have geographically diverse businesses, which may expose our business and financial affairs to political and economic risks, including operations in areas subject to international restrictions and sanctions. Legislation and rules governing sanctions and trade restrictions are complex and constantly evolving. Moreover, changes in these laws and regulations can be unpredictable and happen swiftly. Part of our global operations necessitate the importation and exportation of goods and technology across international borders on a regular basis. From time to time, we, or our businesses, obtain or receive information alleging improper activity in connection with such imports or exports. Our policies mandate strict compliance with applicable sanctions laws and trade restrictions. Nonetheless, our policies and procedures may not always protect us from actions that would violate U.S. and/or foreign laws. Such improper actions could subject us to civil or criminal penalties, including material monetary fines, denial of import or export privileges, or other adverse actions. The occurrence of any of the aforementioned factors could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Risks Related to OPC's Israel operations

OPC faces risks in connection with the expansion of its business.

OPC is in the process of the construction and development of power generation facilities and is contemplating further such development. Existing regulation, such as antitrust laws, regulation by virtue of the Israeli Concentration Law, or regulation by virtue of the Israeli Electricity Sector Law 5756-1996, or Electricity Sector Law, with respect to holdings in generation licenses, may restrict the expansion of OPC's activity in Israel.

According to the Israeli Concentration Law, when allocating and determining the terms of certain rights, including the right to an electricity generation license under certain circumstances, the regulator must consider the promotion of competition in the relevant industry sector and the Israeli economy generally. If the right is on the list of rights that may have a material impact on competition, the regulator must consult with the Israel Antitrust Commissioner regarding sector concentration. Kenon, OPC, and OPC's subsidiaries are considered concentration entities under the Israel Corporation Group for purposes of sector-specific and economy-wide concentration. The list of concentration entities also includes Mr. Idan Ofer, who is the beneficiary of entities that indirectly hold a majority of the shares in Kenon, and includes a list of other entities which may be affiliated with Mr. Idan Ofer, including ZIM, in which Kenon holds an approximately 28% interest. With respect to economy-wide concentration, this may affect OPC's or its subsidiaries' ability to receive a generation license if it involves the construction and operation of power plants exceeding 175 MW. For example, in August 2017, the Israel Antitrust Authority and the Chairman of the Committee for the Reduction of Concentration, or the Concentration Committee, recommended to the Electricity Authority, or EA not to grant a conditional license for the Tzomet project. The conditional license was eventually approved after OPC and the Idan Ofer group had complied with certain conditions agreed with the Concentration Committee, including the completion of the sale of the Idan Ofer group's shares in Reshet Media Ltd. in April 2019. Therefore, OPC's expansion activities and future projects have been and could in the future be limited by the Israeli Concentration Law.

Following the Israeli Government's electricity sector reform, as part of which the IEC is expected to sell five of its sites (currently remaining sites are three), the Israel Competition Authority issued guiding principles for sector concentration consultation in such sale process. According to such principles, which are subject to change and review considering the relevant circumstances, entities will not be permitted to hold more than 20% of the total planned installed capacity on the date of sale of all the sites being sold. The generation capacity of an entity's related parties with generation licenses will be counted towards such entity's capacity for purposes of this 20% limitation. These principles may therefore increase competition and impose limitations on OPC's ability to expand its business. In addition, the EA published proposed regulations in respect of maximum holdings in generation licenses which are not identical to the Competition Authority principles. The Competition Authority has stated that the relevant limit is 20% of 10,500 MW (which is the anticipated capacity in the market held by private players by 2023, excluding capacity of IEC), while, the EA has proposed regulation whereby the relevant limit is 20% of 14,000 MW (including capacity of IEC). We may be subject to more restrictive interpretation. The MW currently attributable to OPC, including Oil Refineries Ltd., or ORL, and Israel Chemicals Ltd. as parties with generation licenses that are related to OPC, is approximately 1,480 MW.

In addition, OPC faces risks in connection with the expansion of its business into the United States with the CPV acquisition and OPC may examine possibilities for further expanding its electricity generation activities by means of construction of power plants and/or acquisition of power plants (including in renewable energy) in and outside of its existing geographies. The regulatory environment or other limitations or restrictions in such jurisdictions may restrict OPC's ability to expand its business in such other jurisdictions.

OPC faces risks in connection with integration of the CPV business.

In January 2021, an entity in which OPC holds a 70% interest acquired CPV, a business engaged in the development, construction and management of power plants running conventional energy (powered by natural gas) and renewable energy in the United States. For risks relating to CPV's business, see "—*Risks Relating to OPC's U.S. Business.*"

The acquisition of CPV by OPC involves, among other things, the integration of two companies that have previously operated independently. OPC is in the process of integration and establishing operating procedures and corporate governance in order to revise OPC's structure and management after completion of the transaction. These processes and procedures are expected to continue in the near term. The success of the CPV acquisition will depend on, among other things, the successful integration of CPV into the OPC group, implementation of control and information flow procedures, assimilation and absorption of management and personnel, as well as implementation of a successful business strategy and development plans for OPC.

The potential difficulties of combining the operations of the companies include, among others:

- difficulties in the integration of operations and systems;
- conforming standards, controls, procedures and accounting and other policies, business cultures and compensation structures between the OPC and CPV;
- difficulties in the assimilation of employees, including possible culture conflicts and different opinions;
- difficulties in managing the expanded operations of a larger and more complex company; and
- coordinating across a new jurisdiction for OPC.

Many of these factors will be outside of OPC's control and any one of them could result in increased costs. The diversion of management's attention, and any difficulties encountered in the transition and integration process, could harm OPC's business, financial condition and results of operations.

In addition, the CPV acquisition may result in material unanticipated problems, expenses, and liabilities.

Changes in the EA's electricity rates have and may further reduce OPC's profitability.

The price of electricity for OPC's customers is directly affected by the electricity generation tariff, and this is the basis of linking the price of natural gas pursuant to gas purchase agreements. Therefore, changes in the electricity rates published by the EA, including the rate of the electricity generation component, may have a substantial adverse effect on OPC's profits.

To the extent that the generation component tariffs published by the EA change as a result of, among other things, fluctuations in currency exchange rates or IEC fuel costs, OPC's revenues from sales to private customers and cost of sales will be affected. The EA publishes tariffs each year. The EA has published the electricity tariffs for 2021, which included a decrease of the EA's generation component tariff by approximately 5.7%. The decline in the generation component is expected to have a negative impact on OPC's profits in 2021 compared with 2020.

Furthermore, the gas price formula determined in the agreements with the Tamar Group is subject to a minimum U.S. dollar price mechanism. When the price of gas is equal to or lower than the minimum price, as was the case for example in January and February 2021 for both OPC-Rotem and OPC-Hadera (and for OPC-Rotem may be, and for OPC-Hadera will be, the case for the rest of 2021) reductions in the generation tariff will not lead to a reduction in the cost of natural gas consumed by OPC-Rotem and/or OPC-Hadera, but rather to a reduction in profit margins. For OPC-Hadera, the effect on profit margins depends on the US$/NIS exchange rate fluctuations. Therefore, declines in the EA generation component tariff below the minimum price may not result in a corresponding decline in natural gas expenses, due to the floor price mechanism and may lead to a decline in profit margins because the gas price may not decrease as much as revenues.

OPC is leveraged and may be unable to comply with its financial covenants or meet its debt service or other obligations.

As of December 31, 2020, OPC had $921 million of total outstanding consolidated indebtedness. The debt instruments to which OPC and its operating companies are party to require compliance with certain covenants and limitations, including:

- Minimum liquidity, loan life coverage ratios and debt service coverage ratios covenants; and
- Other non-financial covenants and limitations such as restrictions on dividend distributions, repayments of shareholder loans, asset sales, pledges investments and incurrence of debt, as well as reporting obligations.

Breach of the various covenants could result, among other things, in acceleration of the debt, restrictions in the declaration or payment of dividends or cross-defaults across the debt instruments.

Furthermore, OPC may have a limited ability to receive financing from Israeli banks due to Israeli regulatory restrictions on the amount of loans that Israeli banks are permitted to grant to single borrowers or groups of borrowers, which may result in limitations to the amount of loans that they are permitted to grant to OPC.

If OPC or its businesses, including CPV, are unable to obtain necessary financing for development of projects or refinancing as required this could have a material adverse effect on OPC's business, financial condition and results of operation.

As a group that is engaged in initiation, development and acquisition of power generation projects, including in light of CPV's development projects, OPC will need to raise money in the upcoming years in connection with execution of its business plans. OPC's and its subsidiaries and associated companies financing agreements, including OPC's debentures, restrict the amount of debt they are permitted to incur and provision of collateral. In addition, raising capital involves risks relating to the level of leverage and financing costs. High leverage exposes OPC and its subsidiaries and associated companies to inherent risks and could have an adverse impact on their results and businesses and on their ability to distribute dividends and/or to comply with the terms of the financing agreements, and could also involve provision of collateral or guarantees by OPC. Therefore, OPC may also be required to raise capital from investors, both at the OPC level and/or at the level of its subsidiaries or associated companies. Raising capital could result in OPC shareholder dilution or sale of OPC shares at a discount, as well as additional costs. There is no assurance that the amounts required will be raised under favorable terms or at all. An in ability to raise the required financing and/or a failure to maintain an optimal debt/equity structure could harm the OPC's ability to execute its business plans, and have an adverse effect on its business, financial condition and results of operations.

OPC's facilities may be affected by disruptions, including planned maintenance, technical failures and natural disasters.

OPC's ongoing activities may be affected by technical disruptions and faults to critical equipment. For instance, various natural disasters, such as earthquakes or fires, may harm OPC's facilities and thereby affecting its operations and supply of electricity. Furthermore, such delays or other disruptions could cause a delay in the construction and COD of projects such as the Tzomet project. Due to the nature of OPC's activities, which, for example, include the use and storage of flammable materials and working with high temperatures and pressures, OPC's facilities are exposed to the risk of fire hazards. Should natural disasters damage OPC's facilities, restoration may involve the investment of significant resources and time, which would likely lead to full or partial shutdown of the generation facilities that are damaged. Losses that are not fully covered by OPC's insurance policies may have an adverse effect on OPC.

In addition, maintenance work may result in operational shutdowns and impact results. For example, as planned, major overhaul maintenance work was completed between September and November 2018, which halted the OPC-Rotem plant's operations along with the related energy generation activities, which impacted results for that period. OPC's long-term service agreement for the maintenance of OPC-Rotem includes timetables for performance of the maintenance work, and in particular the first "major overhaul" maintenance, which is to be performed every six years. Regular maintenance work is conducted approximately every 18 months; the most recent regularly scheduled maintenance in 2020 was delayed due to COVID-19 related restrictions resulting in completion of this maintenance and relating shutdowns later in 2020. While these shutdowns and delay in the timing of the planned maintenance work did not have a significant impact on the generation activities of the OPC-Rotem power plant and its results, and such delays or shutdowns in the future could have a material impact on OPC. The next regular maintenance work is expected to take place in October 2021.

Furthermore, OPC-Hadera reached COD on July 1, 2020. Certain components of the gas and steam turbines were subject to replacement, repair or improvement work during December 2020 and early 2021, and additional work is expected in the rest of 2021. During performance of such work, the power plant is expected to be operated partially. Partial operation or shutdowns for continued periods could impact OPC-Hadera's compliance with availability provisions.

The political and security situation in Israel may affect OPC.

A deterioration of the political and security situation in Israel may adversely affect OPC's activities and harm its assets. Security and political events such as a war or acts of terrorism may harm the facilities serving OPC (including the power station facilities owned by the Company), the construction of the OPC's current development projects and future projects, computer systems, facilities for transmission of natural gas to the power stations and the electricity transmission grid. In addition, such acts may have an adverse effect on OPC's material suppliers, thereby limiting OPC's ability to supply electricity to its customers reliably. Likewise, a deterioration in the political and security situation in Israel may have a negative effect on OPC's ability to construct new projects, to raise capital for new projects and to initiate new projects in areas exposed to a security risk. Negative developments in the political and security situation in Israel and various security events may cause additional restrictions on OPC, including boycotts by various parties. In addition, in such cases, parties with whom OPC has contracted may claim to terminate their obligations pursuant to the agreements with the OPC due to the occurrence of force majeure events. In addition, some of OPC's employees may be called for reserve military duty and their absence may have an adverse effect on OPC's operations.

OPC's operations and financial condition may be adversely affected by the outbreak of the coronavirus.

The COVID-19 pandemic and measures take to address it have had an impact on business globally including Israel and our operations. The coronavirus outbreak has led to quarantines, cancellation of events and travel, businesses and school shutdowns and restrictions, supply chain interruptions and overall economic and financial market instability. For example, in light of the restrictions on entry into Israel due to the coronavirus pandemic, the OPC-Rotem maintenance work was postponed and was ultimately performed in October 2020. Both contractors informed OPC that these circumstances constitute a force majeure under their agreements with OPC. Further proliferation and outbreaks of the coronavirus, including outbreaks of new variations could cause additional quarantines, reduction in business activity and consumption in the Israeli market, labor shortages and other operational disruptions, and adversely impact OPC's activities and results as well as its ability to complete projects under construction in time or at all and/or its ability to executed future projects. The full impact of this outbreak on OPC will depend on future developments, including continued or further severity of the outbreak of the coronavirus, impact on main suppliers (such as suppliers of natural gas and construction and maintenance contractors) or main customers, the extent the virus spreads to other regions, including Israel, and the actions to contain the coronavirus or treat its impact which are outside of OPC's control.

Further to notices issued to OPC in 2020 by Energean claiming "force majeure events" under its agreement, in September 2020, Energean issued an additional notice to OPC claiming force majeure events under its agreement and indicating that it expects flowing of the first gas from the Karish reservoir to take place in the second half of 2021. OPC rejected the force majeure contentions under the agreements. As stated in Energean's January 2021 publications, flowing of gas from the Karish reservoir is expected to take place during the fourth quarter of 2021. This projection requires an increase in workforce in order to be attained, and if such increase is not effected the flowing of gas may be further delayed. In February 2021, as part of issuance of bonds by Energean, Moody's published a report stating that the full operation of the Karish reservoir may be delayed to the second quarter of 2022. There is, therefore, no guarantee that such alternative gas supply will be available by the stated timeframes or at all, which could have a material adverse effect on OPC's business, financial condition and results of operations.

Changes in the Consumer Price Index in Israel or the U.S. Dollar to NIS exchange rate could adversely affect OPC.

Inflation in Israel may affect OPC. A significant portion of the liabilities of OPC and its subsidiaries is linked to the CPI, including the interest rates applicable to a substantial part of the OPC-Rotem, OPC-Hadera and Tzomet loans and OPC's Series B bonds. Therefore, changes to the CPI could impact OPC's financing expenses and results of operations. In addition, to the extent that the price OPC pays for gas is above the floor price in its gas supply agreements, the price it pays for gas is linked in part to the U.S. Dollar to NIS exchange rate, and accordingly variations in such rate can impact OPC's results. The IEC's electricity tariff is also set, in part, in accordance with the IEC's fuel costs that are denominated in U.S. Dollars and is therefore also affected by variations in the U.S. Dollar to NIS exchange rate.

There are barriers to exit in connection with the disposal or transfer of OPC and its businesses, development projects or other assets.

OPC may face exit barriers, including high exit costs or objections from various parties (whose approval OPC requires), in connection with dispositions of its operating companies, development projects or their assets. For example, pursuant to Electricity Sector Law the transfer of control over an entity that holds a generation license in Israel must be approved by the EA. Additionally, there are restrictions on a transfer of control of OPC, OPC-Rotem, OPC-Hadera and Tzomet, pursuant to, among others, OPC-Rotem's and Tzomet's PPAs with the Israel Electric Corporation, or IEC (which PPAs will be assigned to the System Administrator), the trust deed relating to OPC's bonds, and OPC-Rotem's, OPC-Hadera's and Tzomet's credit agreements. Such restrictions may prohibit or make it difficult for OPC to dispose of its interests in its businesses.

OPC is also defined as a “significant real corporation.” As a result, OPC is subject to various restrictions, which mainly include restrictions on significant financial entities holding an interest (above a certain percentage) in such companies and restrictions on OPC’s holdings (above a certain percentage) of financial entities.

Such restrictions may also limit Kenon’s ability to transfer its interests in OPC.

OPC holds 80% of OPC-Rotem and has entered into a shareholders’ agreement with the minority shareholder.

OPC owns a majority of the voting equity in OPC-Rotem (80%), and has entered into shareholders’ agreements with Veridis, the 20% minority shareholder of OPC-Rotem. The shareholders’ agreement grants Veridis certain minority rights, including veto rights over certain decisions, including (i) changes to OPC-Rotem’s constitutional documents, (ii) the liquidation of OPC-Rotem, (iii) changes to the rights attached to OPC-Rotem’s shares that may prejudice shareholders, (iv) entry into related party transactions, (v) changes in OPC-Rotem’s activities and entry into new projects, (vi) significant acquisitions and dispositions, (vii) changes in OPC-Rotem’s share capital or incurrence of significant debt and (viii) appointment or dismissal of directors on behalf of Veridis or the auditors. The agreements also provide for a right of first refusal and tag-along rights in the event of a sale of OPC-Rotem shares by any of the parties. Therefore, OPC’s ability to develop and operate OPC-Rotem may be limited if OPC is unable to obtain the approval of Veridis for certain corporate actions OPC deems to be in the best interest of OPC-Rotem. In addition, OPC’s ability to dispose of its interest in OPC-Rotem may be limited as a result of the foregoing. OPC’s operation of OPC-Rotem may also subject OPC to litigation proceedings initiated by Veridis.

OPC requires qualified personnel to manage and operate its various businesses and projects.

OPC requires professional and skilled personnel in order to manage its current activities and the performance of its projects, to service and respond to customers and suppliers. Therefore, OPC must be able to retain employees and professionals with the necessary skills. Furthermore, OPC employs foreign employees. Any unavailability of qualified personnel could negatively impact OPC’s activity and results of operations.

In addition, most of OPC-Rotem’s and the OPC Hadera’s operations employees are employed through a collective agreement. Collective agreements may reduce managerial flexibility and impose additional costs on OPC. For further information on these collective agreements, see “*Item 4.B Business Overview—Our Businesses—OPC—OPC’s Description of Operations—Employees*.”

The interruption or failure of OPC’s information technology, communication and processing systems or external attacks and invasions of these systems, including incidents relating to cyber security, could have an adverse effect on OPC.

OPC uses information technology systems, telecommunications and data processing systems to operate its businesses and relies on the accuracy, availability and security of information technology systems for data processing, storage and reporting. In recent years, cyber security attacks of security systems have increased globally and OPC could be exposed to such attacks, which may harm its business and operations or result in reputational damage. These attacks are becoming more sophisticated, and may be perpetrated by computer hackers, cyber terrorists or other perpetrators of corporate espionage. Given the security risks in Israel and the industry in which OPC operates, it may be particularly susceptible to cyber security attacks.

If a cyber-attack occurs, OPC may not be able to prevent harm on its information systems and any such attack could have a significant effect on OPC’s operations. Cyber security attacks could include malicious software (malware), attempts to gain unauthorized access to data, social media hacks and leaks, ransomware attacks, remote control and shutdown of critical systems, and other electronic security breaches of OPC’s information technology systems and its power plant facilities as well as the information technology systems of its customers and other service providers that could lead to disruptions in critical systems, unauthorized release, misappropriation, corruption or loss of data or confidential information. Furthermore, damage to such systems may result in service delays or interruptions to OPC’s ability to provide electricity to its customers. In addition, any system failure, accident or security breach could result in business disruption, unauthorized access to, or disclosure of, customer or personnel information, corruption of OPC’s data or of its systems, reputational damage or litigation. OPC may also be required to incur significant costs to protect against or repair the damage caused by these disruptions or security breaches in the future, including, for example, rebuilding internal systems, implementing additional threat protection measures, providing modifications to our services, defending against litigation, responding to regulatory inquiries or actions, paying damages, providing customers with incentives to maintain the business relationship, or taking other remedial steps with respect to third parties. These cyber security threats are constantly evolving. OPC, therefore, remains potentially vulnerable to additional known or yet unknown threats, as in some instances, OPC and its customers may be unaware of an incident or its magnitude and effects. Should OPC experience a cyber-attack, this could have a material adverse effect on its reputation, business, financial condition or results of operations.

OPC is exposed to litigation and administrative proceedings.

OPC is involved in various litigation proceedings, and may be subject to future litigation proceedings, which could have adverse consequences on its business, see Note 19 to our financial statements included in this annual report.

Litigation and/or regulatory proceedings are inherently unpredictable, and excessive verdicts may occur. Adverse outcomes in lawsuits and investigations could result in significant monetary damages, including indemnification payments, or injunctive relief that could adversely affect OPC's ability to conduct its business and may have a material adverse effect on OPC's financial condition and results of operations. In addition, such investigations, claims and lawsuits could involve significant expense and diversion of OPC's management's attention and resources from other matters, each of which could also have a material adverse effect on its business, financial condition, results of operations or liquidity.

OPC's insurance policies may not fully cover damage, and OPC may not be able to obtain insurance against certain risks.

OPC and its subsidiaries maintain insurance policies intended to reduce various risks, including policies related to development projects, as is customary in the industry. However, the existing insurance policies maintained by OPC and its subsidiaries and associated companies may not cover certain types of damages or may not cover the entire scope of damage caused. In addition, OPC may not be able to obtain insurance on comparable terms in the future. OPC and its subsidiaries may be adversely affected if they incur losses that are not fully covered by their insurance policies.

OPC's operations are significantly influenced by regulations.

OPC is subject to significant government regulation. OPC-Rotem, OPC-Hadera and Tzomet are governed by different regulatory regimes set by the EA and any future projects will also be governed by different regulations, see "*Item 4.B Business Overview—Our Businesses—OPC—OPC's Description of Operations—Regulatory, Environmental and Compliance Matters.*" OPC is therefore exposed to changes in these regulations as well as changes to regulations applicable to sectors that are associated with the company's activities. Regulatory changes may have an adverse effect on OPC's activity and results or on its terms of engagement with third parties, such as its customers and suppliers, such as the Tamar Group. In the coming years, OPC expects frequent regulatory changes in the industry, including in relation to the private electricity market in Israel, which is a new and developing market. Regulatory changes may impact the power stations owned by OPC or the power stations that it intends to develop, including the economic feasibility of establishing new power stations.

Furthermore, OPC is subject to environmental laws and regulations, including those that seek to regulate noise pollution and emission of contaminants to treat hazardous materials. If stricter regulatory requirements are imposed on private electricity producers or if OPC does not comply with such requirements, laws and regulations, this could have an adverse effect on OPC's results and activity. Furthermore, stricter regulatory requirements could require material expenditures or investments by OPC.

Additionally, OPC requires certain licenses to produce and sell electricity in Israel, and may need further licenses in the future. For example, in November 2017, OPC-Rotem applied to the EA to obtain a supply license. In February 2018, the EA responded that OPC-Rotem needs a supply license to continue selling electricity to customers and that the license will not change the terms of the PPA between OPC-Rotem and the IEC (which will be assigned by IEC to the System Administrator). The EA also stated that it will consider OPC-Rotem's supply license once the issue of electricity trade in the Israeli economy has been comprehensively dealt with. OPC-Rotem has not received a supply license to date and there is no assurance regarding the receipt of the license and its terms. If OPC-Rotem does not receive a supply license, it may adversely affect OPC-Rotem's operations. In February 2020, the EA issued standards regarding deviations from consumption plans submitted by private electricity suppliers, which will become effective on September 1, 2020, see "*Item 4.B Business Overview—Our Businesses—OPC—OPC's Description of Operations—Regulatory, Environmental and Compliance Matters*." The EA has stated that this regulation will apply to OPC-Rotem after supplementary arrangements have been determined for OPC-Rotem, which have yet to be determined. OPC-Rotem is currently in discussions with the EA and OPC has submitted its position to the EA that preserving OPC's rights under the OPC-Rotem tender required granting a supply license at the same time as applying the described decision to OPC-Rotem. This regulation could limit OPC-Rotem's operations if it does not obtain a supply license or if it obtains a license that contains more restrictive terms than expected. OPC is still examining the effects of the decision on OPC-Rotem and OPC-Hadera.

Furthermore, the grant of a permanent generation license to Tzomet, upon expiration of the conditional license, is subject to Tzomet's compliance with the conditions set by law. If Tzomet is unable to obtain the permanent generation license in time or at all this may result in the project not being completed in time or at all and, therefore, have a material adverse effect on OPC's business, financial condition and results of operations. See also "*—OPC faces risks in connection with the expansion of its business*."

With the acquisition of CPV, OPC is subject to risks relating to the regulations applicable to CPV's business in the United States.

Construction and development projects may not be completed or, if completed, may not be completed on time or perform as expected.

OPC faces risks in connection with its construction and development projects, including future projects, in particular because it owns projects at a development stage. Constructing and developing a power station project entails certain risks, such as:

- delays in project completion,
- costs exceeding budget,
- risks associated with the construction contractor,
- supply and operation of key equipment,
- performance of works at the required specifications,
- receipt of services required from the IEC to establish the station and connect it to the grid (which may be affected by sanctions and IEC strikes),
- impact on PPAs from any delays in completing new projects,
- applicable regulations, and
- obtaining the required approvals and permits for the development and operation of the station, including obtaining permits required in connection with the environment, including emission permits, and compliance with their terms.

OPC faces these risks in the development of its Tzomet project.

Tzomet is subject to conditions set forth in its conditional license, including construction of the plant, as well as for the receipt of a permanent generation license upon expiration of the conditional license. If Tzomet is unable to meet such conditions this could result in a delay or inability to complete the project.

In September 2018, Tzomet entered into an EPC agreement with PW Power Systems LLC, or PW, for construction of the Tzomet project. In March 2020, Tzomet issued a notice to commence to the contractor under the agreement and extended the period for completion of construction by three months. OPC's management currently does not expect that the extension will result in a delay in the project. For more information on Tzomet's EPC agreement, see "*Item 4.B Business Overview—OPC—OPC's Description of Operations—Tzomet.*" If OPC is unable to meet its commitments or achieve the milestones under the agreement, including in the case that OPC is unable to obtain relevant approvals, this could result in increased costs for or delays in the project, which could have a material adverse effect on our business, financial condition and results of operations.

In December 2019, Tzomet entered into a financing agreement to finance the construction of Tzomet's power plant, and funding under this agreement is subject to conditions, see "*Item 5.B Liquidity and Capital Resources—OPC's Liquidity and Capital Resources—OPC's Material Indebtedness—Tzomet Financing*." If Tzomet is unable to comply with any of the conditions this could impact the financing for the construction of the power plant and result in delays or an inability to complete the project.

OPC faces competition from other IPPs.

In recent years, the Israeli government's policy has been to open the electricity market to competition and to encourage the entry of private electricity producers. This policy has increased the number of private electricity producers, increasing the level of competition in the private generation market, which may have an adverse effect on OPC's business.

Pursuant to the Electricity Sector Law (Amendment No. 16 and Temporary Order) (2018) that was published in July 2018, the IEC is required to sell five of its power plants (currently remaining plants are three) through a tender process by 2023, which is expected to reduce the IEC's market share to below 40%. OPC participated in the tenders of the Alon Tabor plant and Ramat Hovav plants — the first two plants that have been sold out of the five plants to be sold by the IEC — but was not the winning bidder. There is no certainty that OPC will participate in future IEC tenders or that it will be successful.

Furthermore, the IEC will be required to build and operate two new gas-powered stations, but will not be authorized to construct any new stations or recombine existing stations. This new law is expected to further increase competition from private producers, which may have an adverse effect on OPC's business. For more information regarding this law, see "*Item 4.B Business Overview—Our Businesses—OPC—OPC's Description of Operations—Regulatory, Environmental and Compliance Matters*."

Increased competition could make it more difficult for OPC to enter into new long-term PPAs, renew the existing PPAs at the time they expire. OPC-Rotem has a PPA with the IEC, the government-owned electricity generation, transmission and distribution company in Israel, or the IEC PPA (which will be assigned by IEC to the System Administrator). The term of the IEC PPA is for 20 years after the power station's COD. According to the agreement, OPC-Rotem is entitled to operate in one of the following two ways (or a combination of both with certain restrictions set in the agreement): (1) provide the entire net available capacity of its power station to IEC or (2) carve out energy and capacity for direct sales to private consumers. OPC-Rotem has allocated the entire capacity of the plant to private consumers since COD. Under the IEC PPA, OPC-Rotem can also elect to revert back to supplying to IEC instead of private customers, subject to twelve months' advance notice. If OPC is required to rely on the IEC PPA because it is unable to enter into sufficient PPAs as a result of increased competition, it will be faced with lower margins, which may have an adverse effect on its business, financial condition and results of operations. In January 2020, Tzomet entered into a PPA with the IEC, or the Tzomet PPA. Once the Tzomet plant reaches its COD, its entire capacity will be allocated to the System Administrator pursuant to the terms of the Tzomet PPA, and Tzomet will not be permitted to sign agreements with private customers unless the electricity trade rules are updated.

Furthermore, entry into PPAs that are not long-term, are at less competitive prices and/or with high "take or pay" commitments could have a material adverse effect on OPC's business, financial condition and results of operation.

OPC is dependent on certain significant customers.

OPC has a small number of customers that purchase a significant portion of OPC's output under PPAs that account for a substantial percentage of the anticipated revenue of its generation companies. OPC's top two customers represented approximately 42% of its revenues in 2020; therefore, OPC's revenues from the generation of electricity are highly sensitive to the consumption by significant customers. Therefore, should there be a decrease in demand for electricity from OPC's significant customers or should such customers not fulfill their obligations, including by failing to make payments to OPC, OPC's revenues could be significantly affected.

Intel and a group of companies related to the Company's controlling shareholder, the Bazan Group, a related party of OPC, are major OPC customers and represented approximately 22.5% and 19.3%, respectively, of OPC's revenues in 2020. Loss of these customers could have a material adverse effect on OPC's business and results of operations. In January 2018, a shareholder of the ORL Group filed a claim against, among others, OPC, regarding certain gas purchase transactions. If this suit or related considerations impacts OPC's ability to do business with the ORL Group or other related parties, or if OPC were to otherwise lose these significant customers, this could impact OPC's business and results of operations.

Furthermore, OPC-Hadera is dependent on Hadera Paper's consumption of steam. If such consumption ceases, it could have a material effect on OPC's operations and OPC-Hadera's classification as a cogeneration electricity producer (which entails certain benefits). For further information on the regulations relating to cogeneration electricity producers, see "*Item 4.B Business Overview—OPC—OPC's Description of Operations—Regulatory, Environmental and Compliance Matters—Regulatory Framework for Cogeneration IPPs*."

Supplier concentration may expose OPC to significant financial credit or performance risk.

The Tamar Group is OPC's sole supplier of gas. If the Tamar Group is unable to supply OPC with its gas requirements, this could have a material adverse effect on OPC's profitability. OPC has also entered into an agreement with Energean for the supply of gas in the future. Energean's natural gas reservoirs have been established. In early 2021, Energean notified OPC that it expects that the flowing of the first gas from the Karish reservoir is expected to take place in the first quarter of 2022. Further to notices issued to OPC in 2020 by Energean claiming "force majeure events" under its agreement, in September 2020, Energean issued an additional notice to OPC claiming force majeure events under its agreement and indicating that it expects flowing of the first gas from the Karish reservoir to take place in the second half of 2021. OPC rejected the force majeure contentions under the agreements. As stated in Energean's January 2021 publications, flowing of gas from the Karish reservoir is expected to take place during the fourth quarter of 2021. This projection requires an increase in workforce by Energean in order to be attained, and if such increase is not effected the flowing of gas may be further delayed. In February 2021, as part of issuance of bonds of Energean, Moody's published a report stating that the full operation of the Karish reservoir may be delayed to the second quarter of 2022. There is no guarantee that the gas supply will be available by the stated timeframes or at all.

OPC-Rotem has a single maintenance agreement with Mitsubishi Heavy Industries Ltd., or Mitsubishi, for the maintenance of its power station. If Mitsubishi is unable to perform its obligations under its contract with OPC-Rotem, including warranties, this could result in the technical malfunctioning of the power station. This could lead to delays in the supply of electricity, loss of revenues for OPC and a reduction in its profits. It could also have similar adverse effects on other projects once they are completed.

OPC-Hadera has a single maintenance agreement with General Electric International, Inc. and its affiliates and Tzomet has a single maintenance agreement with PW and are both subject to the same risks identified above.

OPC relies on transmission facilities for the transmission of power and gas.

OPC’s businesses depend upon transmission facilities owned and operated by the IEC to deliver the wholesale power it sells from its power generation plants. If transmission is disrupted, or if the transmission capacity infrastructure is inadequate, OPC’s ability to sell and deliver wholesale power may be adversely impacted. OPC’s businesses may also be affected by IEC strikes and sanctions.

Furthermore, there is currently a single company supplying natural gas to OPC and one company providing it with gas transmission services. OPC has an agreement with the same company to provide OPC with gas transmission services upon commencement of the Energean supply contract. Failure to comply with the requirements of these companies or limitations in the supply or transmission of gas by such companies could affect OPC’s ability to generate electricity using natural gas, which could have a material adverse effect on OPC’s business and results of operations. Finally, OPC’s plants require water for their operation. A continued disruption in the water supply could disrupt the operation of such plants.

Risks Related to OPC’s U.S. Operations

Many of the risks relating to OPC’s Israel operations also apply to CPV. Additional risks relating to CPV are indicated below.

CPV’s operations are significantly influenced by energy market risks and federal and local regulations.

CPV is subject to significant federal and local regulations relating to the U.S. electricity market and natural gas market, including environmental regulations. Such regulations may change and could also be affected by changes in political and governmental policies at the federal and state levels. In addition, CPV’s results and development projects in the renewable energy sector are affected by governmental policies (federal and state) relating to the promotion and granting of incentives to renewable energy. Furthermore, CPV is subject to environmental laws and regulations, including those that seek to regulate air pollution, disposal of hazardous wastewater and garbage, preservation of vegetation and endangered species and historical sites. CPV’s projects and operations also require certain licenses and permits under environmental and other regulations, which require compliance with their terms, including the renewal of the licenses. A failure or deviation from the standards or regulations and/or non-compliance with the terms of the issued licenses, could have a material adverse effect on CPV’s business, results of operation and financial condition and/or prevent advancement of its development projects.

If stricter regulatory requirements are imposed on CPV or if CPV does not comply with such requirements, laws and regulations, this could have an adverse effect on CPV’s results and activity. Furthermore, stricter regulatory requirements could require material expenditures or investments by CPV.

CPV is subject to market risks.

CPV’s activities are subject to market risks, including price fluctuations primarily the prices of electricity, natural gas, emission allowances and certificates for renewable energy (REC—Renewable Energy Credits, as well as fluctuations in the index prices associated with the hedging agreements that have been entered into by certain CPV projects. CPV’s projects generally enter into commodity prices hedge agreements to reduce exposure to price fluctuations and/or to assure minimum cash flows as an inherent part of the activities. However, such hedge agreements may not ultimately assure full protection against price fluctuations, including fluctuations due to hedging less than the total amount of electricity being sold, the delivery point or prices in the hedge agreement being different than the delivery points in CPV’s project operations, and/or the hedge agreements not being renewed on favorable terms or at all. Also, once these hedging arrangements expire, CPV will be subject to price fluctuations except to the extent such new hedging arrangements are entered into. This could have a material adverse effect on CPV’s business, financial condition and results of operation.

Severe weather conditions could have a material adverse effect on CPV’s operations and financial results.

Severe weather conditions, natural disasters and other natural phenomena (such as hurricanes and tornadoes) could adversely affect CPV's activities and its financial condition and results of operation. Such severe weather conditions could affect suppliers and pipelines that supply natural gas to natural gas-powered facilities. Furthermore, severe weather conditions could cause damage to CPV’s facilities, increased repair costs and result in loss of revenue if CPV fails to supply electricity to the markets in which it operates. To the extent that these losses are not covered by CPV’s insurance or are not recovered by CPV through the price of electricity, they could have a material adverse effect on CPV’s business, financial condition, results of operation and cash flows.

CPV’s facilities are subject to disruptions, including breakdowns and other disruptions as a result of natural disasters, terrorist attacks, and infrastructure failure.

CPV’s facilities are subject to breakdowns, such as mechanical breakdowns, breakdowns in the electricity and natural gas transmission systems, breakdown of electricity and gas transmission connections, difficulties with fuel supply, and accidents or disruptions of the activities of the facilities or the infrastructure on which they operate. Any such disruption could have material adverse effect on CPV’s business, financial condition and results of operation.

CPV’s facilities and operations could be adversely affected by natural disasters, terrorist attacks, infrastructure failure (such as failure of gas pipeline systems, Regional Transmission Organizations, or RTO/Independent System Operator, or ISO systems) and other extreme events. Such events could also adversely impact CPV’s suppliers and customers, thereby adversely impacting CPV. In addition, such events may affect the ability of CPV's personnel to operate or maintain CPV’s facilities or perform additional tasks necessary for their proper operation. Natural disasters and terrorist attacks may also disrupt capital market activity and, consequently, CPV's ability to raise capital.

Third party disruptions could have a material adverse effect on CPV’s business.

CPV’s business relies on third parties, such as construction contractors for construction projects, maintenance providers, suppliers of natural gas and capacity of natural‑gas transmission grids. Any disruption in the operations of such third parties could have a material adverse effect on CPV’s business, financial condition and results of operation.

An inability to obtain required financing could have a material adverse effect on CPV’s business, financial condition and results of operation.

CPV’s results and its development projects could be adversely impacted if we are unable to obtain financing on attractive terms or at all, to comply with the conditions of CPV’s existing financing agreements and the ability to refinance existing debt and credit on favorable terms or at all. The financing agreements that have been entered into at a project level include restrictions, covenants and obligations that could limit distribution or require making of repayments in certain events. If we are unable to obtain financing or refinancing on favorable terms or at all may adversely affect CPV’s ability to execute its development projects or adversely affect the results of CPV’s active project. In addition, difficulty in complying with the terms of financing agreements may require the provision of collateral and additional guarantees, and in some circumstances even the provision of immediate repayment of the credit facilities, which could have a material adverse effect on CPV’s business, financial condition and results of operation.

An inability to extend or renew certain agreements could have an adverse impact on CPV’s business, financial condition and results of operation.

Most of CPV’s material agreements (including hedging agreements, financing agreements, gas supply agreements, gas transmission agreements and project management agreements) have short to medium terms, as is customary in the market in which CPV operates. An inability to renew or extend agreements that are close to expiration on favorable terms or at all could have a material adverse effect on CPV’s business, financial condition and results of operation.

CPV faces risks in connection with the construction and development of its projects’ power plants.

CPV is involved in the development, construction and management of power plants. Therefore, its activities are subject to construction risks that are part of the construction of a power plant, including obtaining the required financing, receipt of permits, connection of the facility to transmission and distribution networks, compliance with timetables and dependency on technical teams and equipment. Any failure or delay with respect to such items could result in delays in project completion, increase in costs and adversely affect the results CPV’s results of operation.

CPV’s operations and financial condition may be adversely affected by the outbreak of the coronavirus.

The spread of the coronavirus has had a significant impact on the economy and financial markets – both in the United States and worldwide. In addition, during the coronavirus outbreak, considerable instability is visible in the U.S. commodity markets, including a decline in the prices of electricity and natural gas. With the reduced worldwide demand for fuel, fuel prices plummeted to a low point and have remained at levels that turn new drillings in the United States into economic challenges. As a result, there has been a decline in the fuel production, mainly in the Permian Reservoir in Texas, as well as a decrease in the accompanying production of natural gas. Furthermore, the electricity market in the northeastern part of the U.S. was harmed by COVID-19, mainly due to a significant part of the population staying in their homes. In April through June 2020, the demand for electricity in the northeastern part of the U.S. was approximately 5%–10% lower than usual, with the most significant decline being experienced in New York City. Although CPV’s power plants continued to operate during COVID-19, there were changes in employee shift time schedules, a reduction of self‑initiated shutdowns for purposes of periodic maintenance, extension of the length of the unplanned periodic maintenance period, adaptations with respect to employees working from home and other adaptations required in the workplace. Furthermore, CPV was and continues to be required to make adjustments relating to information security at its power plants. In addition, COVID-19 has affected and may continue to affect the availability of suppliers and factors involved in the development and construction processes of CPV's projects. The full impact of this outbreak on CPV will depend on future developments, including continued or further severity of the outbreak of the coronavirus, impact on main suppliers or main customers, the extent the virus spreads to other regions, including the United States, and the actions to contain the coronavirus or treat its impact which are outside of CPV’s control. The outbreak of the virus and the (possible) spread thereof at the CPV power plants or restrictions on conducting business in the areas in which CPV operates, as well as the measures taken and that will be taken worldwide as a result thereof – which have impacted the economy and commodity markets in the U.S., in general, and the prices of electricity and natural gas, in particular – could have a material adverse effect on CPV’s activities, thwart completion of CPV’s project under construction and delay advancement of CPV’s projects under development, and could also impact the ability to commence execution of its future projects.

Risks Related to the Sale of the Inkia Business

We have indemnification obligations under the share purchase agreement for the sale of the Inkia Business

In December 2017, our wholly-owned subsidiary Inkia sold its Latin America and Caribbean businesses, or the Inkia Business, to an entity controlled by I Squared Capital, an infrastructure private equity firm. For further information on the sale and share purchase agreement see "*Item 4.B Business Overview—Discontinued Operations—Inkia Business — Sale of the Inkia Business—Share Purchase Agreement*."

Under the share purchase agreement, our subsidiary Inkia has agreed to indemnify the buyer and its successors, permitted assigns, and affiliates against certain losses arising from a breach of Inkia's representations and warranties and certain tax matters, subject to certain time and monetary limits depending on the particular indemnity obligation. Following repayment of the deferred payment agreement in October 2020, these indemnification obligations are supported by (a) a pledge of shares of OPC which represent 29% of OPC's outstanding shares as of March 31, 2021, which pledge expires on December 31, 2021 subject to extension in the event of unresolved indemnity claims, and (b) a corporate guarantee from Kenon for all of the Inkia's indemnification obligations, which expires on December 31, 2021, subject to extension in the event of unresolved indemnity claims. To the extent that Inkia is required to make indemnification payments under the share purchase agreement (and such payment obligations are agreed between buyer and seller or determined by a court in a non-appealable judgment), the buyer is entitled to seek recourse to the foregoing support arrangements in the following order: first, by exhausting rights under the OPC share pledge and second, against the Kenon guarantee.

If Inkia is required to make indemnification payments under the share purchase agreement this could require us to sell OPC shares or result in enforcement of the OPC share pledge and enforcement the Kenon guarantee, which could impact our liquidity and financial position. Furthermore, any enforcement of the OPC share pledge could result in the buyer acquiring a significant interest in OPC or could result in a sale of a significant amount of OPC shares which could adversely affect the market price of OPC's shares.

If Kenon is required to make payments under the guarantee it may need to use funds from its businesses, or sell assets, including OPC shares. Furthermore, any sales of assets may not be at attractive prices, particularly if such sales must be made quickly to meet the sellers' obligations.

We are subject to certain restrictions in connection with the agreements entered into in connection with the repayment of the Deferred Payment Agreement

In October 2020, Kenon received the full amount of the deferred consideration (approximately $218 million (approximately $188 million net of taxes)) under the Deferred Payment Agreement prior to the due date for such payment (December 2021). In connection with the agreement with the buyer of the Inkia Business to repay the Deferred Payment Agreement prior to initial scheduled maturity, the parties agreed to increase the number of OPC shares pledged to 55,000,000 shares (representing approximately 29% of OPC's shares as of March 31, 2021) and to extend the OPC Pledge and the corporate guarantee by one year until December 31, 2021. In addition, Kenon has agreed that, until December 31, 2021, it shall maintain at least $50 million in cash and cash equivalents, and has agreed to restrictions on indebtedness, subject to certain exceptions.

Risks Related to Our Interest in Qoros

Qoros is significantly leveraged.

As of December 31, 2020, Qoros had external loans and borrowings of RMB3.3 billion (approximately $512 million) and loans and other advances from parties related to the Majority Shareholder of RMB5.3 billion (approximately $809 million). Qoros will require additional financing for its continued development and operating expenses, including accounts payable, and debt service requirements until it increases its sales levels, and is also seeking to extend repayment deadlines under its credit facilities. To the extent that the Majority Shareholder in Qoros provides additional financing to Qoros in the form of equity (or loans that convert to equity), Kenon's interest in Qoros would be diluted.

Highly leveraged businesses are inherently more sensitive to declines in revenues, increases in expenses and interest rates, and adverse market conditions. This is particularly true for Qoros, as Qoros has yet to generate positive cash flows from its operations. Qoros has limited cash flows and uses a portion of its liquidity to make debt service payments, including interest and amortization payments on its RMB3 billion, RMB1.2 billion and RMB700 million facilities. This debt reduces its ability to use cash flows from operations to fund its operations, capital expenditures, or future business opportunities.

Qoros' RMB3 billion syndicated credit facility, RMB1.2 billion syndicated credit facility, and RMB700 million syndicated credit facility contain affirmative and negative covenants. Those facilities, as well as its other short-term credit facilities, also contain events of default and mandatory prepayments for breaches, including certain changes of control, and for material mergers and divestments, among other provisions. A significant portion of Qoros' assets secures its RMB3 billion syndicated credit facility and, as a result, the amount of collateral that Qoros has available for future secured debt or credit support and its flexibility in dealing with its secured assets is therefore relatively limited.

Qoros' lenders under its RMB1.2 billion facility agreed to postpone RMB180 million (approximately $28 million) of repayments due during 2020 until the end of 2020 and all repayments are currently up to date. Qoros is in ongoing discussions with its lenders under its RMB3 billion, RMB1.2 billion and RMB700 million facilities to reschedule all future repayments.

If Qoros is unable meet its debt service obligations or otherwise comply with other covenants in its credit facilities, this would lead to an event of default. Each of Qoros' significant debt facilities above contains a "cross-default" provision which provides for an event of default if any other debt of Qoros in excess of RMB50 million becomes payable prior to maturity, so a default under such other debt facilities would result in a default under the facilities referenced above and a default that leads to acceleration under either facility above will result in an event of default under the other facility. Currently, Qoros' debt-to-asset ratio is higher, and its current ratio is lower, than the allowable ratios set forth in the terms of Qoros' RMB3 billion syndicated credit facility, which was also the case in 2019 and 2020. The lenders under this credit facility waived compliance with the financial covenants under this facility through the first half of 2020. The waiver has not been extended and Qoros' debt-to-asset ratio continues to exceed, or its current ratio continues to be less than, the permitted ratios. Qoros' syndicated lenders have not revised such covenants and could accelerate the repayment of borrowings due under this credit facility. Such a default results in a cross default, enabling the lenders to require immediate payment under, Qoros' RMB 1.2 billion and RMB 700 million facilities. If Qoros does not maintain a good relationship with its lenders or negotiate successfully with them this could impact requests for lender consents, including the pledge release over Kenon's interest in Qoros in connection with Kenon's April 2021 agreement to sell all of its remaining interest in Qoros (i.e. 12%) to the Majority Shareholder in Qoros.

In the event that any of Qoros' lenders accelerate the payment of Qoros' borrowings, Qoros would not have sufficient liquidity to repay such debt. Additionally, as a substantial portion of Qoros' assets, including its manufacturing facility and significant portion of its intellectual property, secure its syndicated credit facility and other indebtedness, if Qoros were unable to comply with the terms of its debt agreements, this could result in the foreclosure upon and loss of certain of Qoros' assets.

Kenon has outstanding "back-to-back" guarantee obligations to Chery in respect of guarantees that Chery has given in respect of Qoros' bank debt and has pledged substantially all of its interests in Qoros to secure Qoros' bank debt, as well as Chery's guarantees of Qoros' debt. Accordingly, if Qoros' debt facilities become payable due to a default under these facilities or otherwise, Kenon may be required to make payments under its guarantees and could lose the shares in Qoros it has pledged. In addition, Kenon may be required to increase the amount of Qoros shares pledged (or Kenon may provide other credit support).

Qoros sales volumes decreased in 2020 and it needs to significantly increase sales to reach breakeven.

Qoros' sales decreased to approximately 12,587 vehicles in 2020, as compared to approximately 26,000 in 2019. A substantial number of the 2019 sales reflected purchase orders by the leasing companies introduced by the Majority Shareholder in Qoros. In 2020, the number of vehicles sold to such leasing companies decreased to 1,544 compared to 22,900 in 2019. Qoros' success will depend upon Qoros increasing its sales volumes, which will depend on, among other things:

- the volume of vehicles purchased by customers introduced by the Majority Shareholder in Qoros;
- the development of the Qoros brand;
- successful development and launch of new vehicle models;
- performance of its dealer network, including dealerships that are owned and operated by a party related to the Majority Shareholder in Qoros;
- build-up of its aftersales and services infrastructure;
- managing its procurement, manufacturing and supply processes;
- establishing effective, and continuing to improve, customer service processes; and
- securing additional financing to support its operating and capital expenses and further its growth and development.

Qoros will need to increase sales to a broad base of customers to establish its brand and create a sustainable customer base. Qoros' success is also dependent upon the margins it achieves on the cars it sells.

In prior years, Qoros has sold a majority of its vehicles to leasing companies introduced by the Majority Shareholder in Qoros.

A significant portion of car sales in 2018 and 2019 were made to leasing companies, which were introduced by the Majority Shareholder in Qoros. In 2020, the number of vehicles sold to leasing companies significantly reduced. If these entities continue to reduce or cease their purchases from Qoros, it could have a material impact on sales which could have a material adverse effect on Qoros' business, financial condition and results of operations. This concentration of sales also results in potential credit risk and impacts the development of the Qoros brand, which Qoros is seeking to establish across a broad customer base.

We have a minority interest in Qoros.

Kenon owns 12% of Qoros, as a result of the sale of half of its remaining interest in Qoros (i.e. 12%) to the Majority Shareholder in Qoros in April 2020. The Majority Shareholder in Qoros holds 63% of Qoros and Chery holds 25%.

Prior to the Majority Shareholder in Qoros' investments, Kenon had a 50% interest in Qoros, and the right to appoint three of the six directors on the Qoros board, among various other management rights. Following the 2018 and 2020 sales of Qoros shares to the Majority Shareholder in Qoros, Kenon's interest in Qoros has been diluted, and it is now entitled to only appoint two of the nine Qoros directors.

Accordingly, while Kenon maintains an active role as one of the three joint venture partners in Qoros, it holds a minority interest in Qoros. Qoros' other joint venture partners may have goals, strategies, priorities, or resources that conflict with our goals, strategies, priorities or resources, which may adversely impact our ability to effectively own Qoros, undermine the commitment to Qoros' long-term growth, or adversely impact Qoros' business. In addition, the Joint Venture Agreement contains provisions relating to the transfer and pledge of Qoros' shares, the appointment of executive officers and directors, and the approval of certain matters which may prevent us from causing Qoros to take actions that we deem desirable. For further information on the terms of our Joint Venture Agreement, see "*Item 4.B Business Overview—Our Businesses—Qoros—Qoros' Joint Venture Agreement*."

Qoros has entered into certain arrangements and agreements with its shareholders.

Qoros has entered into transactions with its shareholders and their related parties.

Qoros currently sells a significant portion of its cars through dealerships that are owned and operated by a party related to the Majority Shareholder in Qoros.

In recent years, Qoros has sold a significant portion of its cars to leasing companies that were introduced by the Majority Shareholder in Qoros.

Qoros has taken loans and other advances from parties related to the Majority Shareholder with outstanding balances as at December 31, 2020 of RMB5.3 billion (approximately $809 million).

Qoros sources a portion of its engines and spare parts from Chery and has entered into various commercial agreements with respect to the provision of such supplies from Chery. Qoros has also entered into a platform sharing agreements with Chery, pursuant to which Qoros provides Chery with the right to use Qoros' platform in exchange for a fee.

Qoros has total amounts payable to Chery in the amount of RMB245 million (approximately $38 million) as of December 31, 2020.

Qoros may enter into additional commercial arrangements and agreements with shareholders or their affiliates in the future. Kenon's ability to control the terms of such transactions may be limited. Such transactions could create potential conflicts of interest, which could impact the terms of such transactions.

Qoros faces certain risks relating to its business.

Qoros faces the following risks relating to its business, which could have a material adverse effect on Qoros' business, financial condition and results of operations:

- *Risks relating to sales levels, brand and the achievement of broad customer acceptance* — Qoros commenced commercial operations in the end of 2013 and has not achieved significant sales levels. Qoros' future business and profitability depend, in large part, on its ability to sell vehicle models to its targeted customers in its targeted price range;

- *Risks relating to Qoros' network of dealers to sell its automobiles to retail customers* — Qoros sells vehicles through a network of dealers, including dealerships that are owned and operated by a party related to the Majority Shareholder in Qoros. An increasing number of these dealers are owned and operated by a party related to the Majority Shareholder in Qoros, so Qoros' success is increasingly dependent on the success of such dealerships. Qoros does not directly employ, and therefore cannot control, the salespersons of its dealer network and as a result Qoros' dealer network may not achieve the required standards of quality of service. Qoros' dealer network will likely be affected by conditions in the Chinese passenger vehicle market and the Chinese economy (which may impact Qoros, as a relatively new company, more than other established companies), the financial resources available to existing and potential dealers, the decisions dealers make as a result of the current and future sales prospects of Qoros' vehicle models, and the availability and cost of the capital necessary to acquire and hold inventories of Qoros' vehicles for resale. Qoros has had and may continue to have difficulty in successfully expanding its dealer network if existing dealers are not performing well in terms of sales.

- *Risks relating to the competitive industry in which Qoros operates* — Qoros operates in the highly competitive Chinese passenger vehicle market with established automobile manufacturers that may be able to devote greater resources to the design, development, manufacturing, distribution, promotion, pricing sale and support of their products, which could impair Qoros' ability to operate within this market or adversely impact Qoros' sales volumes or margins. Furthermore, additional competitors, both international and domestic, may seek to enter the Chinese market. Increased competition may impact Qoros' margins and may also make it difficult for Qoros to increase sales.

- *Risks relating to recent trends in the Chinese market*. Sales in the Chinese vehicle market declined in 2018, 2019, and 2020, after many years of growth. The COVID-19 outbreak has exacerbated this downward trend. This trend has resulted in increased competition in China's automotive market through price reductions, which has resulted in reduced margins.

- *Risks relating to suppliers*. Qoros sources the component parts necessary for its vehicle models from over 100 suppliers. A number of Qoros' component parts are currently obtained from a single source. Additionally, Qoros sources its engines and certain spare parts from Chery. Qoros is dependent upon the continued ability of its suppliers to deliver the materials, systems, components and parts needed to conduct its manufacturing operations in sufficient quantities and at such times that will allow Qoros to meet its production schedules. If Qoros is unable to pay its suppliers on a timely basis, it may be unable to procure on favorable terms the parts, components and services it requires to continue operating and Qoros has been, and may continue to be, subject to suits or other claims in respect of outstanding payables.

- *New Energy Vehicle (NEV) market strategy*. Qoros has indicated that it plans to launch NEV models in the future, which is expected to require significant capital expenditure, research and development expenses, raw material procurement costs and selling and distribution expenses. If Qoros is unable to cost efficiently design, manufacture, market, sell and distribute and service its NEVs, its financial condition and results of operation will be materially and adversely affected. Furthermore, the NEV industry is currently experiencing lower profit margins as compared with internal combustion vehicles due to the decrease in government subsidies, which could affect NEV manufacturers in China, including Qoros.

- *Risks relating to the impact of the coronavirus on Qoros' operations and the operations of its suppliers.* Qoros' manufacturing plant was closed for approximately two months in 2020 as a result of measures taken in response to the COVID-19 outbreak. This closure resulted in a halt of production for part of 2020 and Qoros' administrative functions were also impacted by precautionary measures which resulted in workers staying home for periods of time. This outbreak has also impacted suppliers, upon whom Qoros is dependent for production, some of which were subject to temporary facility closures. In addition, this outbreak has impacted car sales generally in China, as consumer activity has been significantly impacted. Starting in the second quarter of 2020, the production of Qoros' manufacturing plant and the operation of Qoros returned to normal. In 2021, Qoros' manufacturing plant was shut down as a result of engine and semiconductor shortages and has yet to resume production. The full impact of this outbreak on Qoros will depend on future developments, including the severity of the pandemic in 2021 and beyond, the extent of the spread of the pandemic in other regions and the actions to contain the coronavirus or treat its impact. Qoros may be required to modify its operations in the future in response to disruptions and temporary closures it experiences, including any such disruptions experienced by its suppliers, and incur expenses or delays relating to the coronavirus outbreak outside of its control.

- *Credit Risk.* Qoros is subject to credit risks in connection with its accounts receivable for sales of vehicles on a wholesale basis.

Risks Related to Our Interest in ZIM

ZIM is leveraged. Its leverage may make it difficult for ZIM to operate its business, and ZIM may be unable to meet related obligations, which could adversely affect its business, financial condition, results of operations and liquidity.

ZIM is leveraged and may incur additional debt financing in the future. As of December 31, 2020, the face value of ZIM's outstanding indebtedness (including lease liabilities) was $1,862 million to be repaid between 2021 through 2036, of which $501 million of principal (including short-term bank loans) are scheduled to be repaid during the following 12 months (not including early repayments of $84.6 million and $0.8 million to the holders of Series 1A Notes and to the holders of Series 1B Notes, respectively, in accordance with the mandatory excess cash redemption of ZIM's notes on March 22, 2021). ZIM's Series 1 and 2 unsecured Notes (tranches C and D) in an aggregate amount of $433 million (further to its partial repurchase of Series 1 (Tranche C) Notes in October 2020) will mature in June 2023. Highly leveraged assets are inherently more sensitive to declines in earnings, increases in expenses and interest rates, and adverse market conditions. This may have important negative consequences for ZIM's business, including requiring that a substantial portion of the cash flows from ZIM's operations be dedicated to debt service obligations, increasing ZIM's vulnerability to economic downturns in the shipping industry, limiting its flexibility in planning for or reacting to changes in its business and its industry, restricting ZIM from pursuing certain acquisitions or business opportunities and limiting, among other things, ZIM's ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financing.

ZIM's ability to generate cash flow from operations to make interest and principal payments in respect of its debt, depends on its performance, which is affected by a range of economic, competitive and business factors. ZIM cannot control many of these factors, including general economic conditions and the health of the shipping industry. If ZIM's operations do not generate sufficient cash flow from operations to satisfy its debt service and other obligations, ZIM may need to sell assets, borrow additional funds or undertake alternative financing plans, such as refinancing or restructuring its debt, or reducing or delaying capital investments and other expenses. It may also be difficult for ZIM to borrow additional funds on commercially reasonable terms or at all. Substantially all of ZIM's vessels and most of its container fleet are leased by it and accordingly, ZIM has limited assets that its owns and is able to pledge to secure financing, which could make it more difficult for ZIM to incur additional debt financing.

The agreements governing ZIM's outstanding indebtedness, as well as certain other financial agreements (including certain vessel charters) to which ZIM is party, contain covenants and other limitations which restrict ZIM's ability to operate. The marine shipping industry remains capital-intensive and cyclical, and ZIM has in the past, and it may in the future continue to experience losses, working capital deficiencies, negative operating cash flow or shareholders' deficiency. Such losses may not be offset by other cost-cutting measures ZIM may take in the future. Should any of the aforementioned occur, ZIM's ability to pursue operational activities that it considers to be beneficial may be affected, which may, in turn, impair ZIM's financial condition and operations.

In recent years, due to deteriorating market conditions, ZIM has obtained amendments to certain of its financial covenants, the most recent of which concluded in the third quarter of 2018. However, in June 2020, further to an early repayment to a certain group of creditors ("Tranche A"), such amended covenants were removed and no longer apply. Other indebtedness currently require ZIM, among other things, to maintain a monthly minimum liquidity of at least $125 million and impose other non-financial covenants and limitations such as restrictions on dividend distribution and incurrence of debt and various reporting obligations.

If ZIM is unable to meet its obligations or refinance its indebtedness as it becomes due, or if it is unable to comply with the related requirements, ZIM may have to take disadvantageous actions, such as (i) reducing financing in the future for investments, acquisitions or general corporate purposes or (ii) dedicating an unsustainable level of its cash flow from operations to the payment of principal and interest on indebtedness. As a result, the ability of ZIM's business to withstand competitive pressures and to react to changes in the container shipping industry could be impaired. If ZIM chooses not to pursue any of these alternatives and is unable to obtain waivers from the relevant creditors, a breach of any of its debt instruments and/or covenants could result in a default under the relevant debt instruments. Upon the occurrence of such an event of default, the lenders could elect to declare all amounts outstanding thereunder to be immediately due and payable and, in the case of credit facility lenders, terminate all commitments to extend further credit.

Furthermore, the acceleration of any obligation under a particular debt instrument may cause a default under other material debt or permit the holders of such debt to accelerate repayment of their obligations pursuant to "cross default" or "cross acceleration" provisions, which could have a material adverse effect on ZIM's business, financial condition and liquidity.

If ZIM is unable to generate sufficient cash flows from its operations, its liquidity will suffer and it may be unable to satisfy its debt service and other obligations.

ZIM's ability to generate cash flow from operations to make interest and principal payments on its debt obligations will depend on its future performance, which will be affected by a range of economic, competitive and business factors. ZIM cannot control many of these factors, including general economic conditions and the health of the shipping industry. If ZIM's operations do not generate sufficient cash flow from operations to satisfy its debt service and other obligations, it may need to borrow additional funds or undertake alternative financing plans, such as refinancing or restructuring its debt, or reducing or delaying capital investments and other expenses. It may be difficult for ZIM to incur additional debt on commercially reasonable terms, even if ZIM is permitted to do so under its restructured debt agreements, due to, among other things, its financial condition and results of operations and market conditions. ZIM's inability to generate sufficient cash flows from operations or obtain additional funds or alternative financing on acceptable terms could have a material adverse effect on its business.

ZIM only operates in the container segment of the shipping industry, and the container shipping industry is dynamic and volatile.

ZIM's principal operations are in the container shipping market and ZIM is significantly dependent on conditions in this market, which are for the most part beyond its control. For example, ZIM's results in any given period are substantially impacted by supply and demand in the container shipping market, which impacts freight rates, bunker prices, and the prices ZIM pays under the charters for its vessels. Unlike some of its competitors, ZIM does not own any ports or similar ancillary assets. Due to ZIM's lack of diversification, an adverse development in the container shipping industry would have a significant impact on ZIM's financial condition and results of operations.

The container shipping industry is dynamic and volatile and has been marked in recent years by instability as a result of global economic crises and the many conditions and factors that affect supply and demand in the shipping industry, which include:

- global and regional economic and geopolitical trends, armed conflicts, terrorist activities, embargoes, strikes and trade wars;
- the global supply of and demand for commodities and industrial products globally and in certain key markets, such as China;
- developments in international trade, including the imposition of tariffs, the modification of trade agreements between states and other trade protectionism (for example, in the U.S.-China trade);
- currency exchange rates;
- prices of energy resources;
- environmental and other regulatory developments;
- changes in seaborne and other transportation patterns;
- changes in the shipping industry, including mergers and acquisitions, bankruptcies, restructurings and alliances;
- changes in the infrastructure and capabilities of ports and terminals;
- weather conditions;
- outbreaks of diseases, including the COVID-19 pandemic; and
- development of digital platforms to manage operations and customer relations, including billing and services.

As a result of some of these factors, including cyclical fluctuations in demand and supply, container shipping companies have experienced volatility in freight rates. For example, although freight rates have recovered during the fourth quarter of 2019, mainly driven by a recovery of the higher bunker cost associated with the implementation of IMO 2020 Regulations, the comprehensive Shanghai (Export) Containerized Freight Index which increased from 716 points at October 17, 2019 to 1,023 points at January 3, 2020, thereafter decreased to 818 points at April 23, 2020 and increased again to 2,311 points at December 11, 2020. Furthermore, rates within the charter market, through which ZIM sources almost all of its capacity, may also fluctuate significantly based upon changes in supply and demand for shipping services. In addition, in 2014, in order to cope with the cyclicality in the industry and its leveraged financial position, ZIM entered into a restructuring of its debt. As global trends continue to change, it remains difficult to predict their impact on the container shipping industry and on ZIM's business. If ZIM is unable to adequately predict and respond to market changes, they could have a material adverse effect on its business, financial condition, results of operations and liquidity.

ZIM charters-in substantially all of its fleet, with the majority of charters being less than a year, which makes ZIM more sensitive to fluctuations in the charter market, and as a result of its dependency on the vessel charter market, the costs associated with chartering vessels are unpredictable.

ZIM charters-in substantially all of the vessels in its fleet. As of December 31, 2020, of the 87 vessels through which ZIM provides transport services globally, 86 are chartered (including 57 vessels accounted as right- of-use assets under the accounting guidance of IFRS 16 and 4 vessels accounted under sale and leaseback refinancing agreements), which represents a percentage of chartered vessels that is significantly higher than the industry average of 56% (according to Alphaliner). Any rise in charter hire rates could adversely affect ZIM's results of operations.

While there have been fluctuations in the demand in the container shipping market, charter demand is currently higher than expected, leading to an imbalance in supply and demand and a shortage of vessels available for hire, increased charter rates and longer charter periods dictated by owners. In addition, in February 2021, ZIM and Seaspan Corporation entered into a strategic agreement for the long-term charter of ten 15,000 TEU liquified natural gas (LNG dual-fuel) container vessels to serve ZIM's Asia-U.S. East Coast Trade, with the vessels intended to be delivered to ZIM between February 2023 and January 2024. ZIM is also a party to a number of other long-term charter agreements, and may enter into additional long-term agreements based on its assessment of current and future market conditions and trends. As of December 31, 2020, 44% of ZIM's chartered-in vessels (or 49% in terms of TEU capacity) were chartered under leases for terms exceeding one year, and ZIM may be unable to take full advantage of short-term reductions in charter hire rates with respect to such longer-term charters. In addition, a substantial portion of ZIM's fleet is chartered-in for short-term periods of one year and less, which could cause ZIM's costs to increase quickly compared to competitors with longer-term charters or owned vessels. To the extent ZIM replaces vessels that are chartered-in under short-term leases with vessels that are chartered-in under long- term leases, the principal amount of ZIM's long-term contractual obligations would increase. There can be no assurance that ZIM will replace short-term leases with long-term leases or that the terms of any such long- term leases will be favorable to ZIM. If ZIM is unable in the future to charter vessels of the type and size needed to serve its customers efficiently on terms that are favorable to it, if at all, this may have a material adverse effect on its business, financial condition, results of operations and liquidity.

The global COVID-19 pandemic has created significant business disruptions and adversely affected ZIM's business and is likely to continue to create significant business disruptions and adversely affect its business in the future.

In March 2020, the World Health Organization declared the outbreak of novel coronavirus COVID-19 a global pandemic. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains, created significant volatility and disruption in financial markets and increased unemployment levels, all of which may become heightened concerns upon a second wave of infection or future developments. In addition, the pandemic has resulted in temporary closures of many businesses and the institution of social distancing and sheltering in place requirements in many states and communities. In particular, the State of Israel where ZIM's head office is located has been highly affected by COVID-19, with a high and steady increase in percentage per capita of reported cases of infected patients. In March 2020, the Government of Israel imposed a mandatory quarantine of all foreign visitors and, in addition, announced that non-Israeli residents or citizens traveling from certain countries may be denied entry into Israel. Israel has further issued regulations imposing partial home confinement and other movement restrictions, reducing staffing of nonessential businesses, restricting public transportation and other public activities. In mid-September 2020, in light of an increase in percentage per capita of reported cases, the government of Israel imposed an additional lockdown for a period of approximately three weeks, subject to certain exceptions. In December 2020, following a further increase in the percentage per capita of reported cases, the government of Israel imposed an additional lockdown for a period of two weeks, with the option of an additional extension thereafter, and subject to certain exceptions. Although ZIM is considered an essential business and therefore enjoys certain exemptions from the restrictions under Israeli regulations, ZIM has voluntary reduced its maximum permitted percentage of staffing in its offices in order to mitigate the COVID-19 risks and has therefore relied more on remote connectivity. In addition, since December 2020 the US Food and Drug Administration FDA issued three Emergency Use Authorizations (EUAs) for COVID-19 vaccines applications, launching COVID-19 vaccination campaigns in many countries worldwide. There is no certainty that these countries will succeed in administering enough doses of the vaccines to reduce global or national morbidity rates, that the vaccination will prove as effective as in the results of their clinical trials, or that the vaccines will continue to be effective for all existing and future variants of the virus. ZIM continues to monitor its operations and government regulations, guidelines and recommendations.

The COVID-19 pandemic has resulted in reduced industrial activity in various countries around the world, with temporary closures of factories and other facilities such as port terminals, which led to a temporary decrease in supply of goods and congestion in warehouses and terminals. For example, in January 2020, the government of China imposed a lockdown during the Chinese New Year holiday which prevented many workers from returning to the manufacturing facilities, resulting in prolonged reduction of manufacturing and export. Government-mandated shutdowns in various countries have also decreased consumption of goods, negatively affecting trade volumes and the shipping industry globally. Moreover, because ZIM's vessels travel to ports in countries in which cases of COVID-19 have been reported, ZIM faces risks to its personnel and operations. Such risks include delays in the loading and discharging of cargo on or from ZIM's vessels, difficulties in carrying out crew changes, offhire time due to quarantine regulations, delays and expenses in finding substitute crew members if any of ZIM's vessels' crew members become infected, delays in drydocking if insufficient shipyard personnel are working due to quarantines or travel restrictions and increased risk of cyber-security threats due to ZIM's employees working remotely. Fear of the virus and the efforts to prevent its spread continue to exert increasing pressure on the supply-demand balance, which could also put financial pressure on ZIM's customers and increase the credit risk that ZIM faces in respect of some of them. Such events have affected our operations and may have a material adverse effect on ZIM's business, financial condition and results of operations. In addition, these and other impacts of the COVID-19 pandemic could have the effect of heightening many of the other risk factors disclosed herein.

A decrease in the level of China's export of goods could have a material adverse effect on ZIM's business.

A significant portion of ZIM's business originates from China and therefore depends on the level of imports and exports to and from China. Trade tensions between the US and China have intensified in recent years, and trade restrictions have reduced bilateral trade between the US and China and led to shifts in trade structure and reductions in container trade. Furthermore, as China exports considerably more goods than it imports, any reduction in or hindrance to China-based exports, whether due to decreased demand from the rest of the world, an economic slowdown in China, seasonal decrease in manufacturing levels due to the Chinese New Year holiday or other factors, could have a material adverse effect on ZIM's business. For instance, the Chinese government has recently implemented economic policies aimed at increasing domestic consumption of Chinese-made goods and national security measures for Hong Kong which may have the effect of reducing the supply of goods available for export and may, in turn, result in decreased demand for cargo shipping. In recent years, China has experienced an increasing level of economic autonomy and a gradual shift toward a "market economy" and enterprise reform. However, many of the reforms implemented, particularly some price limit reforms, are unprecedented or experimental and may be subject to revision, change or abolition. The level of imports to and exports from China could be adversely affected by changes to these economic reforms by the Chinese government, as well as by changes in political, economic and social conditions or other relevant policies of the Chinese government. Changes in laws and regulations, including with regard to tax matters, and their implementation by local authorities could affect ZIM's vessels calling on Chinese ports and could have a material adverse effect on ZIM's business, financial condition and results of operations.

Excess supply of global container ship capacity may limit ZIM's ability to operate its vessels profitably.

Global container ship capacity has increased over the years and continues to exceed demand. As of December 31, 2020, global container ship capacity was approximately 24 million 20-foot equivalent units, or TEUs, spread across approximately 5,371 vessels. According to Alphaliner, global container ship capacity is projected to increase by 3.7% in 2021, while demand for shipping services is projected to increase by 3.5%, therefore the increase in ship capacity is expected to be more aligned with the increase in demand for container shipping. During the first half of 2020, the COVID-19 pandemic outbreak has caused a decrease in demand for goods, causing carriers to adopt mitigating measures such as blank sailings and redelivery of chartered vessels. However, during the second half of 2020 carriers resumed temporarily halted service lines, performed additional sailings, and reduced the number of idle vessels to a minimum as a result of a significant increase in demand and a market shift to consumption of goods over services. Thus, the reduction of demand for shipping services in 2020 was significantly lower than anticipated in early 2020, although concerns regarding the vaccine rates, turnaround in the pandemic, renewed waves and new variants of the virus continue to pose risk for future worldwide demand.

There is no guarantee that measures of blank sailings and redelivery of chartered vessels will prove successful, partially or at all in mitigating the gap between excess supply and demand. Additionally, responses to changes in market conditions may be slower as a result of the time required to build new vessels and adapt to market needs. As shipping companies purchase vessels years in advance of their actual use to address expected demand, vessels may be delivered during times of decreased demand (or oversupply if other carriers act in kind) or unavailable during times of increased demand, leading to a supply/demand mismatch. The container shipping industry may continue to face oversupply in the coming years and numerous other factors beyond ZIM's control may also contribute to increased capacity, including deliveries of refurbished or converted vessels, port and canal congestion, decreased scrapping levels of older vessels, any decline in the practice of slow steaming, a reduction in the number of void voyages and a decrease in the number of vessels that are out of service (e.g., vessels that are laid-up, drydocked, awaiting repairs or retrofitted scrubbers that meet the IMO's 2020 low-sulfur fuel mandate or are otherwise not available for hire). Excess capacity depresses freight rates and can lead to lower utilization of vessels, which may adversely affect ZIM's revenues, profitability and asset values. Until such capacity is fully absorbed by the container shipping market and, in particular, the shipping lines on which ZIM's operations are focused, the industry will continue to experience downward pressure on freight rates and such prolonged pressure could have a material adverse effect on ZIM's financial condition, results of operations and liquidity.

The increasing vessel size of containership newbuilding has exceeded the parallel development and adjustment of new and existing container terminals, which has led to higher utilization of vessels, near-full capacity at container terminals and congestion in certain ports. In addition, access to ports could be limited or unavailable for other reasons.

In recent years, the size of container ships has increased dramatically and at a faster rate than that to which container terminals are able to cater efficiently. Global development of new terminals continues to be outpaced by the increase in demand. In addition, the increasing vessel size of containership newbuilding has forced adjustments to be made to existing container terminals. As such, existing terminals are coping with high berth utilization and space limitations of stacking yards, which are at near-full capacity. This results in longer cargo operations times for the vessels and port congestions, which could increase operational costs and have a material adverse effect on affected shipping lines. Decisions about container terminal expansion and port access are made by national or local governments and are outside of ZIM's control. Such decisions are based on local policies and concerns and the interests of the container shipping industry may not be taken into account. In addition, as industry capacity and demand for container shipping continue to grow, ZIM may have difficulty in securing sufficient berthing windows to expand its operations in accordance with its growth strategy, due to the limited availability of terminal facilities. Furthermore, major ports may close for long periods of time due to maintenance, natural disasters, strikes or other reasons beyond ZIM's control (including the COVID-19 pandemic). ZIM cannot ensure that its efforts to secure sufficient port access will be successful. Any of these factors may have a material adverse effect on ZIM's business, financial condition and results of operations.

Changing trading patterns, trade flows and sharpening trade imbalances may adversely affect ZIM's business, financial condition and results of operations.

ZIM's TEUs carried can vary depending on the balance of trade flows between different world regions. For each service ZIM operates, it measures the utilization of a vessel on the "strong," or dominant, leg, as well as on the "weak," or counter-dominant, leg by dividing the actual number of TEUs carried on a vessel by the vessel's effective capacity. Utilization per voyage is generally higher when transporting cargo from net export regions to net import regions (the dominant leg). Considerable expenses may result when empty containers must be transported on the counter-dominant leg. ZIM seeks to manage the container repositioning costs that arise from the imbalance between the volume of cargo carried in each direction by utilizing its global network to increase cargo on the counter-dominant leg and by triangulating our land transportation activities and services. If ZIM is unable to successfully match demand for container capacity with available capacity in nearby locations, it may incur significant balancing costs to reposition its containers in other areas where there is demand for capacity. It is not guaranteed that ZIM will always be successful in minimizing the costs resulting from the counter-dominant leg trade, which could have a material adverse effect on ZIM's business, financial condition and results of operations. Furthermore, sharpening imbalances in world trade patterns — rising trade deficits of net import regions in relation to net export regions — may exacerbate imbalances between the dominant and counter-dominant legs of ZIM's services. This could have a material adverse effect on ZIM's business, financial condition and results of operations.

Technological developments which affect global trade flows and supply chains are challenging some of ZIM's largest customers and may therefore affect ZIM's business and results of operations.

By reducing the cost of labor through automation and digitization and empowering consumers to demand goods whenever and wherever they choose, technology is changing the business models and production of goods in many industries, including those of some of ZIM's largest customers. Consequently, supply chains are being pulled closer to the end-customer and are required to be more responsive to changing demand patterns. As a result, fewer intermediate and raw inputs are traded, which could lead to a decrease in shipping activity. If automation and digitization become more commercially viable and/or production becomes more regional or local, total containerized trade volumes would decrease, which would adversely affect demand for ZIM's services. Rising tariff barriers and environmental concerns also accelerate these trends.

ZIM's ability to participate in operational partnerships in the shipping industry is limited, which may adversely affect its business, and ZIM faces risks related to its strategic cooperation agreement with the 2M Alliance.

The container shipping industry has experienced a reduction in the number of major carriers, as well as a continuation and increase of the trends of strategic alliances and partnerships among container carriers, which can result in more efficient and better coverage for shipping companies participating in such arrangements. For example, in 2018, OOCL was acquired by COSCO and three large Japanese carriers, K-Line, MOL and NYK merged into ONE. In 2017, the merger of United Arab Shipping Company and Hapag-Lloyd, and the acquisition of Hamburg Sud by Maersk took place. Furthermore, in April 2020, Hyundai Merchant Marine (HMM) terminated its strategic cooperation with 2M and joined THE Alliance. The recent consolidation in the industry has affected the existing strategic alliances between shipping companies. For example, the Ocean Three alliance, which consisted of CMA CGM Shipping, United Arab Shipping Company and China Shipping Container Lines, was terminated in 2019 and replaced by the Ocean Alliance, consisting of COSCO Shipping Group (including OOCL), CMA CGM Shipping Group (including APL) and Evergreen Marine.

ZIM is not party to any strategic alliances and therefore has not been able to achieve the benefits associated with being a member of such an alliance. If, in the future, ZIM would like to enter into a strategic alliance but is unable to do so, it may be unable to achieve the cost and other synergies that can result from such alliances. However, ZIM is party to operational partnerships with other carriers in some of the other trade zones in which it operates, and may seek to enter into additional operational partnerships or similar arrangements with other shipping companies or local operators, partners or agents. For example, in September 2018, ZIM entered into a strategic operational cooperation agreement with the 2M Alliance in the Asia-USEC trade zone, which includes a joint network of five lines operated by ZIM and by the 2M Alliance. In March 2019, ZIM expanded its partnership with the 2M Alliance by entering into a second strategic cooperation agreement to cover the Asia-East Mediterranean and Asia-American Pacific Northwest trade zones, which includes two service lines on each trade, and in August 2019, ZIM further expanded its partnership and launched two new US-Gulf Coast direct services with the 2M Alliance. At the end of 2020, ZIM further upsized two joint services by utilizing larger vessels on the Asia U.S. Gulf Coast service and the Asia-U.S. East Coast service and in March 2021 ZIM announced its intention to launch in early May 2021 a new joint service line connecting from Yantian and Vietnam to U.S. South Atlantic ports via Panama Canal. Pursuant to its agreement with the 2M Alliance, commencing June 1, 2021, ZIM and the 2M Alliance will discuss possible amendments to the agreement that would govern the next phase of the parties' cooperation. If the parties fail to mutually agree on the terms for a continuation of the strategic operational cooperation, any party may terminate the agreement prior to December 1, 2021, and such termination would become effective on April 1, 2022. A termination of this or any future cooperation agreement ZIM may enter into could adversely affect its business, financial condition and results of operations.

These strategic cooperation agreements and other arrangements could also reduce ZIM's flexibility in decision making in the covered trade zones, and ZIM is subject to the risk that the expected benefits of the agreements may not materialize. Furthermore, in the rest of the trade zones in which the 2M Alliance operates, as well as in other trade zones in which other alliances operate, ZIM is still unable to benefit from the economies of scale that many of its competitors are able to achieve through participation in strategic arrangements (i.e., strategic alliances or operational agreements). If ZIM is not successful in expanding or entering into additional operational partnerships which are beneficial to it, this could adversely affect its business. In addition, ZIM's status as an Israeli company has limited, and may continue to limit, its ability to call on certain ports and has therefore limited, and may continue to limit, its ability to enter into alliances or operational partnerships with certain shipping companies.

The container shipping industry is highly competitive and competition may intensify even further, which could negatively affect ZIM's market position and financial performance.

ZIM competes with a large number of global, regional and niche container shipping companies, including, for example, Maersk, MSC, COSCO Shipping, CMA CGM S.A., Hapag-Lloyd AG, ONE and Yang Ming Marine Transport Corporation to provide transport services to customers worldwide. In each of its key trades, ZIM competes primarily with global container shipping companies. The cargo shipping industry is highly competitive, with the top three carriers in terms of global capacity — A.P. Moller-Maersk Group, Mediterranean Shipping Company and COSCO — accounting for approximately 45% of global capacity, and the remaining carriers together contributing less than 55% of global capacity as of February 2021, according to Alphaliner. Certain of ZIM's large competitors may be better positioned and have greater financial resources than ZIM and may therefore be able to offer more attractive schedules, services and rates. Some of these competitors operate larger fleets with larger vessels and with higher vessel ownership levels than ZIM and may be able to gain market share by supplying their services at aggressively low freight rates for a sustained period of time. In addition, there has been an increase in merger and acquisition activities within the container shipping industry in recent years, which has further concentrated global capacity with certain of ZIM's competitors. See "*— ZIM's ability to enter into strategic alliances and participate in operational partnerships in the shipping industry is limited, which may adversely affect its business, and ZIM faces risks related to its strategic cooperation agreement with the 2M Alliance.*" If one or more of its competitors expands its market share through an acquisition or secures a better position in an attractive niche market in which it operates or intends to enter, ZIM could lose market share as a result of increased competition, which in turn could have a material adverse effect on ZIM's business, financial condition and results of operations.

ZIM may be unable to retain existing customers or may be unable to attract new customers.

ZIM's continued success requires it to maintain its current customers and develop new relationships. ZIM cannot guarantee that its customers will continue to use its services in the future or at the current level. ZIM may be unable to maintain or expand its relationships with existing customers or to obtain new customers on a profitable basis due to competitive dynamics. In addition, as some of ZIM's customer contracts are longer-term in nature (up to one year), if market freight rates increase, ZIM may not be able to adjust the contractually agreed rates to capitalize on such increased freight rates until the existing contracts expire. Upon the expiration of its existing contracts, ZIM cannot assure that its customers will renew the contracts on favorable terms, or if at all, or that it will be able to attract new customers. Any adverse effect would be exacerbated if ZIM loses one or more of its significant customers. In 2020, ZIM's 10 largest customers represented approximately 16% of its freight revenues and its 50 largest customers represented approximately 34% of its freight revenues. Although ZIM believes it currently has a diversified customer base, it may become dependent upon a few key customers in the future, especially in particular trades, such that ZIM would generate a significant portion of its revenue from a relatively small number of customers. Any inability to retain or replace its existing customers may have a material adverse effect on ZIM's business, financial condition and results of operations.

Rising bunker prices and the low-sulfur fuel mandate under the IMO 2020 Regulations may have an adverse effect on ZIM's results of operations.

Fuel expenses, in particular bunker expenses, represent a significant portion of ZIM's operating expenses, accounting for 9%, 12% and 17% of the income from voyages and related services for the years ended December 31, 2020, 2019 and 2018, respectively. Bunker price moves in close interdependence with crude oil prices, which have historically exhibited significant volatility. Crude oil prices are influenced by a host of economic and geopolitical factors that are beyond ZIM's control, particularly economic developments in emerging markets such as China and India, the US-China trade war, concerns related to the global recession and financial turmoil, policies of the Organization of the Petroleum Exporting Countries (OPEC) and other oil producing countries and production cuts, sanctions on Iran by the US, consumption levels of other transportation industries such as the aviation, rail and car industries, and ongoing political tensions and acts of terror in key production countries such as Libya, Nigeria and Venezuela. Crude oil prices have decreased significantly in 2020, due in part to decreased demand as a result of the COVID-19 pandemic and the changing dynamics among OPEC+ members.

Effective January 1, 2020, the IMO imposed the IMO 2020 Regulations which require all ships to burn fuel with a maximum sulfur content of 0.5%, which is a significant reduction from the previous threshold of 3.5%. Commencing January 1, 2020, ships are required to remove sulfur from emissions through the use of scrubbers or other emission control equipment, or purchase marine fuel with 0.5% sulfur content, which has led to increased demand for this type of fuel and higher prices for such bunker compared to the price ZIM would have paid had the IMO 2020 Regulations not been adopted. Substantially all of the vessels chartered by ZIM do not have scrubbers, which means ZIM is required to purchase low sulfur fuel for its vessels. ZIM's vessels began operating on 0.5% low sulfur fuel during the fourth quarter of 2019, and as a result, ZIM implemented a New Bunker Factor, or NBF, surcharge, in December 2019, intended to offset the additional costs associated with compliance with the IMO 2020 Regulations. However, there is no assurance that this surcharge will enable ZIM to mitigate the possible increased costs in full or at all. As a result of the IMO 2020 Regulations and any future regulations with which ZIM must comply, it may incur substantial additional operating costs.

A rise in bunker prices could have a material adverse effect on ZIM's business, financial condition, results of operations and liquidity. Historically and in line with industry practice, ZIM has imposed from time to time surcharges such as the NBF over the base freight rate we charge to customers in part to minimize our exposure to certain market-related risks, including bunker price adjustments. However, there can be no assurance that ZIM will be successful in passing on future price increases to customers in a timely manner, either for the full amount or at all.

ZIM's bunker consumption is affected by various factors, including the number of vessels being deployed, vessel capacity, pro forma speed, vessel efficiency, the weight of the cargo being transported, port efficiency and sea conditions. ZIM has implemented various optimization strategies designed to reduce bunker consumption, including operating vessels in "super slow steaming" mode, trim optimization, hull and propeller polishing and sailing rout optimization. Additionally, ZIM sometimes manages part of its exposure to bunker price fluctuations by entering into hedging arrangements with reputable counterparties. ZIM's optimization strategies and hedging activities may not be successful in mitigating higher bunker costs, and any price protection provided by hedging may be limited due to market conditions, such as choice of hedging instruments, and the fact that only a portion of ZIM's exposure is hedged. There can be no assurance that ZIM's hedging arrangements will be cost-effective, will provide sufficient protection, if any, against rises in bunker prices or that ZIM's counterparties will be able to perform under its hedging arrangements.

ZIM may face difficulties in chartering or owning enough large vessels to support its growth strategy due to the possible shortage of vessel supply in the market.

Container shipping companies have been incorporating, and are expected to continue to incorporate, larger, more economical vessels into their operating fleets. Particularly, in February 2021, ZIM and Seaspan Corporation entered into a strategic agreement for the long-term charter of ten 15,000 TEU liquified natural gas (LNG dual-fuel) container vessels to serve ZIM's Asia-US East Coast Trade, with the vessels expected to be delivered to ZIM between February 2023 and January 2024. The cost per TEU transported on large vessels is less than the cost per TEU for smaller vessels as, among other factors, larger vessels provide increased capacity and fuel efficiency per carried TEU. As a result, cargo shippers are encouraged to deploy large vessels, particularly within the more competitive trades. According to Alphaliner, vessels in excess of 12,500 TEUs represented approximately 74% of the current global orderbook based on TEU capacity as of February 2021, and approximately 29% of the global fleet based on TEU capacity will consist of vessels in excess of 12,500 TEUs by the end of 2021. Furthermore, a significant introduction of large vessels, including very large vessels in excess of 18,000 TEUs, into any trade, will enable the transfer of existing, large vessels to other shipping lines on which smaller vessels typically operate. Such transfer, which is referred to as "fleet cascading," may in turn generate similar effects in the smaller trades in which ZIM operates. Other than its strategic agreement with Seaspan Corporation for the long-term charter of ten 15,000 TEU LNG dual-fuel container vessels, ZIM does not currently have additional agreements in place to procure or charter-in large container vessels (in excess of 12,500 TEU), and the continued deployment of larger vessels by its competitors will adversely impact its competitiveness if it is not able to charter-in, acquire or obtain financing for such vessels on attractive terms or at all. This risk is further exacerbated as a result of ZIM's inability to participate in certain alliances and thereby access lager vessels for deployment. Even if ZIM is able to acquire or charter-in larger vessels, it cannot assure it will be able to achieve utilization of its vessels necessary to operate such vessels profitably.

There are numerous risks related to the operation of any sailing vessel and ZIM's inability to successfully respond to such risks could have a material adverse effect on it.

There are numerous risks related to the operation of any sailing vessel, including dangers associated with potential marine disasters, mechanical failures, collisions, lost or damaged cargo, poor weather conditions (including severe weather events resulting from climate change), the content of the load, exceptional load (including dangerous and hazardous cargo or cargo the transport of which could affect ZIM's reputation), meeting deadlines, risks of documentation, maintenance and the quality of fuels and piracy and maritime arrest. For example, ZIM had expenses of $9.6 million in respect of claims and demands for lost and damaged cargo for the year ended December 31, 2020. Such claims are typically insured and ZIM's deductibles, both individually and in the aggregate, are typically immaterial. In addition, in the past, ZIM's vessels have been involved in collisions resulting in loss of life and property. However, the occurrence of any of the aforementioned risks could have a material adverse effect on ZIM's business, financial condition, results of operations or liquidity and ZIM may not be adequately insured against any of these risks. For more information about ZIM's insurance coverage, see "*— ZIM's insurance may be insufficient to cover losses that may occur to its property or result from its operations.*" For example, acts of piracy have historically affected oceangoing vessels trading in several regions around the world. Although both the frequency and success of attacks have diminished recently, potential acts of piracy continue to be a risk to the international container shipping industry that requires vigilance. Additionally, ZIM's vessels may be subject to attempts by smugglers to hide drugs and other contraband onboard. If ZIM's vessels are found with contraband, whether with or without the knowledge of any of ZIM's crew, ZIM may face governmental or other regulatory claims or penalties as well as suffer damage to its reputation, which could have an adverse effect on its business, results of operations and financial condition.

ZIM relies on third-party contractors and suppliers, as well as its partners and agents, to provide various products and services and unsatisfactory or faulty performance of its contractors, suppliers, partners or agents could have a material adverse effect on its business.

ZIM engages third-party contractors, partners and agents to provide services in connection with its business. An important example is ZIM's chartering-in of vessels from ship owners, whereby the ship owner is obligated to provide the vessel's crew, insurance and maintenance along with the vessel. Another example is ZIM's carrier partners whom ZIM relies on for their vessels and service to deliver cargo to its customers, as well as third party agencies who serve as its local agents in specific locations. Disruptions caused by third-party contractors, partners and agents could materially and adversely affect ZIM's operations and reputation.

Additionally, a work stoppage at any one of ZIM's suppliers, including its land transportation suppliers, could materially and adversely affect ZIM's operations if an alternative source of supply were not readily available. Also, ZIM outsources part of its back-office functions to a third-party contractor. The back-office support center may shut down due to various reasons beyond ZIM's control, which could have an adverse effect on ZIM's business. There can be no assurance that the products delivered and services rendered by ZIM's third-party contractors and suppliers will be satisfactory and match the required quality levels. Furthermore, major contractors or suppliers may experience financial or other difficulties, such as natural disasters, terror attacks, failure of information technology systems or labor stoppages, which could affect their ability to perform their contractual obligations to ZIM, either on time or at all. Any delay or failure of its contractors or suppliers to perform their contractual obligations to ZIM could have a material adverse effect on ZIM's business, financial condition, results of operations and liquidity.

ZIM's insurance may be insufficient to cover losses that may occur to its property or result from its operations.

The operation of any vessel includes risks such as mechanical failure, collision, fire, contact with floating objects, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, hostilities and labor strikes. In addition, there is always an inherent possibility of a marine disaster, including oil spills and other environmental mishaps. There are also liabilities arising from owning and operating vessels in international trade. ZIM procures insurance for its fleet in relation to risks commonly insured against by operators and vessel owners, which ZIM believes is adequate. ZIM's current insurance includes (i) hull and machinery insurance covering damage to ZIM's and third-party vessels' hulls and machinery from, among other things, collisions and contact with fixed and floating objects, (ii) war risks insurance covering losses associated with the outbreak or escalation of hostilities and (iii) protection and indemnity insurance, entered with reputable protection and indemnity, or P&I, clubs covering, among other things, third-party and crew liabilities such as expenses resulting from the injury or death of crew members, passengers and other third parties, lost or damaged cargo, smuggling fines, third-party claims in excess of a vessel's insured value arising from collisions with other vessels, damage to other third-party property in excess of a vessel's insured value and pollution arising from oil or other substances. While all of its insurers and P&I clubs are highly reputable, ZIM can give no assurance that it is adequately insured against all risks or that its insurers will pay a particular claim. Even if its insurance coverage is adequate to cover its losses, ZIM may not be able to obtain a timely replacement vessel or other equipment in the event of a loss. Under the terms of ZIM's credit facilities, insurance proceeds are pledged in favor of the lender who financed the respective vessel. In addition, there are restrictions on the use of insurance proceeds ZIM may receive from claims under its insurance policies. ZIM may also be subject to supplementary calls, or premiums, in amounts based not only on its own claim records but also the claim records of all other members of the P&I clubs through which ZIM receives indemnity insurance coverage. There is no cap on ZIM's liability exposure for such calls or premiums payable to its P&I clubs, even though unexpected additional premiums are usually at reasonable levels as they are distributed among a large number of ship owners. ZIM's insurance policies also contain deductibles, limitations and exclusions which, although ZIM believes are standard in the shipping industry, may nevertheless increase its costs. While ZIM does not operate any tanker vessels, a catastrophic oil spill or a marine disaster could, under extreme circumstances, exceed its insurance coverage, which might have a material adverse effect on ZIM's business, financial condition and results of operations.

Any uninsured or underinsured loss could harm ZIM's business and financial condition. In addition, the insurance may be voidable by the insurers as a result of certain actions, such as vessels failing to maintain required certification. Further, ZIM does not carry loss of hire insurance. Loss of hire insurance covers the loss of revenue during extended vessel off-hire periods, such as those that occur during an unscheduled drydocking due to damage to the vessel from accidents. Any loss of a vessel or any extended period of vessel off-hire, due to an accident or otherwise, could have an adverse effect on ZIM's business, financial condition and results of operations.

Global economic downturns and geopolitical challenges throughout the world could have a material adverse effect on ZIM's business, financial condition and results of operations.

ZIM's business and operating results have been, and will continue to be, affected by worldwide and regional economic and geopolitical challenges, including global economic downturns. Currently, global demand for container shipping is highly volatile across regions and remains subject to downside risks stemming mainly from factors such as government-mandated shutdowns due to the COVID-19 pandemic, severe hits to the GDP growth of both advanced and developing countries, fiscal fragility in advanced economies, high sovereign debt levels, highly accommodative macroeconomic policies and persistent difficulties accessing credit. During 2020, the outbreak of the COVID-19 pandemic resulted in an immediate and sharp decline in economic activity worldwide. During the second half of 2020, market conditions improved with higher demand mainly by heavy consumers' purchase orders and e-commerce sales. The increase in demand combined with congestions and bottlenecks in the terminals, led to a significant containers shortage which also resulted in surge in the freight rates, climbing up to record-breaking levels. The deterioration in the global economy has caused, and may continue to cause, volatility or a decrease in worldwide demand for certain goods shipped in containerized form. In particular, if growth in the regions in which ZIM conducts significant operations, including the United States, Asia and the Black Sea, Europe and Mediterranean regions, slows for a prolonged period and/or there is additional significant deterioration in the global economy, such conditions could have a material adverse effect on ZIM's business, financial condition, results of operations and liquidity. Further, as a result of weak economic conditions, some of ZIM's customers and suppliers have experienced deterioration of their businesses, cash flow shortages and/or difficulty in obtaining financing. As a result, ZIM's existing or potential customers and suppliers may delay or cancel plans to purchase ZIM's services or may be unable to fulfill their obligations to ZIM in a timely fashion. Geopolitical challenges such as trade wars, weather and natural disasters, political crises, embargoes and canal closures could also have a material adverse effect on ZIM's business, financial condition and results of operations.

ZIM's business may be adversely affected by trade protectionism in the markets that it serves, particularly in China.

ZIM's operations are exposed to the risk of increased trade protectionism. Governments may use trade barriers in an effort to protect their domestic industries against foreign imports, thereby further depressing demand for container shipping services. In recent years, increased trade protectionism in the markets that ZIM accesses and serves, particularly in China, where a significant portion of ZIM's business originates, has caused, and may continue to cause, increases in the cost of goods exported and the risks associated with exporting goods as well as a decrease in the quantity of goods shipped. In November 2020, China and additional 15 countries in the Asia-Pacific region entered into the largest free trade pact, the RCEP Regional Comprehensive Economic Partnership), which is expected to strengthen China's position on trade protectionism related matters. China's import and export of goods may continue to be affected by trade protectionism, specifically the ongoing U.S.-China trade dispute, which has been characterized by escalating trade barriers between the U.S. and China as well as trade relations among other countries. These risks may have a direct impact on demand in the container shipping industry. While an agreement was reached between China and the U.S. in January 2020 aimed at easing the trade war, there can be no assurance that there will not be any further escalation.

The U.S. administration has advocated greater restrictions on trade generally and significant increases on tariffs on certain goods imported into the United States, particularly from China and has taken steps toward restricting trade in certain goods. The U.S. has imposed significant amounts of tariffs on Chinese imports since 2018. China and other countries have retaliated in response to new trade policies, treaties and tariffs implemented by the United States. China has imposed significant tariffs on U.S. imports since 2018. Such trade escalations have had, and may continue to have, an adverse effect on manufacturing levels, trade levels and specifically, may cause an increase in the cost of goods exported from Asia Pacific and the risks associated with exporting goods from the region. Such increases may also affect the quantity of goods to be shipped, shipping time schedules, voyage costs and other associated costs. Further, increased tensions may adversely affect oil demand, which would have an adverse effect on shipping rates. They could also result in an increased number of vessels sailing from China with less than their full capacity being met. These restrictions may encourage local production over foreign trade which may, in turn, affect the demand for maritime shipping. In addition, there is uncertainty regarding further trade agreements such as with the EU, trade barriers or restrictions on trade in the United States. Any increased trade barriers or restrictions on trade may affect the global demand for ZIM's services and could have a material adverse effect on its business, financial condition and results of operations.

Volatile market conditions could negatively affect ZIM’s business, financial condition, or results of operations and could thereby result in impairment charges.

As of the end of each of its reporting periods, ZIM examines whether there have been any events or changes in circumstances, such as a decline in freight rates or other general economic or market conditions, which may indicate an impairment. When there are indications of an impairment, an examination is made as to whether the carrying amount of the operating assets or cash generating units, or CGUs, exceeds the recoverable amount and, if necessary, an impairment loss is recognized in ZIM’s financial statements.

For each of the years ended December 31, 2020, 2019 and 2018, ZIM concluded there were no indications for potential impairment, or that the recoverable amount of our CGU was higher than the carrying amount of our CGU and, as a result, did not recognize an impairment loss in its financial statements. However, ZIM cannot assure that it will not recognize impairment losses in future years. If an impairment loss is recognized, ZIM’s results of operations will be negatively affected. Should freight rates decline significantly or ZIM or the shipping industry experience adverse conditions, this may have a material adverse effect on ZIM’s business, results of operations and financial condition, which may result in ZIM recording an impairment charge.

Governments, including that of Israel, could requisition ZIM’s vessels during a period of war or emergency, resulting in loss of earnings.

A government of the jurisdiction where one or more of ZIM’s vessels are registered, as well as a government of the jurisdiction where the beneficial owner of the vessel is registered, could requisition for title or seize ZIM’s vessels. Requisition for title occurs when a government takes control of a vessel and becomes its owner. A government could also requisition ZIM’s vessels for hire. Requisition for hire occurs when a government takes control of a ship and effectively becomes the charterer at dictated charter rates. Requisitions generally occur during periods of war or emergency, although governments may elect to requisition vessels in other circumstances. ZIM would expect to be entitled to compensation in the event of a requisition of one or more of its vessels; however, the amount and timing of payment, if any, would be uncertain and beyond ZIM’s control. For example, ZIM’s chartered-in and owned vessels, including those that do not sail under the Israeli flag, may be subject to control by Israeli authorities in order to protect the security of, or bring essential supplies and services to, the State of Israel. Government requisition of one or more of ZIM’s vessels may result in a prepayment event under certain of ZIM’s credit facilities, and could have a material adverse effect on its business, financial condition and results of operations.

The shipping industry is subject to extensive government regulation and standards, international treaties and trade prohibitions and sanctions.

The shipping industry is subject to extensive regulation that changes from time to time and that applies in the jurisdictions in which shipping companies are incorporated, the jurisdictions in which vessels are registered (flag states), the jurisdictions governing the ports at which vessels call, as well as regulations by virtue of international treaties and membership in international associations. As a global container shipping company, ZIM is subject to a wide variety of international, national and local laws, regulations and agreements. As a result, ZIM is subject to extensive government regulation and standards, customs inspections and security checks, international treaties and trade prohibitions and sanctions, including laws and regulations in each of the jurisdictions in which it operates, including those of the State of Israel, the United States, the International Safety Management Code, or the ISM Code, and the European Union.

Any violation of such laws, regulations, treaties and/or prohibitions could have a material adverse effect on ZIM’s business, financial condition, results of operations and liquidity and may also result in the revocation or non-renewal of ZIM’s “time-limited” licenses. Furthermore, the U.S. Department of the Treasury’s Office of Foreign Assets Control, or OFAC, administers certain laws and regulations that impose restrictions upon U.S. companies and persons and, in some contexts, foreign entities and persons, with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of such sanctions laws and regulations. Similar sanctions are imposed by the European Union and the United Nations. Under economic and trading sanction laws, governments may seek to impose modifications to business practices, and modifications to compliance programs, which may increase compliance costs, and may subject us to fines, penalties and other sanctions.

ZIM is subject to competition and antitrust regulations in the countries where it operates, and has been subject to antitrust investigations by competition authorities.

ZIM is subject to competition and antitrust regulations in each of the countries where it operates. In most of the jurisdictions in which ZIM operates, operational partnerships among shipping companies are generally exempt from the application of antitrust laws, subject to the fulfillment of certain exemption requirements. However, it is difficult to predict whether existing exemptions or their renewal will be affected in the future. In August 2020, ZIM's board of directors adopted a comprehensive new antitrust compliance plan, which included the adoption of a global policy as well as mandatory periodic employee trainings. ZIM is a party to numerous operational partnerships and views these agreements as competitive advantages in response to the market concentration in the industry as a result of mergers and global alliances. An amendment to or a revocation of any of the exemptions for operational partnerships that ZIM relies on could negatively affect its business and results of operations. In recent years, a number of liner shipping companies, including ZIM, have been the subject of antitrust investigations in the U.S., the EU and other jurisdictions into possible anti-competitive behavior. ZIM is also subject from time to time to civil litigation relating, directly or indirectly, to alleged anti-competitive practices and may be subject to additional investigations by other competition authorities. These types of claims, actions or investigations could continue to require significant management time and attention and could result in significant expenses as well as unfavorable outcomes which could have a material adverse effect on ZIM's business, reputation, financial condition, results of operations and liquidity.

Finally, Commission Regulation (EC) No 906/2009, or the Block Exemption Regulation, exempts certain cooperation agreements (such as operational cooperation agreements, VSA (vessel sharing agreements), SCA (slot chartering agreements) and slot swap agreements) in the liner shipping sector from the prohibition on anti-competitive agreements contained at Article 101 of the Treaty on the Functioning of the European Union, or TFEU. If the Block Exemption Regulation is not extended or its terms are amended, this could have an adverse effect on the shipping industry and limit ZIM's ability to enter into cooperation arrangements with other shipping companies, which could adversely affecting its business, financial condition and results of operations.

ZIM is subject to environmental and other regulations and failure to comply with these regulations could have a material adverse effect on its business.

ZIM's operations are subject to international conventions and treaties, national, state and local laws and national and international regulations in force in the jurisdictions in which its vessels operate or are registered relating to the protection of the environment. Such requirements are subject to ongoing developments and amendments and relate to, among other things, the storage, handling, emission, transportation and discharge of hazardous and non-hazardous substances, such as sulfur oxides, nitrogen oxides and the use of low- sulfur fuel or shore power voltage, and the remediation of contamination and liability for damages to natural resources. ZIM is subject to the International Convention for the Prevention of Pollution from Ships (including designation of Emission Control Areas thereunder), the International Convention for the Control and Management of Ships Ballast Water & Sediments, the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea of 1996, the Oil Pollution Act of 1990, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the U.S. Clean Water Act (CWA), and National Invasive Species Act (NISA), among others. Compliance with such laws, regulations and standards, where applicable, may require the installation of costly equipment, make ship modifications or operational changes and may affect the useful lives or the resale value of ZIM's vessels.

ZIM may also incur additional compliance costs relating to existing or future requirements which could have a material adverse effect on its business, results of operations and financial conditions. Such costs include, among other things: reduction of greenhouse gas emissions; changes with respect to cargo capacity or the types of cargo that could be carried; management of ballast and bilge waters; maintenance and inspection; elimination of tin-based paint; and development and implementation of emergency procedures. For example, the IMO 2020 Regulations have required ZIM's vessels to comply with its low sulfur fuel requirement since January 1, 2020. ZIM complies with this requirement by using fuel with low sulfur content, which is more expensive than standard marine fuel, or ZIM may upgrade its vessels to provide cleaner exhaust emissions. Environmental or other incidents may result in additional regulatory initiatives, statutes or changes to existing laws that could affect ZIM's operations, require it to incur additional compliance expenses, lead to decreased availability of or more costly insurance coverage, and result in ZIM's denial of access to, or detention in, certain jurisdictional waters or ports.

If ZIM fails to comply with any environmental requirements applicable to it, it could be exposed to, among other things, significant environmental liability damages, administrative and civil penalties, criminal charges or sanctions, and could result in the and termination or suspension of, and substantial harm to, its operations and reputation. Additionally, environmental laws often impose strict, joint and several liability for remediation of spills and releases of oil and hazardous substances, which could subject ZIM to liability without regard to whether it was negligent or at fault. Under local, national and foreign laws, as well as international treaties and conventions, ZIM could incur material liabilities, including remediation costs and natural resource damages, as well as third-party damages, personal injury and property damage claims in the event there is a release of petroleum or other hazardous substances from its vessels, or otherwise, in connection with its operations. ZIM is required to satisfy insurance and financial responsibility requirements for potential petroleum (including marine fuel) spills and other pollution incidents. Although ZIM has arranged insurance to cover certain environmental risks, there can be no assurance that such insurance will be sufficient to cover all such risks or that any claims will not have a material adverse effect on ZIM's business, results of operations and financial condition. Violations of, or liabilities under, environmental requirements can result in substantial penalties, fines and other sanctions, including in certain instances, seizure or detention of ZIM's vessels and events of this nature could have a material adverse effect on ZIM's business, reputation, financial condition and results of operations.

ZIM is also subject to numerous data privacy laws, in particular the European Union's General Data Protection Regulation (2016/679), or the GDPR, which relates to the collection, use, retention, security, processing and transfer of personally identifiable information about ZIM's customers and employees in the countries where ZIM operates. The EU data protection regime expands the scope of the EU data protection law to all companies processing data of EEA individuals, imposes a stringent data protection compliance regime, including administrative fines of up to the greater of 4% of worldwide turnover or €20 million (as well as the right to compensation for financial or non-financial damages claimed by any individuals), and includes new data subject rights such as the "portability" of personal data. Although ZIM is generally a business that serves other businesses (B2B), it still processes and obtains certain personal information relating to individuals, and any failure by it to comply with the GDPR or other data privacy laws where applicable could result in proceedings or actions against ZIM, which could subject it to significant fines, penalties, judgments and negative publicity.

ZIM is incorporated and based in Israel and, therefore, its results may be adversely affected by political, economic and military instability in Israel.

ZIM is incorporated and its headquarters are located in Israel and the majority of its key employees, officers and directors are residents of Israel. Additionally, the terms of the Special State Share require ZIM to maintain its headquarters and to be incorporated in Israel, and to have its chairman, chief executive officer and a majority of its board members be Israeli. As an Israeli company, ZIM has relatively high exposure, compared to many of its competitors, to acts of terror, hostile activities including cyber-attacks, security limitations imposed upon Israeli organizations overseas, possible isolation by various organizations and institutions for political reasons and other limitations (such as restrictions against entering certain ports). Political, economic and military conditions in Israel may directly affect ZIM's business and existing relationships with certain foreign corporations, as well as affect the willingness of potential partners to enter into business arrangements with ZIM. Numerous countries, corporations and organizations limit their business activities in Israel and their business ties with Israeli-based companies. ZIM's status as an Israeli company may limit its ability to call on certain ports and therefore could limit its ability to enter into alliances or operational partnerships with certain shipping companies, which has historically adversely affected its operations and its ability to compete effectively within certain trades. In addition, ZIM's status as an Israeli company may limit its ability to enter into alliances that include certain carriers who are not willing to cooperate with Israeli companies.

Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its neighboring countries. In recent years, these have included hostilities between Israel and Hezbollah in Lebanon and Hamas in the Gaza Strip, both of which resulted in rockets being fired into Israel, causing casualties and disrupting economic activities. Recent political uprisings, social unrest and violence in the Middle East and North Africa, including Israel's neighbors Egypt and Syria, are affecting the political stability of those countries. This instability has raised concerns regarding security in the region and the potential for armed conflict. In addition, Israel faces threats from more distant neighbors, in particular, Iran. Iran is also believed to have a strong influence among parties hostile to Israel in areas that neighbor Israel, such as the Syrian government, Hamas in the Gaza Strip and Hezbollah in Lebanon. Armed conflicts or hostilities in Israel or neighboring countries could cause disruptions in ZIM's operations, including significant employee absences, failure of its information technology systems and cyber-attacks, which may lead to the shutdown of its headquarters in Israel. For instance, during the 2006 Lebanon War, a military conflict took place in Lebanon. As a result of rocket fire in the city of Haifa, ZIM closed its headquarters for several days. Although ZIM maintains an emergency plan, such events can have material effects on its operational activities. Any future deterioration in the security or geopolitical conditions in Israel or the Middle East could adversely impact ZIM's business relationships and thereby have a material adverse effect on its business, financial condition, results of operations or liquidity. If ZIM's facilities, including its headquarters, become temporarily or permanently disabled by an act of terrorism or war, it may be necessary for ZIM to develop alternative infrastructure and it may not be able to avoid service interruptions. Additionally, ZIM's owned and chartered-in vessels, including those vessels that do not sail under the Israeli flag, may be subject to control by the authorities of the State of Israel in order to protect the security of, or bring essential supplies and services to, the State of Israel. Israeli legislation also allows the State of Israel to use ZIM's vessels in times of emergency. Any of the aforementioned factors may negatively affect ZIM and its results of operations.

ZIM's commercial insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East. The Israeli government currently provides compensation only for physical property damage caused by terrorist attacks or acts of war, based on the difference between the asset value before the attack and immediately after the attack or on any cost of repairing the damage, whichever is lower. Any losses or damages incurred by ZIM could have a material adverse effect on its business. Any armed conflict involving Israel could adversely affect ZIM's business and results and operations.

Further, ZIM's operations could be disrupted by the obligations of personnel to perform military service.

The State of Israel holds a Special State Share in ZIM, which imposes certain restrictions on its operations and gives Israel veto power over transfers of certain assets and shares above certain thresholds, and may have an anti- takeover effect.

The State of Israel holds a Special State Share in ZIM, which imposes certain limitations on its operating and managing activities and could negatively affect its business and results of our operations. These limitations include, among other things, transferability restrictions on ZIM's share capital, restrictions on its ability to enter into certain merger transactions or undergo certain reorganizations and restrictions on the composition of its board of directors and the nationality of its chief executive officer, among others.

Because the Special State Share restricts the ability of a shareholder to gain control of ZIM, the existence of the Special State Share may have an anti-takeover effect and therefore depress the price of its ordinary shares or otherwise negatively affect its business and results of operations. In addition, the terms of the Special State Share dictate that ZIM maintains a minimum fleet of 11 wholly owned seaworthy vessels.

Currently, as a result of waivers received from the State of Israel, ZIM owns fewer vessels than the minimum fleet requirement. However, if ZIM acquires and owns additional vessels in the future, these vessels would be subject to the minimum fleet requirements and conditions of the Special State Share, and if ZIM would want to dispose of such vessels, it would need to obtain consent from the State of Israel.

Furthermore, although there are no contractual restrictions on any sales of ZIM's shares by its controlling shareholders, if Idan Ofer's ownership interest in Kenon is less than 36%, or Idan Ofer ceases to be the controlling shareholder, or sole controlling shareholder of Kenon, then Kenon's rights with respect to its shares in ZIM (e.g., Kenon's right to vote and receive dividends in respect of its ZIM shares) will be limited to the rights applicable to an ownership of 24% of ZIM, until or unless the State of Israel provides its consent, or does not object to, this decrease in Idan Ofer's ownership or "control" (as defined in the State of Israel consent received by IC in connection with the spin-off). The State of Israel may also revoke Kenon's permit if there is a material change in the facts upon which the State of Israel's consent was based, upon a breach of the provisions of the Special State Share by Kenon, Mr. Ofer, or ZIM, or if the cancellation of the provisions of the Special State Share with respect to a person holding shares in ZIM contrary to the Special State Share's provisions apply (without limitation). For further information on the Special State Share, see "*Item 4.B Business Overview—Our Businesses—ZIM—ZIM's Special State Share*."

Risks Related to Our Spin-Off

The potential indemnification of liabilities to IC pursuant to the Separation and Distribution Agreement may require us to divert cash to IC to satisfy our indemnification obligations.

We entered into a Separation and Distribution Agreement with IC, or the Separation and Distribution Agreement, which provides for, among other things, indemnification obligations designed to make us financially responsible for liabilities incurred in connection with our businesses, and as otherwise allocated to us in the Separation and Distribution Agreement. If we are required to indemnify IC under the circumstances set forth in the Separation and Distribution Agreement, we may be subject to substantial liabilities, which could have a material adverse effect on our business, financial condition, results of operations or liquidity.

There can be no assurance that IC's indemnification of certain of our liabilities will be sufficient to insure us against the full amount of those liabilities, or that IC's ability to satisfy its indemnification obligation will not be impaired in the future.

Pursuant to the Separation and Distribution Agreement, IC has agreed to indemnify us for certain liabilities retained by it (which includes one pending legal matter). However, third parties could seek to hold us responsible for any of the liabilities that IC has agreed to retain, and there can be no assurance that the indemnity from IC will be sufficient to protect us against the full amount, or any, of such liabilities, or that IC will be able to satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from IC any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. Additionally, IC's insurers may deny coverage to us for liabilities associated with occurrences prior to the spin-off. Even if we ultimately succeed in recovering from such insurance providers, we may be required to temporarily bear such loss of coverage. If IC is unable to satisfy its indemnification obligations or if insurers deny coverage, the underlying liabilities could have a material adverse effect on our business, financial condition, results of operations or liquidity.

Risks Related to Our Ordinary Shares

Our ordinary shares are traded on more than one stock exchange and this may result in price variations between the markets.

Our ordinary shares are listed on each of the NYSE and the TASE. Trading of our ordinary shares therefore takes place in different currencies (U.S. Dollars on the NYSE and New Israeli Shekels on the TASE), and at different times (resulting from different time zones, different trading days and different public holidays in the United States and Israel). The trading prices of our ordinary shares on these two markets may differ as a result of these, or other, factors. Any decrease in the price of our ordinary shares on either of these markets could also cause a decrease in the trading prices of our ordinary shares on the other market.

A significant portion of our outstanding ordinary shares may be sold into the public market, which could cause the market price of our ordinary shares to drop significantly, even if our business is doing well.

A significant portion of our shares are held by Ansonia, which holds approximately 58% of our shares. If Ansonia sells, or indicates an intention to sell, substantial amounts of our ordinary shares in the public market, the trading price of our ordinary shares could decline. The perception that any such sales may occur, including the entry by Ansonia into programmed selling plans, could have a material adverse effect on the trading price of our ordinary shares and/or could impair the ability of any of our businesses to raise capital.

Control by principal shareholders could adversely affect our other shareholders.

Ansonia beneficially owns approximately 58% of our outstanding ordinary shares and voting power. Ansonia therefore has a continuing ability to control, or exert a significant influence over, our board of directors, and will continue to have significant influence over our affairs for the foreseeable future, including with respect to the election of directors, the consummation of significant corporate transactions, such as an amendment of our constitution, a merger or other sale of our company or our assets, and all matters requiring shareholder approval. In certain circumstances, Ansonia's interests as a principal shareholder may conflict with the interests of our other shareholders and Ansonia's ability to exercise control, or exert significant influence, over us may have the effect of causing, delaying, or preventing changes or transactions that our other shareholders may or may not deem to be in their best interests.

We may not have sufficient distributable profits to pay dividends or make other distributions.

Under Singapore law and our constitution, dividends, whether in cash or in specie, must be paid out of our profits available for distribution. The availability of distributable profits is assessed on the basis of Kenon's standalone unconsolidated accounts (which are based upon the Singapore Financial Reporting Standards, or the SFRS). We may incur losses and we may not have sufficient distributable income that can be distributed to our shareholders as a dividend or other distribution in the foreseeable future. Therefore, we may be unable to pay dividends to our shareholders unless and until we have generated sufficient distributable reserves. Accordingly, it may not be legally permissible for us to pay dividends to our shareholders. As a result, if we do not declare dividends with respect to our ordinary shares, a holder of our ordinary shares will only realize income from an investment in our ordinary shares if there is an increase in the market price of our ordinary shares. Such potential increase is uncertain and unpredictable.

Under Singapore law, it is possible to effect either a court-free or court-approved capital reduction exercise to return cash and/or assets to our shareholders. Further, the completion of a court-free capital reduction exercise will depend on whether our directors are comfortable executing a solvency statement attesting to our solvency, as well as whether there are any other creditor objections raised (in the event that we have creditors other than IC). We have completed capital reduction exercises in connection with the distribution of our Tower shares and the cash distribution in March 2018, but there is no assurance that we will be able to complete further capital reductions in the future.

Any dividend payments on our ordinary shares would be declared in U.S. Dollars, and any shareholder whose principal currency is not the U.S. Dollar would be subject to exchange rate fluctuations.

The ordinary shares are, and any cash dividends or other distributions to be declared in respect of them, if any, will be denominated in U.S. Dollars. For example, in 2020, we distributed approximately $120 million in cash to our shareholders. Although a significant percentage of our shareholders hold their shares through the TASE, the dividend was denominated in U.S. Dollars. Shareholders whose principal currency is not the U.S. Dollar are exposed to foreign currency exchange rate risk. Any depreciation of the U.S. Dollar in relation to such foreign currency will reduce the value of such shareholders' ordinary shares and any appreciation of the U.S. Dollar will increase the value in foreign currency terms. In addition, we will not offer our shareholders the option to elect to receive dividends, if any, in any other currency. Consequently, our shareholders may be required to arrange their own foreign currency exchange, either through a brokerage house or otherwise, which could incur additional commissions or expenses.

We are a "foreign private issuer" under U.S. securities laws and, as a result, are subject to disclosure obligations that are different from those applicable to U.S. domestic registrants listed on the NYSE.

We are incorporated under the laws of Singapore and, as such, will be considered a "foreign private issuer" under U.S. securities laws. Although we will be subject to the reporting requirements of the Exchange Act, the periodic and event-based disclosure required of foreign private issuers under the Exchange Act is different from the disclosure required of U.S. domestic registrants. Therefore, there may be less publicly available information about us than is regularly published by or about other public companies in the United States. We are also exempt from certain other sections of the Exchange Act that U.S. domestic registrants are otherwise subject to, including the requirement to provide our shareholders with information statements or proxy statements that comply with the Exchange Act. In addition, insiders and large shareholders of ours are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act and are not obligated to file the reports required by Section 16 of the Exchange Act.

As a foreign private issuer, we have followed certain, and may follow, home country corporate governance practices instead of otherwise applicable SEC and NYSE corporate governance requirements, and this may result in less investor protection than that accorded to investors under rules applicable to domestic U.S. issuers.

As a foreign private issuer, we are permitted to follow certain home country corporate governance practices instead of those otherwise required under the NYSE's rules for domestic U.S. issuers, provided that we disclose which requirements we are not following and describe the equivalent home country requirement. For example, foreign private issuers are permitted to follow home country practice with regard to director nomination procedures and the approval of compensation of officers.

In addition, we are not required to maintain a board comprised of a majority of independent directors and a fully independent nominating and corporate governance committee. We generally seek to apply the corporate governance rules of the NYSE that are applicable to U.S. domestic registrants that are not "controlled" companies. However, we do not fully comply such rules; for example, we do not have a fully independent nominating and corporate governance committee. We may, in the future, decide to rely on other foreign private issuer exemptions provided by the NYSE and follow home country corporate governance practices in lieu of complying with some or all of the NYSE's requirements.

Following our home country governance practices, as opposed to complying with the requirements that are applicable to a U.S. domestic registrant, may provide less protection to you than is accorded to investors under the NYSE's corporate governance rules. Therefore, any foreign private exemptions we avail ourselves of in the future may reduce the scope of information and protection to which you are otherwise entitled as an investor.

It may be difficult to enforce a judgment of U.S. courts for civil liabilities under U.S. federal securities laws against us, our directors or officers in Singapore.

We are incorporated under the laws of Singapore and certain of our officers and directors are or will be residents outside of the United States. Moreover, most of our assets are located outside of the United States. Although we are incorporated outside of the United States, we have agreed to accept service of process in the United States through our agent designated for that specific purpose. Additionally, for so long as we are listed in the United States or in Israel, we have undertaken not to claim that we are not subject to any derivative/class action that may be filed against us in the United States or Israel, as may be applicable, solely on the basis that we are a Singapore company. However, since most of the assets owned by us are located outside of the United States, any judgment obtained in the United States against us may not be collectible within the United States.

Furthermore, there is no treaty between the United States and Singapore providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters, such that a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the federal securities laws, would not be automatically enforceable in Singapore. Additionally, there is doubt as to whether a Singapore court would impose civil liability on us or our directors and officers who reside in Singapore in a suit brought in the Singapore courts against us or such persons with respect to a violation solely of the federal securities laws of the United States, unless the facts surrounding such a violation would constitute or give rise to a cause of action under Singapore law. We have undertaken not to oppose the enforcement in Singapore of judgments or decisions rendered in Israel or in the United States in a class action or derivative action to which Kenon is a party. Notwithstanding such an undertaking, it may still be difficult for investors to enforce against us, our directors or our officers in Singapore, judgments obtained in the United States which are predicated upon the civil liability provisions of the federal securities laws of the United States.

We are incorporated in Singapore and our shareholders may have greater difficulty in protecting their interests than they would as shareholders of a corporation incorporated in the United States.

Our corporate affairs are governed by our constitution and by the laws governing corporations incorporated in Singapore. The rights of our shareholders and the responsibilities of the members of our board of directors under Singapore law are different from those applicable to a corporation incorporated in the United States. Therefore, our public shareholders may have more difficulty in protecting their interest in connection with actions taken by our management or members of our board of directors than they would as shareholders of a corporation incorporated in the United States. For information on the differences between Singapore and Delaware corporation law, see "*Item 10.B Constitution*."

Singapore corporate law may delay, deter or prevent a takeover of our company by a third-party, but as a result of a waiver from application of the Code, our shareholders may not have the benefit of the application of the Singapore Code on Take-Overs and Mergers, which could adversely affect the value of our ordinary shares.

The Singapore Code on Take-overs and Mergers and Sections 138, 139 and 140 of the Securities and Futures Act, Chapter 289 of Singapore contain certain provisions that may delay, deter or prevent a future takeover or change in control of our company for so long as we remain a public company with more than 50 shareholders and net tangible assets of $5 million or more. Any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with such person, in 30% or more of our voting shares, or, if such person holds, either on his own or together with parties acting in concert with such person, between 30% and 50% (both inclusive) of our voting shares, and such person (or parties acting in concert with such person) acquires additional voting shares representing more than 1% of our voting shares in any six-month period, must, except with the consent of the Securities Industry Council of Singapore, extend a mandatory takeover offer for the remaining voting shares in accordance with the provisions of the Singapore Code on Take-overs and Mergers.

In October 2014, the Securities Industry Council of Singapore waived the application of the Singapore Code on Take-overs and Mergers to the Company, subject to certain conditions. Pursuant to the waiver, for as long as Kenon is not listed on a securities exchange in Singapore, and except in the case of a tender offer (within the meaning of U.S. securities laws) where the offeror relies on a Tier 1 exemption to avoid full compliance with U.S. tender offer regulations, the Singapore Code on Take-overs and Mergers shall not apply to Kenon.

Accordingly, Kenon's shareholders will not have the protection or otherwise benefit from the provisions of the Singapore Code on Take-overs and Mergers and the Securities and Futures Act to the extent that this waiver is available.

Our directors have general authority to allot and issue new shares on terms and conditions and with any preferences, rights or restrictions as may be determined by our board of directors in its sole discretion, which may dilute our existing shareholders. We may also issue securities that have rights and privileges that are more favorable than the rights and privileges accorded to our existing shareholders.

Under Singapore law, we may only allot and issue new shares with the prior approval of our shareholders in a general meeting. Other than with respect to the issuance of shares pursuant to awards made under our Share Incentive Plan 2014 or Share Option Plan 2014, and subject to the general authority to allot and issue new shares provided by our shareholders annually, the provisions of the Singapore Companies Act and our constitution, our board of directors may allot and issue new shares on terms and conditions and with the rights (including preferential voting rights) and restrictions as they may think fit to impose. Any such offering may be on a pre-emptive or non-pre-emptive basis. Subject to the prior approval of our shareholders for (i) the creation of new classes of shares and the (ii) granting to our directors of the authority to issue new shares with different or similar rights, additional shares may be issued carrying such preferred rights to share in our profits, losses and dividends or other distributions, any rights to receive assets upon our dissolution or liquidation and any redemption, conversion and exchange rights. At the annual general meeting of shareholders held in 2020, or the 2020 AGM, our shareholders granted the board of directors authority (effective until the conclusion of the annual general meeting of shareholders to be held in 2021, or the 2021 AGM, or the expiration of the period by which the 2021 AGM is required by law to be held, whichever is earlier) to allot and issue ordinary shares and/or instruments that might or could require ordinary shares to be allotted and issued as authorized by our shareholders at the 2020 AGM and shareholders will be asked to renew this authority at the 2021 AGM. Ansonia, our significant shareholder, may use its ability to control to approve a grant of such authority to our board of directors, or exert influence over, our board of directors to cause us to issue additional ordinary shares, which would dilute existing holders of our ordinary shares, or to issue securities with rights and privileges that are more favorable than those of our ordinary shareholders. There are no statutory pre-emptive rights for new share issuances conferred upon our shareholders under the Companies Act, Chapter 50 of Singapore, or the Singapore Companies Act. Furthermore, any additional issuances of new shares by our directors could adversely impact the market price of our ordinary shares.

Risks Related to Taxation

We may be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. holders of our ordinary shares.

Based upon, among other things, the valuation of our assets and the composition of our income and assets, we do not believe we were a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for our previous taxable year ended December 31, 2020. However, the application of the PFIC rules is subject to uncertainty in several respects and a separate determination must be made after the close of each taxable year as to whether we were a PFIC for that year. Accordingly, we cannot assure you that we will not be a PFIC for our current, or any future, taxable year. A non-U.S. corporation will be a PFIC for any taxable year if either (i) 75% or more of its gross income for such year is passive income or (ii) 50% or more of the value of its assets (based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income. For this purpose, we will be treated as owning our proportionate share of the businesses and earning our proportionate share of the income of any other business in which we own, directly or indirectly, 25% or more (by value) of the stock. In particular, in February 2021, ZIM completed its initial public offering, which reduced our equity interest from 32% to approximately 28%. Further reduction in our equity interest in ZIM to or below 25% will limit our ability to treat our proportionate share of ZIM's businesses and earning as directly owned, which could increase the value of our assets that produce, or are held for the production of, passive income and/or our passive income and result in us becoming a PFIC for our current, and any future, taxable year. Additionally, because the value of our assets for purposes of the PFIC test will generally be determined in part by reference to the market price of our ordinary shares, fluctuations in the market price of the ordinary shares may cause us to become a PFIC. Moreover, changes in the composition of our income or assets may cause us to become a PFIC. As a result, dispositions of operating companies could increase the risk that we become a PFIC. For instance, the sale of the Inkia Business, the investment in Qoros by the Majority Shareholder in Qoros in 2018 (which reduced our equity interest in Qoros to 24%), the sale of half of our remaining interest in Qoros to the Majority Shareholder in Qoros in April 2020 (which reduced our equity interest in Qoros to 12%) and the expected sale of all of our remaining interest in Qoros to the Majority Shareholder in April 2021 (which will eliminate our equity interest in Qoros) each may increase the value of our assets that produce, or are held for the production of, passive income and/or our passive income and result in us becoming a PFIC for our current, and any future, taxable year. If we are a PFIC for any taxable year during which a U.S. Holder (as defined below) holds an ordinary share, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. For further information on such U.S. tax implications, see "*Item 10.E Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Company*."

Tax regulations and examinations may have a material effect on us and we may be subject to challenges by tax authorities.

We operate in a number of countries and are therefore regularly examined by and remain subject to numerous tax regulations. Changes in our global mix of earnings could affect our effective tax rate. Furthermore, changes in tax laws could result in higher tax-related expenses and payments. Legislative changes in any of the countries in which our businesses operate could materially impact our tax receivables and liabilities as well as deferred tax assets and deferred tax liabilities. Additionally, the uncertain tax environment in some regions in which our businesses operate could limit our ability to enforce our rights. As a holding company with globally operating businesses, we have established businesses in countries subject to complex tax rules, which may be interpreted in a variety of ways and could affect our effective tax rate. Future interpretations or developments of tax regimes or a higher than anticipated effective tax rate could have a material adverse effect on our tax liability, return on investments and business operations.

In addition, we and our businesses operate in, are incorporated in and are tax residents of various jurisdictions. The tax authorities in the various jurisdictions in which we and our businesses operate, or are incorporated, may disagree with and challenge our assessments of our transactions (including any sales or distributions), tax position, deductions, exemptions, where we or our businesses are tax resident, or other matters. If we, or our businesses, are unsuccessful in responding to any such challenge from a tax authority, we, or our businesses, may be unable to proceed with certain transactions, be required to pay additional taxes, interest, fines or penalties, and we, or our businesses, may be subject to taxes for the same business in more than one jurisdiction or may also be subject to higher tax rates, withholding or other taxes. Even if we, or our businesses, are successful, responding to such challenges may be expensive, consume time and other resources, or divert management's time and focus from our operations or businesses or from the operations of our businesses. Therefore, a challenge as to our, or our businesses', tax position or status or transactions, even if unsuccessful, may have a material adverse effect on our business, financial condition, results of operations or liquidity or the business, financial condition, results of operations or liquidity of our businesses.

Our shareholders may be subject to non-U.S. taxes and return filing requirements as a result of owning our ordinary shares.

Based upon our expected method of operation and the ownership of our businesses following the spin-off, we do not expect any shareholder, solely as a result of owning our ordinary shares, to be subject to any additional taxes or additional tax return filing requirements in any jurisdiction in which we, or any of our businesses, conduct activities or own property. However, there can be no assurance that our shareholders, solely as a result of owning our ordinary shares, will not be subject to certain taxes, including non-U.S. taxes, imposed by the various jurisdictions in which we and our businesses do business or own property now or in the future, even if our shareholders do not reside in any of these jurisdictions. Consequently, our shareholders may also be required to file non-U.S. tax returns in some or all of these jurisdictions. Further, our shareholders may also be subject to penalties for failure to comply with these requirements. It is the responsibility of each shareholder to file each of the U.S. federal, state and local, as well as non-U.S., tax returns that may be required of such shareholder.

ITEM 4. Information on the Company

A. History and Development of the Company

We were incorporated in March 2014 under the Singapore Companies Act to be the holding company of certain companies that were owned (in whole, or in part) by IC in connection with our spin-off from IC in January 2015. We currently own the following:

- an approximately 58% interest in OPC, an owner, developer and operator of power generation facilities in the Israeli and US power market;
- an approximately 28% interest in ZIM, a large provider of global container shipping services; and
- a 12% interest in Qoros, a China-based automotive company.

In connection with our spin-off from IC, we also held a 29% interest in Tower, a NASDAQ- and TASE—listed specialty foundry semiconductor manufacturer. In July 2015, we completed a pro-rata distribution in specie of substantially all of our interest in Tower. In 2016, we sold our remaining interest in Tower.

In December 2017, our wholly-owned subsidiary Inkia sold its power generation and distribution businesses in Latin America and the Caribbean, or the Inkia Business, to an entity controlled by I Squared Capital, an infrastructure private equity firm. As a result of this sale, our power generation business consists of our 58% interest in OPC. In January 2021, an entity which is 70%-owned by OPC acquired CPV.

In April 2021, we entered into an agreement to sell our remaining 12% interest in Qoros.

The legal and commercial name of the Company is Kenon Holdings Ltd. Our principal place of business is located at 1 Temasek Avenue #37-02B, Millenia Tower, Singapore 039192. Our telephone number at our principal place of business is + 65 6351 1780. Our internet address is www.kenon-holdings.com.We have appointed Gornitzky & Co., Advocates and Notaries, as our agent for service of process in connection with certain claims which may be made in Israel.

Our ordinary shares are listed on each of the NYSE and the TASE under the symbol “KEN.”

The SEC also maintains a website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at http://www.sec.gov.

B. Business Overview

We are a holding company that operates dynamic, primarily growth-oriented, businesses. The companies we own, in whole or in part, are at various stages of development, ranging from established, cash generating businesses to early stage companies.

We were established in connection with a spin-off of our businesses from IC to promote the growth and development of our primary businesses, and we are primarily engaged in the operations of OPC.

Our strategy is to realize the value of our businesses for our shareholders. In connection with this strategy, we will support the development of our business and we may provide our shareholders with direct access to our businesses, which may include spin-offs, listings, offerings, distributions or monetization of our businesses. To the extent we monetize our businesses (i.e., through offerings or sales), we may distribute the proceeds derived from such transactions to our shareholders.

Consistent with our strategy, we distributed approximately $120 million to our shareholders in 2020 and on March 30, 2021, Kenon’s board of directors approved an interim dividend of approximately $100 million for the year ending December 31, 2021.

Set forth below are some highlights of important developments for Kenon and its businesses in 2020 and 2021:

- Kenon:
  - DPA Repayment. In October 2020, Kenon received the full amount of the deferred consideration payable (approximately $218 million (approximately $188 million net of taxes)) under the Deferred Payment Agreement prior to the due date for such payment (December 2021). In connection with the agreement with the buyer of the Inkia Business to repay the Deferred Payment Agreement prior to initial scheduled maturity, the parties agreed to increase the number of OPC shares pledged from 32,971,680 shares to 55,000,000 shares (representing approximately 29% of OPC’s shares as of March 31, 2021) and to extend the OPC Pledge and the corporate guarantee by one year until December 31, 2021. In addition, Kenon has agreed that, until December 31, 2021, it shall maintain at least $50 million in cash and cash equivalents, and has agreed to restrictions on indebtedness, subject to certain exceptions.

- OPC:

  - Acquisition of CPV. In October 2020, OPC announced an agreement by CPV Group LP, an entity in which OPC indirectly holds a 70% stake, for the acquisition of CPV from Global Infrastructure Management, LLC. CPV is engaged in the development, construction and management of renewable energy and conventional energy (natural gas-fired) power plants in the United States. The acquisition was completed in January 2021. The consideration for the acquisition is $648 million (payable in cash), subject to post-closing adjustments based on closing date cash, working capital and debt. Additional consideration of $95 million was paid in the form of a vendor loan in respect of CPV's 17.5% equity in the Three Rivers project, which is currently being developed. CPV subsequently reduced its interest in the Three River's project to 10% and the consideration for the transaction and the amount of the seller's loan was reduced accordingly.

  - OPC-Hadera reaches COD. On July 1, 2020, OPC-Hadera's cogeneration power plant reached its COD.

  - Equity Issuances. In 2020 and 2021 to date, OPC has issued new ordinary shares in private and public offerings for total consideration of approximately NIS 1.4 billion ($0.4 billion). As a result of these share issuances, including Kenon's participation in the October 2020 public offering, Kenon's interest in OPC decreased from 69.8% to 58.2%.

- Qoros:

  - 2020 Sale of 12% in Qoros. In April 2020, we sold half of our remaining interest in Qoros (i.e. 12%) to the Majority Shareholder in Qoros for RMB1.56 billion (approximately $220 million). As a result, Kenon holds a 12% interest in Qoros and retains a put option to sell this interest to the Majority Shareholder in Qoros for a price of RMB 1.56 billion (approximately $220 million). Pursuant to relevant agreements, the Majority Shareholder in Qoros is required to assume guarantee and pledge obligations of the shareholders in accordance with its pro rata ownership interest in Qoros. The Majority Shareholder in Qoros assumed its guarantee obligations in connection with its initial 51% investment, and in connection with the sale of 12% of Kenon's interest in Qoros in 2020, but has not assumed its pledge obligations under the RMB 1.2 billion loan facility but the Majority Shareholder in Qoros has provided Kenon a guarantee in respect of its pro rata share of the pledge obligations which it was required to assume from Kenon with respect to the RMB1.2 billion loan facility.

  - 2021 Agreement to Sell Remaining 12% Interest in Qoros. In April 2021, we entered into an agreement to sell our remaining 12% interest in Qoros to the Majority Shareholder in Qoros for a purchase price of RMB1,560 million (approximately $238 million). The sale is subject to certain conditions, including approvals by relevant government authorities and a release of the pledge over Kenon's shares in Qoros, which are currently pledged to secure debt of Qoros under its RMB1.2 billion loan facility. The purchase price is payable in installments due between July 31, 2021 and March 31, 2023. For more information, see "*—Kenon's Agreement to Sell its Remaining Interest in Qoros to the Majority Shareholder in Qoros*"

  - Receipt of Payments from Chery. Kenon had provided cash collateral to Chery of the RMB244 million (approximately $36 million) in connection with reductions in Kenon's back-to-back guarantee obligations to Chery; the relevant agreements provided that such cash collateral was to be released as Chery's guarantee obligations were reduced. Kenon received aggregate cash payments of $17 million from Chery in December 2019 and April 2020 as a result of repayments on Qoros' bank loans and corresponding reductions of Chery's obligations under its guarantees, bringing the total cash received from Chery to RMB244 million (approximately $36 million) in connection with these repayments resulting in full reimbursement of the cash collateral.

ZIM

  - IPO and NYSE Listing. In February 2021, ZIM completed an initial public offering of its shares on the New York Stock Exchange selling 15 million new ordinary shares (including shares issued pursuant to the exercise of the underwriters' overallotment option), for gross consideration of $225 million (before deducting underwriting discounts and commissions or other offering expenses). As a result of the offering, our interest in ZIM decreased from 32% to approximately 28%. We continue to assess our options with respect to our ownership interest in ZIM.

As we execute our strategy, we intend to operate under disciplined capital allocation principles designed to ensure the prudent use of our capital.

Our strategy set forth above is designed to promote the growth and development of our primary businesses, maximize value for our shareholders and ensure the prudent use of our capital. However, we will be required to make determinations over time that will be based on the facts and circumstances prevailing at such time, as well as continually evolving market conditions and outlook. As a result, we will be required to exercise significant judgment while seeking to adhere to these capital allocation principles in order to maximize value for our shareholders and further the development of our businesses.

Our Businesses

Set forth below is a description of our businesses.

OPC

OPC, which accounted for approximately 100% of our revenues in the year ended December 31, 2020, is an owner, developer and operator of power generation facilities located in Israel and, since its acquisition of CPV, in the United States. OPC's facilities and primary development projects are set forth below.

Operations in Israel

- *OPC-Rotem*, in which OPC has an 80% equity interest, operates a conventional combined cycle power plant in Mishor Rotem, Israel, with an installed capacity of 466 MW (based on OPC-Rotem's generation license). The power plant utilizes natural gas, with diesel oil and crude oil as backups.

- *OPC-Hadera*, a wholly-owned subsidiary of OPC, operates a power plant using cogeneration technology with an installed capacity of 144 MW in Hadera which reached its COD on July 1, 2020 and owns the Energy Center, which consists of boilers and a steam turbine. The Energy Center currently serves as back-up for the OPC-Hadera power plant's supply of steam and its turbine is not currently operating and is not expected to operate with generation of more than 16MW.

- *Tzomet*, a wholly-owned subsidiary of OPC, is developing a natural gas-fired open-cycle power station in Israel with capacity of approximately 396 MW. Tzomet has a conditional license for the development project, which remains subject to conditions set forth under the conditional license, including construction of the plant, as well as for the receipt of a permanent generation license upon expiration of the conditional license. In September 2018, Tzomet entered into an EPC contract in an amount equivalent to approximately $300 million for the design, engineering, procurement and construction of the Tzomet power plant and provision of certain maintenance services in connection with the power station's main equipment for a period of 20 years from the plant's COD. During 2020, the construction of the Tzomet power plant commenced. OPC expects that the Tzomet plant will reach its COD in January 2023 and that the total cost of completing the Tzomet plant will be approximately NIS1.5 billion (approximately $0.5 billion) (excluding NIS 100 million, which is half of the tax assessment on the land). As of December 31, 2020, OPC had invested approximately NIS 694 million (approximately $216 million) in the project.

- *Construction of energy generation facilities on the premises of consumers.* To date, OPC has entered into agreements with several consumers (including consumers that were successful in the EA's tender) for the installation and operation of generation facilities (natural gas) on the premises of consumers for aggregate capacity of approximately 76MW, as well as arrangements for the sale and supply of energy to consumers. Once completed, OPC will sell electricity from the generation facilities to the consumers for a period of approximately 15-20 years from the COD of the generation facilities. The total amount of OPC's investment depends on the number of arrangements entered into and is expected to be an average of NIS 4 million for each installed MW. OPC has also entered into construction agreements and agreements for supply of motors for the generation facilities with a total capacity of approximately 41 MW. As of December 31, 2020, OPC's investment in such generation facilities amounted to approximately NIS 12 million ($4 million).

- *Sorek 2 Desalination Plant.* In May 2020, OPC, through a wholly-owned subsidiary, won a build-operate-transfer (BOT) tender with the State of Israel for the construction, operation and maintenance of a seawater desalination plant, pursuant to an agreement which states that OPC will construct, operate and maintain a natural gas-fired cogeneration power plant with a capacity of up to 99MW at the premises of the desalination plant, and sell electricity to the desalination plant for a period of 25 years, following which ownership of the power plant will be transferred to the State of Israel. OPC has committed to construct the plant within 24 months from the approval date of the national infrastructure plan (which has yet to be received). OPC is currently in the process of entering into an equipment supply agreement, a construction agreement and a maintenance agreement, which will be subject to approval by the Seawater Desalination Authority. OPC estimates that construction of the plant will be completed in the second half of 2023. Excess capacity beyond that used by the desalination plant is expected to be sold to the System Administrator.

Operations in the United States

OPC operates in the United States since January 2021, when an entity in which OPC indirectly holds a 70% stake, acquired CPV from Global Infrastructure Management, LLC. The consideration for the acquisition was $648 million in cash, subject to post-closing adjustments based on closing date cash, working capital and debt. Additional consideration of $95 million was paid in the form of a vendor loan in respect of CPV's 17.5% equity in the Three Rivers project, which is currently being developed. CPV subsequently reduced its interest in the Three River's project to 10% and the consideration for the transaction and the amount of the seller's loan was reduced accordingly. In addition to the $648 million consideration, on the completion date of the transaction, the buyer paid an additional $5 million for a deposit in the same amount held by CPV and subsequent to the completion date of the transaction, $5 million was provided by the buyer for replacement of a letter of credit issued by the seller for the CPV Keasbey project. The final consideration is subject to final closing adjustments to be completed within 120 days of closing of the acquisition.

CPV is engaged in the development, construction and management of power plants running conventional energy (powered by natural gas) and renewable energy in the United States. CPV was founded in 1999 and since the date of its establishment it has initiated and constructed power plants having an aggregate capacity of approximately 14,800 MW, of which approximately 4,850 MW consists of wind energy and another approximately 9,950 MW consist of conventional power plants. CPV holds ownership interests in active power plants it constructed over the past years (both conventional and renewable energy): in power plants powered by natural gas (of the open-cycle type from an advanced generation), CPV's proportionate ownership interest is approximately 1,290 MW out of 4,045 MW (5 power plants), and in wind energy CPV's proportionate ownership interest is approximately 106 MW out of 152 MW (1 power plant) (the remaining 30% interest for this project was acquired by CPV on April 7, 2021).

In addition, CPV holds a 10% ownership interest in the Three Rivers project, which consists of the construction of a natural gas, combined cycle power plant with expected capacity of 1,258 MW (CPV's proportionate interest is approximately 125MW), expected to participate in tenders for capacity in the PJM market. Its expected COD is May 2023 and the expected cost of construction is approximately $1.3 billion for 100% of the project (not just CPV's ownership interest). CPV also has 9 renewable energy projects in advanced stages of development, and additional projects using various technologies in different stages of development, having an aggregate scope of about 6,175 MW. CPV manages its active plants and the development of its projects. In addition, CPV provides management services to third parties.

OPC's Listing in 2017 and Financing Activities in 2019 to 2021

In August 2017, OPC completed an initial public offering in Israel, and a listing on the TASE, resulting in net proceeds to OPC of approximately $100 million and Kenon retaining 76% stake.

In 2019, OPC issued a total of 11,028,240 new ordinary shares (representing approximately 8% of OPC's issued and outstanding share capital at the time on a fully diluted basis) in two share issuances, for total cash consideration net of issuance expenses of approximately NIS 272 million (approximately $76 million). As a result of these share issuances, Kenon's interest in OPC decreased from 75.8% to 69.8% (68.9% on a fully diluted basis).

In 2020 and 2021 up to the date of this report, OPC issued new shares in multiple offerings:

- In October 2020, OPC issued a total of 11,713,521 new ordinary shares (representing approximately 7.5% of OPC's issued and outstanding share capital at the time on a fully diluted basis) for total (gross) consideration of NIS 350 million (approximately $103 million) to two institutional investors (the Clal Group and the Phoenix Group) in a private placement in connection with the acquisition of CPV.

- Also in October 2020, OPC issued a total of 23,022,100 new ordinary shares (representing approximately 14.8% of OPC's issued and outstanding share capital at the time on a fully diluted basis) for a total (gross) consideration of NIS 737 million (approximately $217 million) in a public offering. Kenon was allocated 10,700,200 shares in the public offering for a total purchase price of approximately $101 million.

- In January 2021, OPC issued 10,300,000 ordinary shares (representing approximately 5.5% of OPC's issued and outstanding share capital at the time on a fully diluted basis) to Altshuler Shaham and entities managed by Alsthuler Shaham in a private placement for a total (gross) consideration of NIS 350 million (approximately $107 million).

As a result of these share issuances, including Kenon's participation in the October 2020 public offering, Kenon's interest in OPC decreased from 69.8% to 58.2%.

Israel

The following table sets forth summary operational information regarding OPC's main operations in Israel as of March 25, 2021:

Power plants/ facilities for generation of energy	Status	Installed electricity capacity (MW)	Current OPC Ownership Interest	Location	Technology	COD/ Expected COD	Main customer/ consumer	Amount of OPC investment in the project at 12/31/2020 (NIS millions)	Total estimated cost of the investment in the project (NIS millions)
Rotem Power Plant	Active	≈ 466	80%	Rotem plain	Conventional	July 2013	Private customers and IEC	≈ 2,000	–
Hadera Power Plant	Active	≈ 144 Energy Center which as at the submission date of the report is operated for supply of steam as a back up	100%	Hadera Industrial Zone On the premises of Hadera Paper Mills	Cogeneration	July 2020	Private customers and the System Administrator	≈ 900[1]	–
Zomet	Under construction	≈ 396	100%	Plugot Intersection	Conventional with open cycle	January 2023	The System Administrator	≈ 694	≈ 1,500[2]
Sorek 2	In initiation	Up to 99	100%	On the premises of the Sorek B seawater desalination facility	Conventional	Second half of 2023	Yard consumer and pursuant to EA regulations	≈ 1	Up to 200
Facilities for generation of energy on the consumer's premises	In various stages of development starting from initiation and up to construction	Every facility up to 16 megawatts (as at the submission date of the report, construction and operation agreements were signed for a total of 76 megawatts. The Company intends to take action to sign construction and operation agreements in a cumulative scope of at least 120 megawatts	100%	On the premises of consumers throughout Israel	Conventional	The planned commercial operation dates are pursuant to the conditions provided in the agreements and in any case no later than 48 months from the signing date of the agreement[3]	Yard consumers also including Group customers	≈ 12	≈ an average of NIS 4 per megawatt

(1) The total investment is presented net of compensation from the construction contractor to which Hadera is entitled under Hadera's construction agreement. Hadera offset part of such compensation against payments to the construction contractor.
(2) The estimate of the costs does not take into account half of the assessment received from Israel Lands Authority in January 2021, in the amount of about NIS 200 million (not including VAT) in respect of capitalization fees.
(3) The binding agreements and execution thereof are subject to receipt of approvals and/or consents of third parties, where necessary, including connection of the consumer to the natural gas distribution infrastructures (to the extent the consumer is not already connected), receipt of approval of Israel Electric Company (IEC) for connection of the facility to the electricity network, issuance of a building permit for the facility, and where necessary even preparation of a detailed statutory plan (Urban Planning Scheme) for this purpose.

OPC sells energy through PPAs. The weighted average remaining life of OPC's PPAs based on firm capacity, as of March 25, 2021, is approximately 6.5 years for OPC-Rotem and 11.4 years for OPC-Hadera, including a 25-year PPA with Hadera Paper mill. The IEC PPA (as defined below), which extends for a 20-year term from COD of OPC-Rotem, provides OPC-Rotem with the option to allocate and sell the generated electricity of the power station directly to private customers. OPC-Rotem has exercised this option and sells all of its energy and capacity directly to private customers (i.e. customers other than the IEC), as of the date of this report. For further information on the IEC PPA, see "*—OPC's Description of Operations—Regulatory, Environmental and Compliance Matters*."

United States

The following table sets forth summary operational information regarding OPC's United States operations (active projects), through its 70% ownership of CPV, as of March 25, 2021:

Plant	Location	CPV Ownership Interest	Fuel/ technology	Installed Capacity (MW)	Year of commercial operation
CPV Fairview	Pennsylvania	25%	Natural gas, combined cycle	1,050	2019
CPV Towantic	Connecticut	26%	Natural gas / two fuels, combined cycle	805	2018
CPV Maryland	Maryland	25%	Natural gas, combined cycle	745	2017
CPV Shore	New Jersey	37.53%	Natural gas, combined cycle	725	2016
CPV Valley	New York	50%	Natural gas, combined cycle	720	2018
CPV Keenan II	Oklahoma	70%[1]	Wind	152	2010

____

(1) In April 2021, CPV acquired the remaining 30% interest in this project and, therefore, currently has 100% ownership interest.

The power plants in which CPV has an interest generally sell their output on the spot market. CPV has in place hedging arrangements as described below.

Industry Overview

Overview of Israeli Electricity Generation Industry

Israel's power generation units primarily utilize fossil fuels. Most of the activity of power generation in Israel is carried out by the state-owned IEC. However, in recent years the market share of private producers has been increasing in light of the Israeli government policy to allow competition in the electricity market.

The following tables feature data on the share of private electricity producers and the IEC in the electricity market, as well as renewable energy production in 2018 and 2019, as published by the EA in the Report on the Condition of the Electricity Market for 2018 and 2019.

	December 31, 2019		December 31, 2018	
	Installed Capacity (MW)	% of Total Installed Capacity in the Market	Installed Capacity (MW)	% of Total Installed Capacity in the Market
IEC	12,752	66%	13,355	73%
Private electricity producers (without renewable energy)	4,288	22%	3,439	19%
Renewable energy (private electricity producers)	2,326	12%	1,424	8%
Total in the market	**19,366**	**100%**	**18,198**	100%

	Energy generated (thousands of MWh)	% of total generated in the market	Energy generated (thousands of MWh)	% of total generated in the market
IEC	47,784	66%	47,900	69%
Private electricity producers (without renewable energy)	21,359	29%	19,232	28%
Renewable energy (private electricity producers)	3,334	5%	2,038	3%
Total in the market	**72,476**	**100%**	**69,170**	100%

Sales of IPPs are generally made on the basis of PPAs for the sale of energy to customers, with prices predominantly linked to the tariff published by the EA and denominated in NIS. The EA operates a "Time of Use" tariff, which provides different energy rates for different seasons (e.g., summer and winter) and different periods of time during the day. Within Israel, the price of energy varies by season and demand period, with tariffs varying based upon the season—summer (July, August), winter (January, February, December) and transition (March-June, September-November)—and demand (peak, shoulder and off-peak).

In January 2021, the EA published the electricity tariffs for 2021, which included a decrease of the EA's generation component tariff by approximately 5.7%. OPC-Hadera's and OPC-Rotem's gas prices were at the minimum price in January and February 2021 and for OPC-Rotem may be (and for OPC-Hadera will be) at the minimum price for the remainder of 2021. This decrease in the EA generation component is expected to have a negative impact on OPC's profits in 2021 compared with 2020.

As of December 31, 2019, the total installed capacity of the Israeli market (IEC and IPPs) was approximately 17,040 MW excluding renewable energy, and approximately 2,326 MW, including renewable energy. According to EA publications, the demand for electricity in Israel is expected to grow at an annual rate of 2.8%, reaching an annual generation forecast of 97.26 kilowatts per hour in 2030. These projections for the growth in the electricity market are based on the following assumptions:

	Estimates megawatts
New installed capacity with gas up to 2030	1,400-4,000
Sale of IEC sites that have not yet been sold in accordance with sector reform (Hagit, Eshkol and Redding)	2,771
Total additional potential private capacity up to 2030	**4,171 – 6,771**

The IEC has been classified by the Electricity Sector Law as an "essential service provider" and, as such, is subject to basic obligations concerning management of the Israeli power utility market. These obligations include the filing of development plans, management of Israel's power system, management of Israel's power transmission and distribution systems, provision of backup and infrastructure services to IPPs and consumers, and the purchase of power from IPPs. The IEC also transmits all of the electricity in Israel.

Pursuant to the Israeli Government's electricity sector reform, among other things, (i) the IEC will be required to sell five power plants (currently three plants remain to be sold) through a tender process over a period of 7 years, which is expected to reduce the IEC's market share to below 40% (ii) the IEC will cease acting as the System Administrator and (iii) certain limitations will be imposed on entities participating in the tender process as well as in overall capacity held by a single entity in the market. Furthermore, the IEC is permitted to build and operate two new gas-powered stations (through a subsidiary), but is not authorized to construct any new stations or recombine existing stations. This reform is expected to increase IPPs' presence in the market and lead to further industry competition. The IEC's Alon Tabor power plant was sold in 2019 and the Ramat Hovav power plant was sold in 2020. OPC submitted purchase bids as part of both tenders but was not the winning bidder.

For further information on Israel's regulatory environment, see "*—OPC's Description of Operations—Regulatory, Environmental and Compliance Matters.*" For information on the risks related to changes in Israel's regulatory environment, see "*Item 3.D Risk Factors—Risks Related to OPC—Changes in the EA's electricity rates may reduce OPC's profitability*" and "*Item 3.D Risk Factors—Risks Related to OPC—OPC's operations are significantly influenced by regulations*."

Overview of United States Electricity Generation Industry

The electricity market in the United States, in which CPV operates, is the largest private electricity market in the world with about 1,100 gigawatts of generation facilities. The generation mix has changed significantly over the last several years. In 2016, natural gas overtook coal as the primary fuel source for electricity production in the United States, after coal comprised over 50% of the electricity supply since the 1980s. These changes have been driven by federal and state environmental policies, as well as the relative cost of the fuel sources and the advancement in technologies. These factors also have greatly contributed to the growth in renewable technologies over the last several years.

The transition in the United States to renewable and lower carbon emitting generation has been accelerating in recent years. While hydroelectric generation has been a mainstay of the industry from its early days, and certain parts of the country have a significant resource base, there is an acceleration of wind and solar power plants. A key factor driving the increase in renewable technologies are state policies supporting the decarbonization of the economy which includes energy, transportation, and heating. Thirty states have enacted mandatory targets for the percentage of renewable energy to support state demand, and others have policy goals that target reductions in CO2 emissions over time. State run programs for renewable energy development require local utilities to procure a percentage of power from renewable resources through certification programs typically referred to as RECs (Renewable Energy Certificates), which are tradable on a number of exchanges throughout the country. In addition, federal and state tax policies have incentivized investment in certain renewable technologies through Production Tax Credits (PTC), which provide a tax benefit for every KW/h generated during a ten-year period and through Investment Tax Credits (ITC), which provide tax benefits based upon the amount of investment made in a project.

OPC's Description of Operations

OPC operates power generation plants in Israel and, with the acquisition of CPV in January 2021, in the United States. See below a description of OPC's operations by geography. For an overview of certain key historical financial and operational information for OPC see "*Operating and Financial Review and Prospects—Business Overview—OPC.*"

Israel

OPC's operations in Israel include power generation plants that operate on natural gas and diesel. As of December 31, 2020, OPC's installed capacity was up to 610 MW. OPC's operations in Israel consist of two power plants in operation: OPC-Rotem and OPC-Hadera, and one plant under construction, Tzomet.

OPC-Rotem

OPC's first power plant, OPC-Rotem, a combined cycle power plant with an installed capacity of 466 MW (based on OPC-Rotem's generation license), commenced commercial operations in Mishor Rotem, Israel in July 2013. The power plant utilizes natural gas, with diesel oil and crude oil as backups. OPC has an 80% equity interest in OPC-Rotem.

OPC-Hadera

OPC's second power plant, OPC-Hadera operates a cogeneration power station in Israel with capacity of approximately 144 MW, which reached its COD on July 1, 2020 and owns the Energy Center, which consists of boilers and a steam turbine. The Energy Center currently serves as backup for the OPC-Hadera power plant's supply of steam. Its turbine is not currently operating and is not expected to operate with generation of more than 16MW. The total investment in construction of the OPC-Hadera power plant and infrastructure of OPC-Hadera (including the Energy Center) amounted to about NIS 0.9 billion (approximately $0.3 billion).

Tzomet

OPC owns 100% of Tzomet, which is developing a natural gas-fired open-cycle power station in Israel with capacity of approximately 396 MW. The Tzomet plant will be a "peaking" facility and all capacity will be sold to the IEC. In April 2019, the EA granted Tzomet a conditional license for a 66-month term (which can be extended, subject to conditions) for the construction of a 396MW conventional open-cycle power plant. Tzomet's conditional license remains subject to conditions set forth under the conditional license, including construction of the plant, as well as for the receipt of a permanent generation license upon expiration of the conditional license. If Tzomet is unable to meet such conditions this could result in a delay or inability to complete the project. In February 2020, the EA notified OPC that financial closing for the Tzomet project had been met. During 2020, the construction of the Tzomet power plant commenced. OPC expects that the Tzomet plant will reach its COD in January 2023 and that the total cost of completing the Tzomet plant will be approximately NIS 1.5 billion (approximately $0.5 billion) (excluding NIS 100 million, i.e. half of the tax assessment received with respect to the land). As of December 31, 2020, OPC had invested approximately NIS 694 million (approximately $216 million) in the project.

OPC has participated in the past and will consider participating in future tenders, including the IEC tenders. However, there is no certainty that OPC will participate in such tenders or that it will be successful.

See "*Item 3.D Risk Factors—Risks Related to OPC—OPC faces risks in connection with the expansion of its business*" and "*Item 3.D Risk Factors—Risks Related to OPC—OPC faces competition from other IPPs.*"

Construction of energy generation facilities on the premises of consumers

OPC has engaged several consumers (including consumers that were successful in the EA's tender) in agreements through the installation and operation of generation facilities (natural gas) on the premises of consumers for capacity of approximately 76MW, as well as arrangements for the sale and supply of energy to consumers. Once completed, OPC will sell electricity from the generation facilities to the consumers for a period of approximately 15-20 years from the COD of the generation facilities. The planned COD dates are in accordance with the conditions provided in the agreements, but not later than 48 months from the execution date of the relevant agreement. The total amount of OPC's investment depends on the number of arrangements entered into and is expected to be an average of NIS 4 million for every installed MW. OPC has also entered into construction agreements and agreements for supply of motors for the generation facilities with a total capacity of approximately 41 MW. As of December 31, 2020, OPC's investment in such generation facilities amounted to approximately NIS 12 million (approximately $4 million).

Sorek 2

In May 2020, OPC, through its wholly owned subsidiary, won a build-operate-transfer (BOT) tender with the State of Israel for the construction, operation and maintenance of a seawater desalination plant, in an agreement which states that OPC will construct, operate and maintain a natural gas-fired cogeneration power plant with a capacity of up to 99MW at the premises of the desalination plant, and sell electricity to the desalination plant for a period of 25 years, following which ownership of the power plant will be transferred to the State of Israel. OPC has committed to construct the plant within 24 months from the approval date of the national infrastructure plan (which has yet to be received). OPC is currently in the process of entering into an equipment supply agreement, a construction agreement and a maintenance agreement, which will be subject to approval by the Seawater Desalination Authority. OPC estimates that the construction period for the plant will end in the second half of 2023. The plant is expected to operate in accordance with the EA's regulations. Excess capacity beyond that used by the desalination plant is expected to be sold to the System Administrator.

The following table sets forth summary operational information for OPC's operating plants in Israel as of and for the year ended December 31, 2020:

Entity	Installed Capacity (MW)	Net energy generated (GWh)	Availability factor (%)
OPC-Rotem	466	3,321	92%
OPC-Hadera	144	431	79%
OPC Total	**610**	3,752	

The following table sets forth summary operational information for OPC's operating plants in Israel as of and for the year ended December 31, 2019:

Entity	Installed Capacity (MW)	Net energy generated (GWh)	Availability factor (%)
OPC-Rotem	466	3,727	99%
OPC-Hadera (Energy Center)	18	84	94%
OPC Total	**484**	3,811	

The following table sets forth summary operational information for OPC's operating plants in Israel as of and for the year ended December 31, 2018:

Entity	Installed Capacity (MW)	Net energy generated (GWh)	Availability factor (%)
OPC-Rotem	466	3,299	87%
OPC-Hadera (Energy Center)	18	84	94%
OPC Total	**484**	3,383	

The following summaries provide a description of OPC's businesses in Israel.

OPC-Rotem

OPC has an 80% stake in OPC-Rotem. The remaining 20% is held by Veridis, which is indirectly controlled by Delek Automotive Systems Ltd. OPC-Rotem commenced operations in July 2013 in Mishor Rotem industrial zone in the south of Israel. The OPC-Rotem plant was constructed for an aggregate cost of approximately $508 million. OPC-Rotem's plant has a capacity of 466 MW (based on OPC-Rotem's generation license).

Gas Supply Agreements

OPC-Rotem purchases natural gas from the Tamar Group, pursuant to a natural gas supply agreement that expires upon the earlier of June 2029 or the date on which OPC-Rotem consumes the entire contractual capacity. The EA's generation component tariff is the base for the natural gas price linkage formula in the agreement between OPC-Rotem and the Tamar Group. According to the agreement with the Tamar Group, OPC-Rotem has the option to decrease the daily contractual gas amount to a specific amount set forth in the agreement between 2020 and 2022, such that the minimum consumption from the Tamar Group constitutes 50% of the average gas consumption in the three years preceding the notice of the option exercise. This agreement was amended in 2019, reducing the minimum consumption to 40%, extending the time period when the option can be exercised, and increasing certain gas consumption commitments of OPC-Rotem until the end of the Karish gas reservoir commissioning (at which time gas supply from Energean — see below- is expected to be available). The amendment was intended to allow a reduction in the quantity of gas purchased under the agreement with Tamar Group and increase in the quantity purchased under the terms of the agreement with Energean (described below) with the purpose of decreasing the overall gas price of OPC. The amendment is also expected to increase OPC-Rotem's cumulative annual take-or-pay obligations. Commencing in March 2020, OPC-Rotem was required to purchase minimum amounts of gas pursuant to the agreement ("take-or-pay" obligation).

In December 2017, OPC-Rotem signed an agreement for the purchase of natural gas with Energean Israel Ltd., or Energean. Pursuant to this agreement, OPC-Rotem has agreed to purchase from Energean 5.3 billion m^3 of natural gas over a period of fifteen years (subject to adjustments based on their actual consumption of natural gas) or until the date of consumption of the full contractual quantity, commencing at the commercial operation date of the Energean natural gas reservoir. In 2019, the agreement between OPC-Rotem and Energean was amended to increase the daily and annual gas consumption from Energean, while keeping the same total contractual gas quantity. The supply period was shortened from fifteen years to ten years (unless the total contractual quantity is supplied earlier). Further to notices issued to OPC in 2020 by Energean claiming "force majeure events" under its agreement, in September 2020, Energean issued an additional notice to OPC claiming force majeure events under its agreement and indicating that it expects flowing of the first gas from the Karish reservoir to take place in the second half of 2021. OPC rejected the force majeure contentions under the agreements. According to Energean's January 2021 publications, flowing of gas from the Karish reservoir is expected to take place during the fourth quarter of 2021. This projection requires an increase in workforce in order to be attained, and if such increase is not effected the flowing of gas may be further delayed. In February 2021, as part of issuance of bonds by Energean, Moody's published a report stating that the full operation of the Karish reservoir may be delayed to the second quarter of 2022. There is no guarantee that the gas supply will be available by the stated timeframes or at all.

Electricity Sales

OPC-Rotem has a PPA with IEC, the government-owned electricity generation, transmission and distribution company in Israel, or the IEC PPA (which will be assigned by IEC to the System Administrator). The term of the IEC PPA is for 20 years after the power station's COD (which was in 2013). According to the agreement, OPC-Rotem is entitled to operate in one of the following two ways (or a combination of both, subject to certain restrictions set in the agreement): (1) provide the entire net available capacity of its power station to IEC or (2) carve out energy and capacity for direct sales to private consumers. OPC-Rotem has allocated the entire capacity of the plant to private consumers since COD. As of December 31, 2020, OPC-Rotem supplies energy to 36 private customers according to PPAs. OPC manages sales of electricity from the OPC-Rotem power plant in a manner that is intended to permit flexibility in the sale of electricity to its customers (for example by means of suspending from time to time the sale of the electricity). Under the IEC PPA, OPC-Rotem can also elect to revert back to supplying to IEC instead of private customers, subject to twelve months' advance notice. In addition, some of OPC-Rotem's customers have entered into agreements with OPC for construction and operation of energy generation facilities, whereby supply of the electricity will be made by the energy generation facility and OPC-Rotem, see "*-Construction of energy generation facilities on the premises of consumers.*"

Maintenance

Mitsubishi provides the long-term servicing of the power station, for a term of 100,000 hours of operation, or until the date on which 8 planned gas turbine treatments are completed (OPC estimates that this is a period of 12 years). OPC's long-term service agreement with Mitsubishi includes timetables for performance of the maintenance work, including "major overhaul" maintenance, which is to be performed every six years. Regular maintenance work is scheduled to be completed approximately every 18 months. The most recent regularly scheduled maintenance was scheduled for the second quarter of 2020, but this was delayed due to COVID-19 related restrictions. In April 2020, OPC-Rotem shut down the power plant for a number of days in order to perform internally-initiated technical tests and treatments. These shutdowns and delay in the timing of the planned maintenance work did not have a significant impact on the generation activities of the OPC-Rotem power plant and its results. In October 2020, Mitsubishi carried out maintenance work, as planned. The execution of maintenance work required thirteen days during which the activities of the Rotem Power Plant were halted. The next regular maintenance work is expected to take place in October 2021, during which the plant's operations are expected to be suspended for 18 days.

Shareholder Agreement

OPC has entered into a shareholders' agreement which grants minority rights to OPC Rotem's minority shareholder. For further information on OPC's shareholders' agreements, see "*—Shareholders' Agreements.*"

OPC-Hadera

OPC-Hadera operates a cogeneration power plant in Israel with capacity of approximately 144 MW and owns the Energy Center, which consists of boilers and a steam turbine. The Energy Center currently serves as back-up for the OPC-Hadera power plant's supply of steam and its turbine is not currently operating and is not expected to operate with generation of more than 16MW. The cogeneration power plant reached its COD on July 1, 2020. In June 2020, the EA granted a permanent license to the OPC-Hadera power plant for generation of electricity using cogeneration technology having installed capacity of 144 MW and a supply license. The generation license is for a period of 20 years, as is the supply license so long as a valid generation license is held (the generation license may be extended by an additional 10 years). Certain components of the gas and steam turbines were subject to replacement, repair or improvement work during December 2020 and early 2021, and additional necessary work is expected in the rest of 2021. During performance of such work, the power plant is expected to be operated partially.

OPC-Hadera leases from Hadera Paper the land on which the power generation plant is located for a period of 24 years and 11 months from December 2018.

EPC Contract

In January 2016, OPC-Hadera entered into an EPC contract with IDOM, for the design, engineering, procurement and construction of the cogeneration power plant (as well as amendments to the agreement that were subsequently signed). The total consideration, following amendments made to the agreement in 2018, is estimated at NIS 639 million (approximately $185 million), payable upon achievement of certain milestones. The agreement contains a mechanism for the compensation of OPC-Hadera in the event that IDOM fails to meet its contractual obligations under the agreement. Furthermore, IDOM has provided bank guarantees and a corporate guarantee has been provided by its parent company to secure IDOM's obligations, and OPC has provided IDOM a guarantee to secure part of OPC-Hadera's liabilities. Due to delays in the plant's COD, OPC estimates that part of the costs resulting from the delay, including lost profits, are expected to be covered by its insurance policy as well as the construction contractor, but has not received such reimbursements to date. There is no certainty that OPC be able to receive reimbursements and/or compensation for the full amount of its direct and indirect damages.

Sales of Electricity and Steam

OPC-Hadera's power plant supplies the electricity and steam needs of Hadera Paper's facility and provides electricity to private customers in Israel. It also sells electricity to the IEC. The power plant operates using natural gas as its energy source, and diesel oil and crude oil as backups. As a cogeneration plant which supplies electricity and steam in a single production process, based on the construction contractor's estimates OPC-Hadera's power plant is expected to have a relatively high level of energy utilization.

OPC-Hadera has entered into a PPA with Hadera Paper for supply of all of Hadera Paper's electricity and steam needs for a period of 25 years. The agreement provides a minimum quantity of steam to be purchased by Hadera Paper ("take-or-pay"), which will be subject to adjustment. The Energy Center currently serves as back-up for the OPC-Hadera power plant's supply of the steam.

In addition to this agreement, OPC-Hadera has entered into PPAs with other private customers. Such agreements include a compensation mechanism in case of delay in the COD of the power plant and for non-availability of the power plant below a minimum level. In light of the delay in the COD of the power plant to July 2020, Hadera has paid its customers compensation. In addition, some of OPC-Hadera's customers have entered into agreements with OPC for construction and operation of energy generation facilities, whereby supply of the electricity will be made by the energy generation facility and OPC-Hadera, see "—*Construction of energy generation facilities on the premises of consumers*."

Gas Supply Agreements

In 2012, Hadera Paper entered into an agreement with the Tamar Group for the supply of natural gas, which has been assigned to OPC-Hadera. This gas supply agreement expires upon the earlier of April 2028 or the date on which OPC-Hadera consumes the entire contractual capacity. Both contracting parties have the option to extend the agreement, under certain conditions. The price of gas is linked to the weighted average of the generation component tariff published by the EA, and it is also subject to a price floor. According to the agreement, the gas shall be supplied on a firm basis, and includes a take-or-pay obligation, by OPC-Hadera. In addition, according to the agreement, OPC-Hadera has the option to effectively reduce the purchased gas quantities by approximately 50%, subject to certain conditions.

In September 2016, OPC-Hadera entered into another gas supply agreement with the Tamar Group. The gas supply agreement will expire at the earlier of fifteen years from January 2019 on the date on which OPC-Hadera consumes the entire contractual capacity. Both parties have the option to extend the agreement, under certain conditions. OPC-Hadera also has the right to terminate this agreement, which it may elect to do in connection with the Energean agreement described below. The price of gas is linked to the weighted average of the generation component tariff published by the EA, and it is also subject to a price floor. According to the agreement, the gas will be supplied on an interruptible basis, and the Tamar Group shall not be responsible for failures in the requested gas supply levels. The Tamar Group may decide to switch the supply to a firm basis. In the event of such a decision and from the date of the change in supply mechanism, OPC-Hadera will be subject to a take-or-pay obligation. OPC-Hadera also has the option to sell gas surplus to other customers, including related parties, subject to limitations. In 2019, this agreement was amended reducing the minimum consumption to 30%, extending the time period when the option can be exercised, and increasing certain gas consumption commitments of OPC-Hadera until the end of the Karish gas reservoir commissioning (at which time gas supply from Energean — see below- is expected to be available). The amendment was intended to allow a reduction in the quantity of gas purchased under the agreement with Tamar Group and increase in the quantity purchased under the terms of the agreement with Energean (as described below) with the purpose of decreasing the overall gas price of OPC.

In December 2017, OPC-Hadera signed an agreement for the purchase of natural gas with Energean. Pursuant to this agreement, OPC-Hadera has agreed to purchase from Energean 3.7 billion m^3 of natural gas for a period of fifteen years (subject to adjustments based on their actual consumption of natural gas) or until the date of consumption of the full contractual quantity, commencing at the commercial operation date of the Energean natural gas reservoir. In 2019, this agreement was amended to increase the daily and annual gas consumption from Energean, while keeping the same total contractual gas quantity. The supply period was shortened from fifteen years to ten years (unless the total contractual quantity is supplied earlier). Further to notices issued to OPC in 2020 by Energean claiming "force majeure events" under its agreement, in September 2020, Energean issued an additional notice to OPC claiming force majeure events under its agreement and indicating that it expects flowing of the first gas from the Karish reservoir to take place in the second half of 2021. OPC rejected the force majeure contentions under the agreements. As stated in Energean's January 2021 publications, flowing of gas from the Karish reservoir is expected to take place during the fourth quarter of 2021. This projection requires an increase in workforce in order to be attained, and if such increase is not effected the flowing of gas may be further delayed. In February 2021, as part of issuance of bonds by Energean, Moody's published a report stating that the full operation of the Karish reservoir may be delayed to the second quarter of 2022. There is no guarantee that the gas supply will be available by the stated timeframes or at all. For further information on OPC-Hadera's gas supply agreements, see "—*OPC's Raw Materials and Suppliers.*"

Maintenance

In June 2016, OPC-Hadera entered into a maintenance agreement with General Electric International Ltd., or GEI, and GE Global Parts & Products GmbH, or GEGPP pursuant to which these two companies will provide maintenance treatments for the two gas turbines of GEI, generators and auxiliary facilities of the OPC-Hadera plant for a period commencing on the date of commercial operation until the earlier of: (a) the date on which all of the covered units (as defined in the service agreement) have reached the end-date of their performance and (b) 25 years from the date of signing the service agreement. The service agreement contains a guarantee of reliability and other obligations concerning the performance of the OPC-Hadera plant and indemnification to OPC-Hadera in the event of failure to meet the performance obligations. OPC-Hadera has undertaken to pay bonuses in the event of improvement in the performance of the plant as a result of the maintenance work, up to a cumulative ceiling for every inspection period.

Tzomet

In March 2018, OPC acquired 95% of the shares of Tzomet, which is developing a natural gas-fired open-cycle power station in Israel with capacity of approximately 396 MW, for consideration of approximately $23 million. In February 2020, OPC acquired the remaining 5% of the shares of Tzomet, for consideration of approximately NIS 27 million (approximately $8 million).

In February 2020, financial closing for the Tzomet project was met and in 2020, the construction of the Tzomet power plant commenced. OPC expects that the Tzomet plant will reach its COD by January 2023 and that the total cost of completing the Tzomet plant will be approximately NIS1.5 billion (approximately $0.5 billion) (excluding NIS 100 million, i.e. half of the tax assessment received with respect to the land). As of December 31, 2020, OPC had invested approximately NIS 694 million (approximately $216 million) in the project.

Sales of Electricity

As opposed to generation facilities with an integrated cycle that operate during most of the hours in the year, the Tzomet plant will be an open-cycle power plant (Peaker plant). Peaker plants are generally planned to operate for a short number of hours during the day, where there is a gap in the demand and supply of electricity, e.g., at peak demand times. They act as backup plants whose purpose is to provide availability in times of peak demand, such as when other generation facilities break down, or as supplements when solar energy is unavailable. Therefore, as opposed to OPC-Rotem and OPC-Hadera, which enter into PPAs to sell power to private customers, Tzomet will sell all of its capacity to the IEC, acting as a Peaker plant.

In January 2020, Tzomet entered into a PPA with IEC, the government-owned electricity generation, transmission and distribution company in Israel, or the Tzomet PPA (in October 2020, Tzomet received notice of assignment by IEC to the System Administrator). The term of the Tzomet PPA is for 20 years after the power station's COD. According to the terms of the Tzomet PPA, (1) Tzomet will sell energy and available capacity to IEC and IEC will provide Tzomet infrastructure and management services for the electricity system, including back-up services, (2) all of the Tzomet plant's capacity will be sold pursuant to a fixed availability arrangement, which will require compliance with criteria set out in relevant regulation, (3) the plant will be operated pursuant to the System Administrator's directives and the System Administrator will be permitted to disconnect supply of electricity to the grid if Tzomet does not comply with certain safety conditions and (4) Tzomet will be required to comply with certain availability and credibility requirements set out in its license and relevant regulation, and pay penalties for any non-compliance. Once the Tzomet plant reaches its COD, its entire capacity will be allocated to the System Administrator pursuant to the terms of the Tzomet PPA, and Tzomet will not be permitted to sign agreements with private customers unless the electricity trade rules are updated.

Gas Supply Agreement

In December 2019, Tzomet entered into an agreement with Israel Natural Gas Lines, or INGL, for the transmission of natural gas to the Tzomet power plant. The agreement is subject to cancellation under certain conditions. Construction work under the agreement has not yet commenced. OPC's management estimates that the transmission price under the agreement will be NIS 25 million (approximately $7 million) per year.

Maintenance Agreement

In December 2019, Tzomet entered into a long-term maintenance agreement with PW Power Systems LLC, or PW. Pursuant to the agreement, PW will provide maintenance treatments to the Tzomet plant generators, turbines, and additional equipment for a period of 20-years commencing on the date of commercial operation of the Tzomet plant.

EPC Contract

Tzomet has entered into an EPC agreement with PW for construction of the Tzomet project. Pursuant to this agreement, PW committed to provide certain maintenance services in connection with the power station's main equipment for a period of 20 years commencing from the start date of the commercial operation and undertook to complete the construction work of the Tzomet project. The aggregate consideration payable over the term of the agreement is approximately $300 million, and is payable based on the achievement of milestones. The agreement contains a mechanism for the compensation of Tzomet in the event that PW fails to meet its contractual obligations under the agreement. In March 2020, Tzomet issued a notice to commence to the contractor under the agreement and the agreement was further amended to extend the period for completion of construction by three months. OPC's management currently does not expect that the extension will result in a delay in the project.

Construction of energy generation facilities on the premises of consumer

OPC has entered into agreements with several consumers (including consumers that were successful in the EA's tender) for the installation and operation of generation facilities (natural gas) on the premises of consumers for capacity of approximately 76MW, as well as arrangements for the sale and supply of energy to consumers. Upon completion, OPC will sell electricity from the generation facilities to the consumers for a period of approximately 15-20 years from the COD of the generation facilities. The planned COD dates are in accordance with the conditions provided in the agreements, and no later than 48 months from the date of the agreement.

The arrangements with customers that have been entered into and those expected to be entered into provide for reduced tariffs for customers reflecting lower use of the infrastructure, and capacity payments to OPC. OPC has also signed construction agreements and agreements covering the supply of motors for the generation facilities, with a total capacity of approximately 41 MW. Some PPAs with OPC-Rotem and OPC-Hadera have been extended in connection with such arrangements. OPC intends to take action to sign construction and operation agreements with additional consumers (including customers of the group). OPC is considering participating in tenders by customers for additional capacity using these arrangements. The total amount of OPC's investment depends on the number of arrangements entered into and is expected to be an average of NIS 4 million (approximately $1 million) for each installed MW. As of December 31, 2020, OPC's investment in such generation facilities amounted to approximately NIS 12 million (approximately $4 million). OPC has entered into a framework agreement to order motors for the generation facilities.

United States

OPC's operations in the United States consist of the operations of CPV, which was acquired in January 2021 by a partnership in which OPC has a 70% indirect interest and the general partner of which is indirectly owned by OPC. The acquisition agreement included representations of the sellers with respect to CPV, its assets, position and activities, which are subject to exceptions and qualifications. The representations of the sellers expired on the closing date of the transaction, except for certain fundamental representations that will apply for two years, where the right of recourse in a case of their breach is limited solely to an offset against the sellers loan, subject to conditions stipulated in the acquisition agreement and after full utilization of the right of recovery under the insurance policy. Pursuant to the acquisition agreement, the buyer purchased an insurance policy covering representations with a liability limit of up to about $53 million for a period of 3 years, except for certain representations regarding which the period is 6 years, on terms that are customary in insurance policies covering representations for a transaction of this type.

CPV is engaged in the development, construction and management of power plants running conventional energy (powered by natural gas) and renewable energy in the United States. CPV was founded in 1999 and since the date of its establishment it has initiated and constructed power plants having an aggregate capacity of approximately 14,800 MW, of which approximately 4,850 MW consists of wind energy and another approximately 9,950 MW consist of conventional power plants. CPV holds ownership interests in active power plants it constructed over the past years (both conventional and renewable energy): in power plants powered by natural gas (of the open-cycle type from an advanced generation), CPV's proportionate ownership interest is approximately 1,290 MW out of 4,045 MW (5 power plants), and in wind energy CPV's proportionate ownership interest is approximately 106 MW out of 152 MW (1 power plant) (the remaining 30% interest for this project was acquired by CPV on April 7, 2021). In addition, CPV holds a 10% ownership interest in the Three Rivers project, a power plant under construction running on natural gas having an aggregate capacity of approximately 1,258 MW (CPV's share currently is approximately 125MW). CPV also has 9 renewable energy projects in advanced stages of development, and additional projects using various technologies in different stages of development, having an aggregate scope of about 6,175 MW. CPV manages its active plants and the development of its projects. In addition, CPV provides management services to third parties.

Plants in Commercial Operation

The table below sets forth an overview of CPV's power plants that were in commercial operation as of December 31, 2020.

Project	**Location**	**Installed Capacity (MW)**	**CPV ownership interest**	**Year of commercial operation**	**Type of project/ technology**	**Regulated market**[1]	**Manner of sale of capacity/electricity**
CPV Fairview	Pennsylvania	1,050	25%	2019	Natural gas, combined cycle (there is a possibility of an ethane mix up to 25%)	PJM	Capacity payments from PJM, without reference to the actual quantity generated, based on the price determined in an annual tender for the activity year three years in advance. The capacity price is known up to May 2022. The capacity price determined for the 2021/22 capacity year is $140 per MW/day in the region in which the project is located. Gas for the project is acquired in the market on the basis of market prices at the acquisition points.
CPV Towantic	Connecticut	805	26%	2018	Natural gas / two fuels, combined cycle	ISO-NE	Capacity payments from ISO-NE, without reference to the actual quantity generated, based on the price determined in the tender. The project participated in a capacity tender for the first time in 2018-2019 based on a price of $9.55 per KW/month and it exercised the possibility to determine (fix) the tariff for seven years in respect of 725 MW linked to the Utilities Inputs Index. For 2023-24 there is a possibility to sell an additional 45 MW. From 2025, capacity prices will be based on an annual tender for the activity year three years in advance. Gas for the project is acquired in the market on the basis of market prices at the acquisition points.
CPV Maryland	Maryland	745	25%	2017	Natural gas, combined cycle	PJM	Capacity payments from PJM, without reference to the actual quantity generated, based on the price determined in an annual tender for the activity year three years in advance. The capacity price is known up to May 2022. The capacity price determined for the 2021/22 capacity year is $140 per MW/day in the region in which the project is located. Gas for the project is acquired in the market on the basis of market prices at the acquisition points.
CPV Shore	New Jersey	725	37.53%	2016	Natural gas, combined cycle	PJM	Capacity payments from PJM, without reference to the actual quantity generated, based on the price determined in an annual tender for the activity year three years in advance. The capacity price is known up to May 2022. The capacity price determined for the 2021/22 capacity year is $166 per MW/day in the region in which the project is located. Gas for the project is made based on the market prices at the acquisition points.
CPV Valley	New York	720	50%	2018	Natural gas, combined cycle	NYISO	Capacity payments from NYISO, based on the price determined in seasonal, monthly and SPOT capacity tenders, with capacity prices that change every month. Gas for the project is acquired in the market on the basis of market prices at the acquisition points.
CPV Keenan II	Oklahoma	152	70%[2]	2010	Wind	SPP	The project entered into an agreement for supply of electricity (PPA) with a utility company for 100% of the

	electricity generated up to 2030.

(1) Sale of electricity in the organized PJM market is supervised and administered by PJM to ensure supply of the electricity in accordance with price offers of the electricity generators. Sale of electricity in the organized NYISO market is supervised and administered by NYISO to manage the supply of the electricity in accordance with price offers of the electricity generators.

(2) In April 2021, CPV acquired the remaining 30% interest in this project and, therefore, currently has 100% ownership interest.

The table below provides sets forth an overview of the generation capacity of CPV's plants in commercial operation for 2019 and 2020.

	2020			2019		
	Net Electricity generation (GWh)[1]	Actual Generation (%)[2]		Net Electricity generation (GWh)[1]	Actual Generation (%)[2]	
Fairview[3]	7,397	78.4	%	373	66.9	%
Towantic	5,322	72.6	%	3,868	52.9	%
Maryland	3,790	58.2	%	4,191	64.4	%
Shore	4,444	68.8	%	5,013	78.3	%
Valley	4,705	75.8	%	4,100	66.3	%
Keenan II	587	44.0	%	586	44.1	%

(1) Net generation is the gross generation during the year less the electricity consumed for the self-use of the power plants.

(2) The actual generation percentage is the electricity produced by the power plants relative to the maximum amount of generation able to be produced during the year.

(3) Fairview was completed and commenced operations in December 2019.

Project under Construction

The table below sets forth an overview of CPV's project under construction.

Project	Loca-tion	Planned Capacity (MW)	CPV Ownership Interest	Year of construction start	Projected date of commercial operation	Type of project/ technology	Manner of sale of capacity/ electricity	Expected construction cost for 100% of the project (US$ millions)
CPV Three Rivers	Illinois	1,258	10%[1]	2020	May 2023	Natural gas, combined cycle	Expected to participate in tenders for capacity in the PJM market for the 2023/2024 year. Gas for the project will be acquired in the market on the basis of market prices in (at) the acquisition points.	Approximately 1,293

(1) Reflects completion of the sale of 7.5% of CPV's interest in the Three Rivers Project on February 3, 2021.

Projects under Development

CPV currently has 9 renewable energy projects in advanced stages of development in the United States, and additional projects in various technologies and in various stages of development, of approximately 6,175 MW in the aggregate. The development stages for each project include, among other things, the following: formulation (securing) of the rights in the project's lands; licensing processes; receipt of approvals and regulatory planning processes; environmental surveys; engineering examinations; examinations of connection to the relevant transmission networks (grids); signing of agreements with relevant investors/lenders and relevant suppliers (construction contractor, equipment and turbines contractors) and entering into a hedge agreement and agreements for sale of electricity (PPA), REC certificates (based on the type of project).

The table below sets forth an overview of the scope of the projects under development, the development stage and the technology (in MW):

Summary of the Scopes of the Development Projects as at the Submission Date of the Report (in megawatts)[1]

Technology	Advanced	Early	Total
PV	895	1,150	**2,045**
Wind	175	0	**175**
CCGT	1,985	1,970	**3,955**
Storage[2]		100 – 500	
Total	**3,055**	**3,120**	**6,175**

(1) In general, CPV views projects that are in its estimation about two to three years prior to commencement of construction as projects in the advanced development stage. This depends on the scope of the project and the technology, and could change based on specific characteristics of a given project, as well as due to external reasons that are relevant to a certain project.
(2) Storage projects in initial stages were not included in the total above.

There is no certainty that these projects under development will be completed as anticipated or at all, due to various factors, including factors not under CPV's control, and their development is subject to, among other things, completion of the development processes, signing agreements, assurance of financing and receipt of various approvals and permits. Given the nature of CPV's development projects, there is less certainty of completion of any particular development project as compared to OPC's historic development projects.

The tables below provide details regarding CPV's development projects that are in an advanced stage of development as well as a summary of certain details relating to early stage projects.

Project	Technology	Capacity (MW)	Market
Maple Hill	PV	150[1]	PJM
Rogue's Wind	Wind	114	PJM
Kingsbrook	PV	50	ISO-NE
Five Bridges	PV	147	SERC
Browns Pond	PV	40	ISO-NE
Backbone	PV	175	PJM
Countyline	PV	150	PJM
Stagecoach	PV	183	SERC
Sullivan Wind	Wind	61	ISO-NE
Renewable Advanced Stage		**1,070**	

(1) Of which 50MW is subject to fulfillment of certain conditions.

The table below sets forth additional details regarding two CPV projects that are in the advanced development stage.

Project	Loca-tion	Capacity (MW)	OPC Ownership Interest	Projected Year of construction start	Projected date of commercial operation	Type of project/ technology	Activity area and electricity region	Manner of sale of capacity/ electricity	Expected construction cost (US$ millions)
Maple Hill	Pennsyl-vania	100 MWac, plus an option for an additional 50 MWac if certain conditions are met	100%[1]	Q2 2021	Q2 2022	Solar	PJM MAAC	1. Undertook renewable energy certificates for 5 years. 2. Expected to sign an electricity hedge agreement for 8-12. 3. Expected to sell capacity in the PJM market in annual tenders.	145-150
Rogue's Wind	Pennsyl-vania	Approx. 114 MW	100%[2]	Q1 2022	Q2 2023	Wind	PJM MAAC	In April 2021, signed PPA agreement for sale of electricity, capacity and renewable energy certificates for 10 years with a clean energy company[3]	200-205

1. Upon consummation of an agreement with a "tax partner"' the CPV Group will have 100% of Class B rights. Class A rights are held by Tax Equity investors, who have excess tax benefits and dividend rights until a certain return (Tax Flip) is achieved.
2. Upon consummation of an agreement with a "tax partner"' the CPV Group will have 100% of Class B rights. Class A rights are held by Tax Equity investors, who have excess tax benefits and dividend rights until a certain return (Tax Flip) is achieved.
3. The PPA is expected to create annual revenue for the project of approximately $15 million. With the execution of the PPA, CPV has provided approximately $8.5 million to secure its liabilities under the PPA.

Management of Projects

CPV provides management services to power plants in the United States for projects in which it has an ownership interest as well as projects owned by third parties. The projects managed by CPV use a variety of technologies and fuel types, representing approximately 7,911 MW (approximately 5,455 MW for projects in which it holds equity rights and approximately 2,456 MW for projects for third parties). Management services are provided by means of signing asset and energy management agreements, usually for short/medium periods. The average balance of the period of all the management agreements (including projects wherein CPV holds ownership interests and in projects of third parties) is approximately 4 years, and the average balance of the period in the management agreements for projects in which CPV holds rights is about 6 years (subject to the provisions of the relevant agreement regarding the possibility of early conclusion of the agreements or possibilities for renewal thereof for additional periods, as applicable). Management services are provided for annual management and incentive fees. The management services include, among others, project management and compliance with regulations, supervision of operation of the project, management of the energy generated, including optimization and management of exposures, management of the project's debt and credit agreements, management of undertakings in the agreements, licenses and contractual liabilities, management of budgets and financial matters, and project insurance.

Description of CPV projects

In general, each CPV project company enters into a limited liability company agreement with the other project equity owners setting forth each partner's rights, duties and obligations with respect to the applicable project (each, an "LLC Agreement"). Each LLC Agreement generally contains customary provisions restricting the transfer of rights, including conditions for permissible transfers, minimum equity percentage transfer requirements and rights of first offer. CPV is also often required to maintain at least a minimum ten percent (10%) equity ownership in a project company for up to five (5) years after closing of construction financing. Each project company is governed by a board of managers selected by the members.

Material and certain other key decisions typically require unanimous or supermajority approval by the board of managers, including, decisions, among others, declaring bankruptcy, initiating dissolution and liquidation, selling assets or merging the company, entering into or amending material agreements, taking on indebtedness, initiating or settling litigation, engaging critical service providers, approving the annual budget or obligating the company for expenditures beyond those contemplated by the budget, and adopting hedging strategies and risk management policies. The CPV project companies do not have any employees. Each CPV project company is operated through a series of agreements, including among others those outlined below.

The CPV conventional operating projects are all merchant and participate in the sale of capacity, electricity and ancillary services in their respective ISO/RTO. Every day, CPV begins the process of forecasting and planning for the next operating day. After making preparations from the standpoint of purchases of natural gas to support the expected electricity generation activities, offers are submitted to the Day-Ahead market. In addition, revisions are made throughout the day for actual operations occurring that day (the Real-Time market), which include purchases and sales of natural gas and optimizing generation output based upon the real-time market price.

Set forth below is a discussion of the key contracts for each facility in which CPV has an ownership interest. With respect to asset management agreements and energy management agreements with companies part of the CPV group, such agreements permit early termination under circumstances set forth in the relevant agreements. In addition, other relevant agreements provide the possibility for early termination. Furthermore, from time to time, project companies for projects powered by natural gas enter into short-term transaction hedging commodity prices.

CPV Fairview

CPV Fairview is party to the following agreements.

- Hedging: a *hedge agreement* on electricity margins of the Revenue Put Option ("RPO") type until May 31, 2025. The RPO is intended to provide CPV Fairview a minimum gross margin for the period of the agreement. The RPO has an annual exercise price that covers an exercise period of a fiscal year. For purposes of calculating the gross margin, the agreement uses specific parameters, such as a heat rate, the expected generation levels, forward prices for electricity and gas, gas transmission costs and other specific project costs.

- Gas Supply: a *Base Contract for sale and purchase of natural gas (GSPA)* which provides for supply of natural gas up to 180,000 MMBtu per day at a price that is linked to market prices as provided in the agreement. Pursuant to the agreement, the gas supplier is responsible for transport of natural gas to the designated supply point and is permitted to transport ethane in lieu of natural gas up to a rate of 25% of the agreed supply quantity. The GSPA is valid up to May 31, 2025.

- Maintenance: a *services agreement (CSA)* with its original equipment manufacturer, for supply of parts and maintenances services. The CSA agreement went into effect on December 27, 2016 ("the Effective Date") and ends on the earlier of: (A) 25 years from the Effective Date; or (B) when specific milestones are reached on the basis of use and wear and tear. CPV Fairview pays a fixed and a variable fee commencing from the date of the commercial operation. The remaining cost of the agreement is expected to be approximately $198 million over the life of the agreement subject to the variable components.

- Operation: an *agreement for operation and maintenance of the facility*. The period of the agreement is three years from the completion date of construction of the facility. The agreement includes an extension/renewal clause for a period of one year, unless one of the parties gives notice of termination of the agreement based on its terms.

- Management Agreements:

  - an *asset management agreement* (AMA) with Competitive Power Ventures Inc. (CPVI), whereby CPVI provides construction services and asset management services. The AMA includes an annual fixed payment, a performance based payment and provisions regarding reimbursement of certain expenses. The AMA includes provisions regarding reimbursement of expenses relating to construction management services. The initial period of the agreement is up to seven years after completion of the construction of the facility, and the agreement may be extended for an additional year.

  - an *energy management agreement* for consulting to CPV Fairview in connection with formulating energy management plans, risk management and performance strategies. CPV Fairview provided notice to terminate the agreement on December 31, 2020. CPV Fairview signed a replacement agreement with CPV Energy and Marketing Services, LLC (CEMS), a related party of the CPV Group, to provide similar services for a term up to December 31, 2025, with two option periods of five years each.

CPV Towantic

CPV Towantic is party to the following agreements:

- Gas Supply:

  - an *agreement for transmission of gas* based on the availability of the system (interruptible service). The agreement does not require but, allows Towantic to transmit gas from Iroquois to Algonquin Gas Transmission at interruptible transmission rates.

  - an *agreement for the supply of gas* with a North American company. Pursuant to the agreement, up to 115,000 MMBtu per day will be supplied at a price linked to market prices. Supply of the gas runs up to March 31, 2023.

- Gas Transmission: a *services agreement* pursuant to which CPV Towantic is guaranteed gas transmission of 2,500 MMBtu per day, at the AFT 1 Tariff price. The initial period of the agreement commenced on August 1, 2018 and runs up to March 31, 2021. The agreement renews automatically for periods of year, unless one of the parties terminates the agreement.

- Maintenance: a *services agreement (CSA)* with its original equipment manufacturer, for provision of maintenance services for the fire turbines. CPV Towantic pays a fixed and a variable amount commencing from the date stipulated in the agreement. The remaining cost of the agreement is expected to be approximately $148 million over the life of the agreement subject to the variable components.

- Operation: an *agreement for operation and maintenance of the facility*. The period of the agreement is three years from commencement of facility's activities (i.e., up to June 1, 2021). CPV Towantic pays a fixed and a variable amount for the services provided, a performance based payment and is required to reimburse employment expenses, including payroll and taxes, subcontractor costs and other costs as provided in the agreement. The agreement includes an extension/renewal clause for a period of one year, unless one of the parties gives notice of termination in accordance with the agreement.

- Management Agreements:

  - an *asset management agreement* with CPVI, for provision of construction and asset management services. The period of the agreement is ten years from completion of the construction of the facility, and such period may be extended for an additional three years. In consideration for the services provided, CPV Towantic pays a fixed annual payment, and a performance based payment and reimbursement of expenses during the period of the agreement.

  - an e*nergy management agreement* for consulting to CPV Towantic regarding formulation of energy management plans, risk management and performance strategy. The period of the agreement is up to December 31, 2021, with an extension option to CPV Towantic. CPV Towantic is permitted to conclude the agreement by prior notice of thirty days. CPV Towantic submitted a termination notice on March 2, 2021 under the existing agreement. CPV Towantic signed a replacement agreement with CEMS to provide similar services until March 31, 2026, along with two 5-year renewal options.

CPV Towantic has not entered into a long-term hedging transaction, such as an RPO. CPV Towantic sells to ISO-NE about 92% or 725 MW of its availability up to May 31, 2025, at various prices.

CPV Maryland

CPV Maryland is party to the following agreements:

- Hedging: a *hedge agreement* on electricity margins of the RPO type. The RPO is intended to provide CPV Maryland a minimum margin, for the period of the agreement. The RPO has an annual exercise price that covers an exercise period of a fiscal year. For purposes of calculating the gross margin, the agreement uses specific parameters, such as a heat rate, the expected generation levels, forward prices for electricity and gas, gas transmission costs and other specific project costs. The RPO is up to February 28, 2022.

- Gas Supply: an *agreement for the supply of natural gas* with a North American company. Pursuant to the agreement, up to 180,000 MMBtu per day will be supplied at a price linked to market prices. Supply of the gas runs up to October 31, 2022.

- Gas Transmission: a *natural gas transmission agreement* for guaranteed capacity of up to 132,000 MMBtu/d. The agreement period is 20 years, which commenced on May 31, 2016, with an option for CPV Maryland to extend for an additional 5 years. The annual payment under the agreement is approximately $5 million.

- Maintenance: a *services agreement* with its original equipment manufacturer. CPV Maryland can acquire additional services under the agreement as needed. The payments under the agreement consist of minimum annual fixed payments, variable quarterly payments based on operating parameters of the defined equipment and quarterly management fees. Except for the minimum annual payment, the rest of the payments increase by 2.5% each year. The agreement ends on the earlier of: (A) the date on which the equipment reaches a defined milestone; or (B) 25 years from the signing date (August 8, 2014). The remaining cost of the agreement is expected to be approximately $115 million over the life of the agreement subject to the variable components.

- Operation: an *agreement for operation and maintenance* of the facility. CPV Maryland pays fixed annual management fees, a performance based bonus, and reimburses for employment expenses, payroll and taxes, subcontractor costs and other costs as provided in the agreement.

- Management Agreements:

  - an a*sset management agreement* with CPVI. The management services include management of the project documents, energy management services, development of operational strategy, negotiations with respect to additional project agreements, compliance and control, management of financial documents, financing, management of accounts and payments, taxes, budgets, insurance, government permits and regulation, etc. CPV Maryland pays a fixed annual payment, and a performance based payment and reimbursement of expenses during the period of the agreement. The period of the agreement is up to December 31, 2028.

  - an *energy management agreement* for consulting to CPV Maryland in connection with formulating energy management plans, risk management and performance strategies. The agreement ended on December 31, 2020. CPV Maryland entered into a replacement energy management agreement with CEMS for provision of certain services relating to sale of merchant energy, capacity and ancillary services. The consideration includes a fixed monthly payment, plus reimbursement of expenses during the agreement period. In addition, the agreement includes provisions for reimbursement of expenses to CEMS in respect of services provided by third parties for CPV Maryland. The period of the agreement is up to December 31, 2025, and CPV Maryland has an option to extend the period of the agreement twice for five additional years, at its discretion.

CPV Shore

CPV Shore is party to the following agreements:

- Hedging: a *Heat Rate Call Option agreement (HRCO)*. The agreement covers 100% of the facility's output and is consistent with customary conditions for agreements of this type. The agreement runs up to April 30, 2021.

- Gas Supply: an *agreement for supply of natural gas*. Pursuant to the agreement, the gas supplier supplies gas of 120,000 MMBtu per day at a price linked to the market price. The period of the agreement was up to March 31, 2021. CPV Shore signed an extension of this agreement up to October 31, 2022.

- Gas Transmission: a number of *agreements with an interstate pipeline company* (a services agreement, a connection agreement, a construction agreement and an operating agreement). Pursuant to the agreements natural gas connection and transmission services are provided to CPV Shore by means of a pipe the start of which is an existing inter-state pipe and reaches the facility's connection point. CPV Shore paid an advance deposit to the supplier for the services under the gas agreements. The period of the gas transmission agreements is 15 years (up to April 2030), and there is an option to extend the agreements twice for ten years. The annual payment under the agreements is approximately $6 million.

- Maintenance: an *amended services agreement* with its original equipment manufacturer on December 22, 2017. CPV Shore may acquire additional services under the agreement, as needed. The consideration consists of a fixed minimum annual payment, variable quarterly payments based on operating parameters of the defined equipment, and quarterly management fees. Except for the minimum annual payment, the rest of the payments increase by 2.5% every year. The agreement ends on the earlier of: (A) the date on which the equipment reaches a defined milestone; or (B) 20 years from the signing date. The remaining cost of the agreement is expected to be approximately $123 million over the life of the agreement subject to the variable components.

- Operation: an *agreement for operation of the facility*. The consideration includes fixed annual management fees, a performance based bonus and reimbursement of employment expenses, including payroll and taxes, subcontractor costs and other costs as provided in the agreement.

- Management Agreements:

  - an *asset management agreement with CPVI*. The management services include management of the project documents, energy management services, development of operational strategy, negotiations with respect to additional project agreements, compliance and control, management of financial documents, financing, management of accounts and payments, taxes, budgets, insurance, government permits and regulation, etc. The consideration includes a fixed annual payment, and a performance based payment and reimbursement of expenses during the period of the agreement. The period of the agreement is up to December 31, 2030.

  - *an energy management agreement* for consulting in connection with formulating energy management plans, risk management and performance strategies. The agreement ended on December 31, 2020. CPV Shore signed a replacement energy management agreement with CEMS for provision of certain services relating to sale of merchant energy, capacity and ancillary services. The agreement includes a fixed monthly payment, plus reimbursement of expenses during the agreement period. The agreement also includes provisions for reimbursement of expenses to CEMS in respect of services provided by third parties for CPV Shore. The period of the agreement is up to December 31, 2025, and CPV Shore has an option to extend the period of the agreement twice for five additional years.

CPV Valley

CPV Valley participates in capacity tenders of NYISO. The tenders are seasonal, monthly or spot for the sale of unforced capacity in New York, both by means of tenders of NYISO and through bilateral transactions.

CPV Valley is party to the following agreements:

- Hedging: a *hedge agreement* on electricity margins of the RPO type. The RPO is intended to provide CPV a minimum margin, for the period of the agreement. The RPO has an annual exercise price that covers an exercise period of a fiscal year. For purposes of calculating gross margin, the agreement uses specific parameters, such as a heat rate, the expected generation levels, forward prices for electricity and gas, gas transmission costs and other specific project costs. The RPO extends up to May 31, 2023.

- Gas Supply: an *agreement for the supply of natural gas* of up to 127,200 MMBtu per day at a price linked to the market. The supplier is responsible for transmission of natural gas to the designated supply point. The period of the agreement is up to May 31, 2023.

- Gas Transmission: an *agreement with an interstate pipeline company* for the licensing, construction, operation and maintenance of a pipe and measurement and regulating facilities, from the inter-state pipeline system for transmission of natural gas to the facility. The supplier provides 127,200 Dth per day of firm natural gas transportation at an agreed price during a period that ends on March 31, 2033. In addition, CPV Valley signed an agreement for provision of firm transmission services in a quantity of 35,000 MMbtu per day, for a period up to March 31, 2033. The annual payment under the agreement is approximately $21 million.

- Maintenance: an *agreement with its original equipment manufacturer*, for maintenance services for the fire turbines. The consideration includes fixed and variable amounts from the first operation date of the turbines. The period of the agreement is up to the earlier of: (A) 132,800 equivalent base load hours; or (B) to June 9, 2044. The remaining cost of the agreement is expected to be approximately $149 million over the life of the agreement subject to the variable components.

- Operation: an *operation and maintenance agreement* with one of the partners in the project. The consideration includes fixed annual management fees, an operation bonus and reimbursement of certain costs defined in the agreement that were incurred by the third party. The period of the agreement is five years from the completion date of construction of the facility, and the agreement may be renewed for an additional three years.

- Management Agreements:

  - *an asset management agreement* with CPVI. The management services include management of the project documents, energy management services, development of operational strategy, negotiations with respect to additional project agreements, compliance and control, management of financial documents, financing, management of accounts and payments, taxes, budgets, insurance, government permits and regulation, etc. The consideration includes a fixed annual payment, a performance based payment and provisions with respect to reimbursement of certain expenses. The initial agreement period is up to five years after completion of construction of the facility, and the agreement may be renewed for three additional years.

- an *energy management agreement* for the provision of management services in connection with fuels, electricity management, risk management and additional defined services. The consideration includes a fixed monthly payment and reimbursement of certain costs. The period of the agreement is up to October 31, 2022 and CPV Valley may extend the agreement.

CPV Keenan II

CPV Keenan II is party to the following agreements:

- PPA: a *wind power energy agreement (PPA)* for sale of renewable energy. Pursuant to the terms of the agreement, the purchaser is to receive all renewable energy generated in the wind farm, including any credits, certificates, similar rights or other environmental allotments related to the generation of energy by the wind farm and any associated capacity. The consideration includes a fixed payment. The period of the agreement is 20 years, ending in 2030. The purchaser is permitted, under certain circumstances, to extend the agreement for a period of an additional five years and the agreement includes an option in favor of the purchaser to purchase the project at the end of the agreement period at its fair market value as determined in accordance with the agreement and pursuant to the terms stipulated. The annual revenue of the agreement to the project is approximately $27 million.

- Operation: a *services agreement and an operations agreement* with its original equipment manufacturer for the operations, maintenance and repair of the facility. The consideration includes fixed annual fees, performance-based bonus and reimbursement of expenses. The agreements run up to February 2031. For the most recent two calendar years, CPV Keenan II incurred approximately $6 million annually under these agreements.

- Management Agreement with CPV Entity: an *asset management agreement* with CPVI. The management services include management of the project documents; negotiations with respect to additional project agreements; compliance and control; management of financial documents; financing; management of accounts and payments; taxes; budgets; insurance; government permits and regulation; etc. The consideration includes a fixed monthly payment and reimbursement of expenses. The period of the agreement is up to March 31, 2025, with an option for CPV Keenan II, under certain circumstances, to terminate the agreement early.

CPV Three Rivers

CPV Three Rivers is party to the following agreements:

- Gas Supply: t*wo agreements for the supply of natural gas*. The agreements supply 139,500 MMBtu per day to the facility from the operation date of the facility and for a period of five years, and a reduced quantity of 25,000 MMBtu per day from the fifth year of operation of the facility and up to the tenth year. The price of natural gas delivered under these agreements is tied to the day-ahead electricity price at the connection point to the grid in the ComEd Zone within PJM. The agreements include an obligation to purchase a minimum amount/scope of natural gas (TOP) and CPV Three Rivers has the right to resell gas it does not need.

- Gas Interconnection: *two connection agreements for transmission of gas,* where each of them is sufficient for the full demand of the facility.

  - One agreement is an interconnection agreement with an interstate pipeline company for transmission of natural gas. The agreement sets forth the responsibility of the parties in connection with the design, construction, ownership, operation and management of a pipe and connection and pressure equipment. Based on the agreement, CPV Three Rivers will bear the costs of all the said facilities.

  - The second agreement is an additional interconnection agreement with an interstate pipeline company for transmission of natural gas. As part of the agreement, the counterparty is responsible for the design and construction to the existing pipe. The other party to the agreement will remain the owner of these facilities and will operate them and CPV Three Rivers will bear the development and construction costs.

- Gas Transmission: an *agreement for transmission of gas with an interstate pipeline* company and its Canadian affiliate, for firm transmission of natural gas from Alberta, Canada to the facility. The agreements include capacity of 36.2 MMcf per day, at agreed prices. The agreement runs for a period of 11 years from the signing date of the agreement (November 1, 2020). The counterparty is permitted to extend the agreement for an additional year by giving prior notice of 12 months.

- Equipment: *an agreement for acquisition of equipment* for generation of electricity (power generation equipment) and related services, with an international company specializing in design and manufacture of equipment, including that required for an electricity generation facility. The equipment includes two units, where each of them consists of the following main components: a gas or fire turbine; steam generator for return of heat; a steam turbine; generator/producer; continuous control system for emissions and additional related required equipment. The equipment supplier is responsible for supply and installation in accordance with the agreement. In addition, the supplier will provide technical consulting services to CPV Three Rivers in order to support the installation process, commissioning, examinations and operation of all the equipment. Pursuant to the terms of the agreement, CPV Three Rivers will pay the third party in installments based on reaching milestones.

- EPC: a construction, *engineering, and acquisition agreement* with an international contractor. Pursuant to the agreement, the contractor will design and construct the required components of the facility, to integrate all the equipment required for the power plant.

- Maintenance: *a services agreement* with its original equipment manufacturer, for maintenance services for the fire turbines. The consideration includes a fixed and a variable amount commencing from the date of the commercial operation. The period of the agreement commenced on August 21, 2020 and ends on the earlier of: (A) 25 years from August 21, 2020; or (B) when specific milestones are reached on the basis of use and wear and tear. The remaining cost of the agreement is expected to be approximately $305 million over the life of the agreement subject to the variable components.

- Operation: an *agreement for operation and maintenance of the facility* to begin once the facility is well into its construction period. The consideration includes fixed annual management fees, a performance based bonus, and reimburses for employment expenses, payroll and taxes, subcontractor costs and other costs as provided in the agreement. The agreement has an initial term of approximately three years commencing upon substantial completion of the facility.

- Management Agreement with CPV Entity: an *asset management agreement* with CPVI, whereby CPVI provides construction services and asset management services. The agreement includes an annual fixed payment, incentive fees during operation, and provisions regarding reimbursement of certain expenses. The agreement includes provisions regarding reimbursement of expenses of CPVI incurred in connection with construction management services, which include the work hours of CPVI's team, and expenses and amounts paid to third parties. The period of the agreement is up to ten years after completion of the construction of the facility, and the agreement may be extended for an additional year.

Potential Expansions and Projects in Various Stages of Development

In March 2014, OPC, through one of its subsidiaries, was awarded a tender published by the Israeli Land Authority to lease a 5.5 hectare plot of land adjacent to the OPC-Rotem site. The lease agreement was approved by the Israeli Land Authority in August 2018. In April 2017, OPC was authorized by the Israeli Government to seek zoning permissions for a gas fired power station on the land adjacent to OPC-Rotem.

In April 2017, OPC was authorized by the Israeli Government to seek authority for zoning of the land for a gas-fired power station on land owned by Hadera Paper near the OPC-Hadera power plant. OPC Hadera Expansion Ltd. ("Hadera Expansion"), an OPC subsidiary, is party to an option agreement with Hadera Paper to lease the relevant land.

These plots of lands, if zoning permission is granted, would provide OPC with land that can be used with tenders but OPC would still require licenses to proceed with any projects on this land.

In addition, OPC may examine possibilities for expanding its electricity generation activities by means of construction of power plants and/or acquisition of power plants (including in renewable energy) in its existing and/or new geographies.

In April 2021, OPC announced that it signed an agreement to purchase an interest in Gnrgy Ltd., whose business focuses on e-mobility charging stations. For more information on, see "*Item 5. Operating and Financial Review and Prospects—Recent Developments—OPC—Agreement to Acquire Shares in Gnrgy Ltd.*"

CPV currently has 9 renewable energy projects in advanced stages of development in the United States, and additional projects in various technologies and in various stages of development, and develops new projects as part of its business.

OPC's Raw Materials and Suppliers

Israel

OPC's power facilities utilize natural gas as primary fuel, and diesel oil and crude oil as backups. OPC is entitled to a refund for the incremental cost of using diesel for these periods.

OPC-Rotem and OPC-Hadera have entered into gas supply agreements with the Tamar Group, composed of Noble Energy Mediterranean Ltd., Delek Drilling Limited Partnership, Isramco Negev 2 Limited Partnership, Avner Oil Exploration Limited Partnership, Dor Gas Exploration Limited Partnership, Everest Infrastructures Limited Partnership and Tamar Petroleum Limited Partnership, or collectively the Tamar Group, for the purchase of natural gas. For further information on these agreements see "*—OPC-Rotem*" and "*—OPC-Hadera*."

The price that OPC-Rotem pays to the Tamar Group for the natural gas supplied is based upon a base price in NIS set on the date of the agreement, indexed to changes in the EA's generation component tariff, and partially indexed (30%) the U.S. Dollar representative exchange rate. The price that OPC-Hadera pays to the Tamar Group is based upon a base price in US$, fully indexed to changes in the EA's generation component tariff. As a result, increases or decreases in the EA's generation tariff have a related effect on OPC-Rotem's and OPC-Hadera's cost of sales and margins. In addition, the natural gas price formulas in OPC-Rotem's and OPC-Hadera's supply agreements are subject to a floor price mechanism, which is denominated in U.S. Dollars for both OPC-Rotem and OPC-Hadera.

As a result of previous declines in the EA's generation component tariff, OPC-Rotem and OPC-Hadera paid the minimum price during 2020 (excluding two months for OPC-Rotem and one month for OPC-Hadera). In January 2021, the EA published the electricity tariffs for 2021, which included a decrease of the EA's generation component tariff by approximately 5.7%. OPC-Hadera's and OPC-Rotem's gas prices were at the minimum price in January and February 2021 and for OPC-Rotem may be (and for OPC-Hadera will be) at the minimum price for the remainder of 2021. Therefore, reductions in the generation tariff will not lead to a reduction in the cost of natural gas consumed by OPC-Rotem, but rather to a reduction in profit margins. For OPC-Rotem, the effect on profit margins depends on the US$/NIS exchange rate fluctuations. For information on the risks associated with the impact of the EA's generation tariff on OPC's supply agreements with the Tamar Group, see "*Item 3.D Risk Factors—Risks Related to OPC—Changes in the EA's electricity rates may reduce OPC's profitability.*"

Tzomet is also party to a gas supply agreement as described under *"–Tzomet"* above.

United States

CPV's project companies are party to gas supply, transmission and interconnection agreements as well as maintenance and operating agreements and management agreements., as described above.

OPC's Competition

Israel

Within Israel, OPC's major competitors are IEC and private power generators, such as Dorad Energy Ltd. and Dalia, who, as a result of government initiatives encouraging investments in the Israeli power generation market, have constructed, and are constructing, power stations with significant capacity. The more important private producers are presented in the table below.

Name	Power Station Technology	Approximate Capacity (MW)	Commercial Operating Date
Dorad	Conventional	860	May 2014
Mashav	Conventional	120	April 2014
Dalia — Unit 1[1]	Conventional	450	July 2015
Dalia — Unit 2[1]	Conventional	450	September 2015
Ashdod Energy[2]	Cogeneration	60	October 2015
Ramat Negev Energy[2]	Cogeneration	120	January 2016
Sugat[2]	Cogeneration	75	November 2019
IPP Alon Tabor[2]	Cogeneration	74	September 2019
IPP Ramat Gabriel[2]	Cogeneration	74	November 2019
Paz Ashdod[2]	Cogeneration	100	July 2013
Delek Sorek[2]	Conventional	140	August 2016
Dead Sea Works (DSW)[2]	Cogeneration	230	August 2018
IPM Beer Tuvia[2]	Conventional	450	February 2021
IPD Yovelay Ashkelon[2]	Cogeneration	87	February 2009

(1) To OPC's knowledge, part of Dalia's total installed output (Unit 1 and Unit 2) is allocated to the IEC, and part of it is allocated to private customers.

(2) To OPC's knowledge, part of the capacity generated by these entities is designated to a yard consumer or to independent consumption.

OPC is considering participating in the IEC tenders of the remaining three of its power stations. There is no certainty that OPC will participate in future IEC tenders or that it will be successful. See "—*Regulatory, Environmental and Compliance Matters*."

In February 2021, the EA made a decision regarding determination of an arrangement for suppliers that that do not have means of generation and revised the standards for existing suppliers, in order to gradually open supply in the electricity sector to new suppliers and supply to household consumers. As part of the decision, the EA determines standards and tariffs that will apply to suppliers that do not have means of generation and that will allow them, subject to receipt of a supply license and provision of security, to purchase energy from the System Administrator for their consumers. The pricing will be based on a component that is based on the SMP price and components that are impacted by, among other things, the consumption at peak demand hours. The arrangement for suppliers that that do not have means of generation is limited to a quota that was provided in the principles of the arrangement and customers having a consecutive meter only (approximately 36,000 household customers and about 15,000 household industrial/commercial customers). In addition, for purposes of opening supply to competition, as part of the decision the Electricity Authority revised the Standards for suppliers regarding, among other things, the manner of assigning the consumers to a private supplier, the manner of concluding transactions, moving from one supplier to another and payments on the account.

United States

CPV operates in a highly competitive market. Natural gas, solar, and wind projects account for over 90% of new capacity under construction in the U.S., with significant competition among independent power producers and renewable project developers. Independent power producers (IPPs) compete with CPV in selling power and capacity to the wholesale electricity network. In addition, competitors can also sell electricity to third-party customers by entering into a power purchase agreement (PPA). The efficiency of the power plants is a competitive advantage - as of 2020, the power plants of CPV are more efficient than the market average since the power plants of CPV are relatively new.

In addition, other competitors to CPV in the US energy market include generators of different technology types, such as coal, oil, hydroelectric, nuclear, wind, solar and other renewables. Some of the generation in different markets is owned and operated by supervised electricity companies, private equity, banks and other financial entities.

OPC's Seasonality

Israel

Revenues from the sale of electricity are seasonal and impacted by the "Time of Use" tariffs published by the EA. The seasons are divided into three, as follows: (a) summer — July and August; (b) winter — December, January and February; (c) transitional seasons — March to June and September to November.

The following table provides a schedule of the weighted EA's Generation Component rates for 2021 based on seasons and demand hours, published by the EA.

Season	**Demand Hours**	**Weighted production rate (AGOROT per kWh)**
Winter	Off—peak	18.72
	Shoulder	36.33
	Peak	63.42
Transition	Off—peak	16.00
	Shoulder	20.44
	Peak	26.34
Summer	Off—peak	15.80
	Shoulder	25.64
	Peak	66.51
Weighted Average Rate		**25.26**

In general, tariffs in the summer and winter are higher than during transitional seasons. The cost of acquiring gas, which is the primary cost of OPC, is not influenced by the tariff seasonality. Therefore, the profitability of power producers, including OPC-Rotem and OPC-Hadera, is generally higher in the summer and winter months compared to the remainder of the year.

For further information on the seasonality of tariffs in Israel, see "*—Industry Overview— Overview of Israeli Electricity Generation Industry.*"

The following table provides a summary of OPC's revenues from the sale of electricity, by season (in $ millions) for 2020 and 2019. These figures have not been audited or reviewed.

	2020	**2019**
Summer (2 months)	84	70
Winter (3 months)	101	102
Transitional Seasons (7 months)	184	184
Total for the year	**369**	**356**

Tzomet's revenues, to the extent the project is completed, will be divided into payment for availability and payment for energy. The availability tariff includes reimbursement for capital costs required for the construction of the plant. However, available capacity in peak demand seasons (i.e. winter and summer) receives higher compensation compared to capacity during transition seasons. The energy tariff includes reimbursement for electricity generation expenses and, therefore, does not change significantly between seasons.

United States

The revenues from generation of electricity are seasonal and are impacted by weather. In general, in conventional power plants operating on natural gas, profitability is higher during the highest and lowest temperatures of the year, which often coincides with summer and winter.

OPC's Property, Plants and Equipment

Israel

For summary operational information for OPC's operating plants in Israel as of and for the year ended December 31, 2020 see "*—Our Businesses—OPC—Overview of OPC's Operations—Israel*".

OPC leases its principal executive offices in Israel. OPC owns all of its power generation facilities. OPC has also been awarded a tender published by the Israel Land Authority to lease a 5.5-hectare plot of land adjacent to the OPC-Rotem site and OPC-Hadera has entered into an option agreement with Hadera Paper to lease land owned by Hadera Paper near the OPC-Hadera power plant, which agreement was assigned by OPC to Hadera Expansion in December 2019.

As of December 31, 2020, the consolidated net book value of OPC's property, plant and equipment was $829 million.

The table below sets forth summary information regarding the primary real estate owned or leased by OPC (1 dunam = 1000m^2).

Site	**Location**	**Right in Asset**	**Area and Characteristics**
Real estate held through Rotem			
Land on which the Rotem Power Plant was built	Mishor Rotem	Lease	About 55 dunams
Real estate held through Hadera			
Energy Center and the Hadera Power Plant (including emergency road)	Hadera	Rental	About 30 dunams (Power Plant and Energy Center)
Real estate (including options for land) held by Hadera for Hadera Expansion			
Hadera Expansion – Land near the area of the Hadera Power Plant	Hadera	Rental option	About 68 dunams
AGS land agreement			
Land near to space on which Rotem Power Plant was built	Mishor Rotem	Lease	About 55 dunams
(Land held by Zomet (through Zomet HLH General Partner Ltd. and Zomet Netive Limited Partnership			
Land on which Zomet is situated	Plugot Intersection	Zomet Netiv Limited Partnership – (by force of a development agreement with Israel Lands Authority) – Lease	About 85 dunams

United States

In general, the land on which CPV's projects are situated (both the active projects and the projects under construction) is held in a number of ways: ownership, lease with a use right, under a permit and licenses. In some cases, the facilities themselves are located on owned land, where there are easement rights in land areas surrounding the facility for purposes of distribution and connection. In addition to the project land, CPV leases office space for its headquarters in Silver Spring, Maryland and in Braintree Massachusetts. These leases have a remaining term of 4–7 years.

CPV Plants in commercial operation

Site	Location	The right in the property	Area and characteristics	Expiration date of right
		Shore		
Land on which the CPV Shore Holdings LLC power plant was constructed	Middlesex County, New Jersey	Ownership	About 111,290 square meters (28 acres)	N/A
		St. Charles		
Land on which the CPV Maryland LLC power plant was constructed	Charles County, Maryland	Ownership / rights of enjoyment / licenses and permits / authority	About 308,290 square meters (76 acres)	N/A
		Valley		
Land on which the CPV Valley LLC power plant was constructed	Wawayanda, Orange County, New York	Substantive Ownership[1] / rights of enjoyment / permits	About 121,406 square meters (30 acres)	N/A
		Towantic		
Land on which the CPV Towantic LLC power plant was constructed	New Haven County, Connecticut	Ownership / rights of enjoyment	About 107,242 square meters (26 acres)	N/A
		Fairview		
Land on which the CPV Fairview LLC power plant was constructed	Cambria County, Jackson Township, Pennsylvania	Ownership / rights of enjoyment	About 352,077 square meters (87 acres)	N/A
		Keenan II		
Land on which the CPV Keenan II Renewable Energy Company LLC wind field was constructed	Woodward County, Oklahoma	Contractual rights of enjoyment	Rights for access and to the equipment	December 31, 2040

(1) This land is held for the benefit of CPV Valley, which is entitled to transfer it to its name.

CPV Project under construction

Site	Location	The right in the property	Area and characteristics	Expiration date of right
		Three Rivers		
Land on which the CPV Three Rivers LLC power plant is being constructed	Grundy County, Illinois	Ownership / rights of enjoyment	About 485,623 square meters (120 acres)	N/A

Insurance

OPC and its subsidiaries, including CPV, hold various insurance policies in order to reduce the damage for various risks, including "all-risks" insurance. The existing insurance policies maintained by OPC and its subsidiaries may not cover certain types of damages or may not cover the entire scope of damage caused. In addition, OPC or CPV may not be able to obtain insurance on comparable terms in the future. OPC and its subsidiaries, including CPV, may be adversely affected if they incur losses that are not fully covered by their insurance policies.

Employees

Israel

As of December 31, 2020, in Israel, OPC had a total of 116 employees, of which 66 employees are in the operations division, and 40 are at OPC's headquarters. Substantially all of OPC's employees are employed on a full-time basis.

The table below sets forth breakdown of employees in Israel by main category of activity as of the dates indicated:

	As of December 31,		
	2020	**2019**	**2018**
Number of employees by category of activity:			
Plant operation and maintenance	66	56	55
Corporate management, finance, commercial and other	50	40	37
OPC Total (in Israel)	**116**	**96**	**92**

Most of the OPC-Rotem power plant's operations employees are employed under a collective employment agreement entered into in November 2019. The agreement establishes and regulates which employees are subject to the agreement, as well as the career path that the employees will follow within the organization, from their initial hiring through the end of their employment. The agreement establishes the process of hiring employees, trial periods, starting compensation and salary, rates for wage increases and annual bonuses, as well as entitlement to vacation, sick days and convalescence pay, welfare benefits, disciplinary regulations, and the process for ending employment and the mechanism for resolving disputes between management and the employees' representation. In addition, the agreement stipulates that OPC's employees that are subject to the agreement will receive salary increase and annual bonus for each calendar year in the agreement period.

In March 2018, a collective employment agreement was signed with the Energy Center. This agreement was in line with the existing collective agreement of OPC-Rotem power plant's operations employees. The agreement also applies to the employees at the OPC-Hadera's power plant.

United States

As of December 31, 2020, CPV had a total of 88 employees, compared to 90 employees as of December 31, 2019. Substantially all of CPV's employees are employed on a full-time basis.

Shareholders' Agreements

OPC-Rotem

OPC holds a 80% stake in OPC-Rotem. OPC has entered into a shareholders' agreement with Veridis, the minority shareholder of OPC-Rotem. The shareholders' agreement grants Veridis veto rights in connection with certain material decisions relating to OPC-Rotem, including: (a) a change in the incorporation documents; (b) winding up of OPC-Rotem; (c) change in rights attached to shares prejudicing a shareholder; (d) transactions with affiliated parties; (e) change in the OPC-Rotem's activity; (f) reorganization, merger, sale of material assets and such like; (g) pursuit of new projects; (h) changes in share capital, issue of bonds or allotment of various securities, subject to the exceptions determined in the agreement; (i) change of accountants; and (j) appointment and dismissal of directors by Veridis.

The agreements grant the shareholders additional rights in the event of any of them selling OPC-Rotem shares, such as a right of first refusal and tag-along rights. The agreement also permits OPC to terminate the shareholders' agreement in the event that Veridis sells its shares in OPC-Rotem.

OPC Partnership Agreement

In October 2020, OPC signed a partnership agreement with three institutional investors in connection with the formation of OPC Power (the **"**Partnership**"**) and acquisition of CPV by the Partnership. OPC is the general partner and owns 70% of the Partnership interests. The limited partners of the Partnership are: OPC (70% interest; directly or through a subsidiary), Clal Insurance Group (12.75% interest), Migdal Insurance Group (12.75% interest) and a company from the Poalim Capital Markets Group (4.5% interest) (together, these three investors, the "Financial Investors"). The total investment commitments and shareholder loans of all the partners amount to $815 million, based on their respective ownership interests, representing commitments for acquisition consideration, as well as funding of additional investments in CPV for implementation of certain new projects being developed by CPV.

The general partner of the Partnership, an entity wholly-owned by OPC, manages the ownership of CPV, with certain material actions (or which may involve a conflict of interest between the general partner and the limited partners) requiring approval of a majority or special majority (according to the specific action) of the institutional investors which are limited partners. The general partner is entitled to management fees and success fees subject to meeting certain achievements. There are limits on transfers of partnership interests, with OPC not permitted to sell its interest in the Partnership for a period of three years (except in the case of a public offering by the Partnership), tag along rights for the Financial Investors, drag along rights, and rights of first offer (ROFO) for OPC and the Financial Investors in the case of transfers by the other party. OPC and the Financial Investors have entered into put and call arrangements, with the Financial Investors being granted put options and OPC being granted a call option (if the put options are not exercised), with respect to their holdings in the Partnership. These options are exercisable after 10 years from the date of the CPV acquisition and to the extent that up to such time the Partnership rights are not traded on a recognized stock exchange.

CPV Projects

A description of the limited liability company agreements of the CPV projects in operation is included above under *"–OPC's Description of Operations—United States—Description of CPV Projects"*.

Legal Proceedings

For a discussion of significant legal proceedings to which OPC's businesses are party, see Note 19 to our financial statements included in this annual report.

Regulatory, Environmental and Compliance Matters

Israel

IEC generates and supplies most of the electricity in Israel in accordance with licenses granted by virtue of the Israeli Electrical Market Law, and distributes and supplies almost all of the electricity in Israel. In June 2020, the "System Administrator" Company was granted a license to manage the Israeli electricity system (which was revised in November 2020), pursuant to which the Minister of Energy and the EA approved commencement of gradual activities of the System Administrator in two stages. The System Administrator's Technological Planning and Development Unit is responsible for planning the transmission system and, among other things, preparing a development plan for the transmission and generation of electricity, determining criteria for development of the electricity system, formulating forecasts, engineering and statutory planning of the transmission system, and performing studies with respect to connection to generation facilities. The System Administrators' Market Statistic Unit is responsible for the current ongoing operation of the transmission system and is intended to, among other things, maintain a balance in levels of supply and demand in the electricity market, manage the transmission of energy from power stations to substations at the reliability and quality required (by passing through the power grids), timing and performing maintenance works in production units and in transmission systems, managing commerce in Israel under competitive, equal and optimal terms, including performing agreements to purchase available capacity and energy from private electricity producers and for planning and developing the transmission and distribution systems.

Pursuant to the Electricity Sector Law, IEC and the System Administrator are each defined as an "essential service provider" and as such they are subject to the standards and tariffs provided by the EA. In addition, IEC was declared a monopoly by the Israeli Antitrust Authority in the electricity sector, in the field of power supply — electricity production and sale, transmission and distribution of electricity and providing backup services to electricity consumers and producers.

IEC Reform

Pursuant to the Israeli Government's electricity sector reform, the IEC will be required to sell five of its power plants (currently remaining power plants are three) through a tender process over the 7 years, which is expected to reduce its market share to below 40%. The IEC will be permitted to build and operate two new gas-powered stations (through a subsidiary), but will not be authorized to construct any new stations or recombine existing stations. The IEC will also cease acting as the System Administrator. Following the Israeli Government's electricity sector reform, as part of which the IEC is expected to sell five of its sites, the Israel Competition Authority issued guiding principles for sector concentration consultation in such sale process. According to such principles, which are subject to change and review considering the relevant circumstances:

- An entity may not hold more than 20% of the total planned installed capacity on the date of sale of all the sites being sold. The generation capacity of an entity's related parties with generation licenses will be counted towards such entity's capacity for purposes of this 20% limitation. In addition, the EA published proposed regulations in respect of maximum holdings in generation licenses which are not identical to the Competition Authority principles. The Competition Authority has stated that the relevant limit is 20% of 10,500 MW (which is the anticipated capacity in the market held by private players by 2023, excluding capacity of IEC), while, the EA has proposed regulation whereby the relevant limit is 20% of 14,000 MW (including capacity of IEC). We may be subject to more restrictive interpretation. The MW currently attributable to OPC, including Oil Refineries Ltd., or ORL, and Israel Chemicals Ltd. as parties with generation licenses that are related to OPC, is approximately 1,480 MW; and

- An entity holding a right to a fuel venture may not acquire any of the sites being sold.

OPC participated in the tenders of the Alon Tabor plant and Ramat Hovav plants — the first two plants that have been sold out of the five plants to be sold by the IEC — but was not the winning bidder.

Ministry of Energy and EA

The Israeli Ministry of Energy regulates the energy and natural resources markets of the State of Israel: electricity, fuel, cooking gas, natural gas, energy conservation, water, sewerage, oil exploration, minerals, scientific research of the land and water, etc. The Ministry of Energy regulates public and private entities involved in these fields, and operates to ensure the markets' adequate supply under changing energy and infrastructure needs, while regulating the markets, protecting consumers and preserving the environment.

According to publications of the Ministry of Energy, the Ministry of Energy's multi-year goals include diversified energy resources and ensuring reliability of supply during peacetime and emergency, developing effective and significant natural gas, and determining long-terms policies and appropriate regulations of the market's electricity.

The Ministry of Energy's main objectives in the electricity field are securing a reliable supply of electricity to the Israeli market, formulating development procedures to the electricity production sections, energy transmission and distribution, promoting policies to integrate renewable energies in electricity production in accordance with governmental decisions, formulating policies changing the market's electricity structure, performing control and supervision of the implementation of the IEC's and private producers' development plans, performing control, supervision and enforcement of implementing safety regulations according to the Electricity Law, 5714-1954, and handling legislature in the electricity market fields, rules of performing electricity works and security in electricity. The main objectives of the Ministry of Energy in its workplan for 2019 included achieving an efficient and competitive electricity sector by focusing on the reform of the sector through the initiation of tenders for the sale of IEC power plants and the transfer of system management activities from the IEC to the new System Administrator.

In March 2019, the Ministry of Energy published the targets for the energy sector for 2030, with the main two objectives being (a) the end of coal usage and the transition to natural gas and renewable energies and (b) 10% penetration of renewable energies in electrical manufacturing by 2020 and 17% by 2030. In October 2020, the Israeli government issued a decision pursuant to which the target for renewable energy generation is 30% by 2030 (with an interim target of 20% by 2025). With respect to conventional generation, this decision provided that by July 2023 additional electricity generation capacity using natural gas and backed up by diesel fuel of 4,000 MW will be required. Further to determination of the targets, in November 2019, the Minister of Energy determined policy principles regarding discontinuance of the regular use of coal in the generation area of the electricity sector up to 2026, including policy principles for gradual conversion up to 2025 and no later than 2026 of the generation units 5–6 in the "Orot Rabin" power plant, and the generation units 1–4 in the "Rotenberg" power plant for purposes of discontinuance of the regular use of coal. In February 2021, the Ministry of Energy determined policy principles for examination of the scope and manner of preservation of electricity generation units at the "Orot Rabin" power plant, according to which IEC will maintain the generation units 1–4 in the "Rotenberg" power plant pursuant to a preservation outline determined up to 2025. It was also determined that shortly before the end of the preservation outline, the need will be examined for new policy principles. Regarding the targets for increased generation using renewable energy, in July 2020, the Ministry of Energy determined policy principles for update of the targets for generation of electricity using renewable energy in such a manner that the target for generation of the electricity using renewable energy will be 30% of the total electricity consumption in 2030. In October 2020, the Israeli government approved the Ministry of Energy's proposal regarding the renewable energy targets.

The Electricity Authority, or the EA, which is subordinated to the Ministry of Energy and operates in accordance with its policy, was established in January 2016, and replaced the Public Utility Authority, or PUAE, which operated until that time by virtue of the Electricity Sector Law. The EA has the authority to grant licenses in accordance with the Electricity Sector Law (licenses for facilities with a generation capacity higher than 100 MW also require the approval of the Minister of Energy), to supervise license holders, to set electricity tariffs and criteria for them, including the level and quality of services required from an "essential service provider" license holder, supply license holder, a transmission and distribution license holder, an electricity producer and a private electricity producer. Thus, the EA supervises both the IEC and private producers.

The Minister of Energy can dispute EA rulings and request a renewed discussion on specific rulings, except in the matter of the electricity tariffs, which the EA has full authority to set. In addition, the Minister of Energy has the authority to propose the appointment of some of the members of the EA board, as well as the authority to rule on electricity market policy on the subjects defined in the Electricity Sector Law.

According to the Electricity Sector Law, the EA may set the power rates in the market, based, among others, on IEC costs that the EA elects to recognize, and yield on capital. The EA sets different rates for different electricity sectors. According to the Electricity Sector Law, the IEC shall charge customers in accordance with rates set by the EA and shall pay another license holder or a customer in accordance with the relevant rates. In addition, the EA sets the tariffs paid by private electricity producers to the IEC for various services provided by the IEC, including measurement and meter services, system services, and infrastructure services.

During 2020, the EA published decisions intended to advance construction of solar and storage facilities, advancement of construction and regulation of the activities of the System Administrator, advancement of opening the supply sector to competition and the continued advancement of competition in the generation sector by, among other things, advancement of sale of the generation sites of IEC.

For further information on related EA tariffs, see "*—Industry Overview— Overview of Israeli Electricity Generation Industry*." For further information on the effect of EA tariffs on OPC's revenues and margins, see "*Item 5. Operating and Financial Review and Prospects—Material Factors Affecting Results of Operations—OPC— Sales—EA Tariffs*."

Independent Power Producers (IPPs)

In recent years, a substantial number of independent power producers have begun entering the Israeli electricity generation market, in view of, among others, increasing competition in the field of electricity generation and encouraging the construction and operation of private generation facilities. This entry has led to a significant decrease in the IEC's market share in the sale of electricity to large electricity consumers (high and medium voltage consumers) such that in 2016, according to public IEC reports, its market share dropped to under 50% of electricity sales to large consumers.

Activity by independent power producers, including the construction of private power stations and the sale of electricity produced therein, is regulated by IPP Regulations and the Cogeneration Regulations, as well as the rules, decisions, and standards established by the EA. OPC-Rotem has a unique regulation by virtue of a tender, as detailed below.

According to the Electricity Sector Law, none of the actions set in the Electricity Sector Law shall be carried out by anyone other than a license holder. The Licenses Regulations include provisions and conditions in the matter of issuing licenses, rules for operating under such licenses and the obligations borne by license holders.

In order to obtain a production license, an applicant must file a request in accordance with the relevant regulations, and meet the threshold conditions. Among others, the manufacturer bears the burden to prove that the corporation requesting the license has a link to the land relevant to the facility. According to EA rulings, subject to meeting the terms (and with the approval of the Minister of Energy for licenses exceeding 100 MW), the developer is granted a conditional license and, upon completion of construction of the facility and successful compliance with acceptance tests, a generation license. The conditional license holder must meet certain milestones for constructing its facility as detailed in the conditional license, and must also prove financial closing. Only after meeting these milestones and the commercial operation of the facility, the developer is granted a generation license (or Permanent License) determined by the EA for the period determined in such license (for licenses exceeding 100 MW, the license must be approved by the Minister of Energy).

This model, which is based on receiving a conditional license followed by a permanent license (subject to meeting the regulatory and statutory milestones), is applicable to both the production of electricity using all types of technology, with the exception of facilities with an installed capacity under 16 MW, for which no license is required for their operation. A party requesting a supply license must demonstrate compliance with the shareholders' equity requirements as provided by the EA as a condition for receipt of a supply license for suppliers without means of generation.

According to the 2019 Electricity Market Report, as of 2019, IPPs (including OPC-Rotem and including renewable energy) are active in the market with an aggregate capacity of approximately 6,614 MW, constituting 34% of the Israeli electricity market's total installed capacity. The EA estimates that by the end of the IEC reform period, the IEC's market share is expected to be approximately 45% of the installed conventional capacity in the market, approximately 33% of the installed capacity (including renewable energy) and approximately 32% of the installed capacity for gas. The IEC's market share is expected to drop below 40% of the generation in the market.

The regulatory arrangements applicable to IPPs were determined while distinguishing between the different generation technologies they use and the various levels of voltage they will be connected to (according to installed capacity). The following are the key electricity production technologies used by private producers in Israel:

- Conventional technology – electricity generation using fossil fuel (natural gas or diesel oil). Exercise of the quota of IPPs using this technology amounts to approximately 2,540 MW out of a total quota of 3,640 MW assigned to generation using this technology. Additional facilities of approximately 582MW are under construction.

- Cogeneration technology –electricity generation using facilities that simultaneously generate both electrical energy and useful thermal energy (steam) from a single source of energy. Exercise of the quota of generators using this technology amounts to approximately 990 MW out of a total quota of 1,000 MW assigned under the current regulation. Licenses issued beyond that shall be subject to different regulation.

- Renewable energy – generation of electric power the source of energy of which includes, inter alia, sun, wind, water or waste. In November 2020, the Israeli government updated the generation targets for renewable energy to 30% of the consumption up to 2030. As at the end of 2019, the installed capacity of photovoltaic generation facilities was approximately 1,915 MW and the expectation for 2025 is 5,016 MW, out of a quota of 5,925 MW assigned to generation using renewable energy up to 2025 pursuant to various regulations published by the EA.

- Pumped storage energy – generation of electricity using an electrical pump connected to the power grid in order to pump water from a lower water reservoir to an upper water reservoir, while taking advantage of the height differences between them in order to power an electric turbine. The installed capacity of production facilities using this technology amounts to 644 MW out of a total quota of 800 MW assigned to generation.

- Energy storage – this is possible through a range of technologies, including, among others, pumped storage, mechanical storage (for example compressed air) and chemical storage (for example batteries). In light of the Israeli government decision that provides a target for generation of electricity using renewable energies (mainly solar energy) at the rate of 30% out of the generation up to 2030, the EA estimates that the electricity sector in Israel will need to prepare for construction of facilities for energy storage. The use of this technology is currently negligible; however, it is expected to increase significantly in the upcoming years due to the need for storage facilities as a result of the anticipated increase in renewable energies. In particular, based on EA publications, compliance with the target for renewable energies up to 2030 will require construction of storage facilities in the scope of about 2,700 to 5,300 MW, deriving from the readiness of the technology and the economic feasibility of its use.

According to the Electricity Sector Law, the IEC, as an essential service provider, is committed to purchasing electricity from IPPs at the rates and under the conditions set in the Electricity Sector Law and the regulations and standards promulgated thereunder (and, in relation to OPC-Rotem, by virtue of the tender and OPC-Rotem's PPA with IEC). In addition, the IEC is committed to connecting the IPPs facilities to the distribution and transmission grid and providing them with infrastructure services in order to allow IPPs to provide power to private customers and system administration service.

Electricity Consumers

In recent years more so than in the past, due to the Israeli government's targets with respect to renewable energies and the targets of the Minister of Energy for decentralized generation, the impact of electricity consumers on the market has strengthened. In recent years, there is a global trend of transition from generation of electricity using fossil fuels to generation using renewable energy technologies – this being due to, among other things, the increasing awareness of the climate change crisis, as well as in light of the decline in the construction costs of the renewable energy facilities, particularly the photovoltaic generation facilities.

Regulatory Framework for Conventional IPPs

The regulatory framework for current and under construction conventional IPPs was set by the PUAE in 2008. An IPP may choose to allocate its generation capacity, as "permanently available capacity," or PAC, or as "variable available capacity," or VAC. PAC refers to capacity that is allocated to IEC and is dispatched according to IEC's instructions. PAC receives a capacity payment for the capacity allocated to IEC, as well as energy payment to cover the energy costs, in the event that the unit is dispatched. VAC refers to capacity that is allocated to private consumers, and sold according to an agreement between the IPP and a third party. Under VAC terms, IPP shall be entitled to receive availability payments for excess energy not sold to private customers. In addition, the IEC can purchase electricity allocated to it at variable availability, on a price quote basis. Within this regulatory framework, a private electricity producer can choose to allocate between 70% and 90% of their production capacity at high availability, and the rest at variable availability.

Upon the development of the electricity market and the utilization of EA Regulation 241 quotas in December 2014, the EA published a follow-up arrangement for conventional producers, and implemented dispatch of IPPs according to the economic dispatch order. According to this regulation, the production units shall be dispatched in accordance with an economic dispatch principle and independent of PPAs between producers and customers, and shall apply to producers with an installed capacity higher than 16 MW and up to a total output of 1,224 MW. This regulation is referred to as "Regulation 914."

In May 2017, the EA amended Regulation 914. Under the amendment, a higher tariff was adopted for production facilities that comply with certain flexible requirements. The amendment also offers open-cycle producers several alternatives, including receiving surplus gas from the gas agreements of other producers. The total quota for new facilities pursuant to this arrangement was limited to 1,100 MW distributed across various plants (at least 450 MW and up to 700 MW for combined cycle facilities, at least 400 MW and up to 650 MW for flexible open cycle facilities). Furthermore, under the amendment the EA prohibits entry into bilateral transactions by open-cycle facilities and demands that combined-cycle facilities sell at least 15% of their capacity to private consumers. Finally, in order to grant IPPs sufficient time to reach financial closing, Regulation 914 was extended to apply to producers who will receive licenses no later than January 1, 2020.

In November 2018, the EA published a decision regarding the activity arrangement of natural gas generation facilities connected to the distribution network. Pursuant to this decision, generators under 16 MW are encouraged to construct power plants within customers' facilities. These power plants will only be permitted to sell electricity to customers within the facility (and not other private customers) and the System Administrator.

In March 2019, the EA published a decision regarding the establishment of generators connected to the high-voltage network without a tender process. This decision would permit the establishment of generation facilities that are connected to the transmission grid or integrated in the connection of a consumer connected to the transmission grid (excluding renewable energy) for a maximum capacity of 500 MW and provided they receive tariff approval by the end of 2023. These generation facilities will only be permitted to sell electricity to customers within the facility (and not other private customers) and to provide the rest of their available capacity to the System Administrator, that will upload the capacity to the grid according to central upload system. The EA has stated that it intends to publish information on the tender process for construction of such generation facilities in the future.

In November 2020, the EA proposed to the Minister of Energy regulations regarding the promotion of competition in the electricity generation industry. The regulations remain subject to the approval of the Minister of energy. Pursuant to these rules, a generation or conditional license may not be granted if (a) the grantee will hold plants operating on natural gas exceeding 20% of planned capacity (which the EA has stated is 14,000 MW, including the capacity of IEC), (b) the grantee will hold more than one plant operating on pumped storage technology, or (c) the grantee will hold plants operating on wind energy exceeding 60% of planned capacity. Regarding (a), according to the principles of the Competition Authority the relevant limit is 20% of 10,500 MW (which is the anticipated capacity in the market held by private players by 2023, excluding capacity of IEC). These regulations have not been adopted by the Minister of Energy yet.

OPC-Rotem's Regulatory Framework

OPC-Rotem operates according to a tender issued by the state of Israel in 2001 and, in accordance therewith, OPC-Rotem and the IEC executed the IEC PPA in 2009, which stipulates OPC's regulatory framework. This PPA will be assigned by IEC to the System Administrator. OPC-Rotem's framework differs from the general regulatory framework for IPPs, as set by the PUAE and described above.

According to the IEC PPA, OPC-Rotem may sell electricity in one or more of the following ways:

1. Capacity and Energy to IEC: according to the IEC PPA, OPC-Rotem is obligated to allocate its full capacity to IEC. In return, IEC shall pay OPC-Rotem a monthly payment for each available MW, net, that was available to IEC. In addition, when IEC requests to dispatch OPC-Rotem, the IEC shall pay a variable payment based on the cost of fuel and the efficiency of the station. This payment will cover the variable cost deriving from the operation of the OPC-Rotem Power station and the generation of electricity.

2. Sale of energy to end users: OPC-Rotem is allowed to inform IEC, subject to the provision of advanced notice, that it is releasing itself in whole or in part from the allocation of capacity to IEC, and extract (in whole or in part) the capacity allocated to IEC, in order to sell electricity to private customers pursuant to the Electricity Sector Law. OPC-Rotem may, subject to 12-months' advanced notice, re-include the excluded capacity (in whole or in part) as capacity sold to IEC.

OPC-Rotem informed IEC, as required by the IEC PPA, of the exclusion of the entire capacity of its power plant, in order to sell such capacity to private customers. Since July 2013, the entire capacity of OPC-Rotem has been allocated to private customers.

The IEC PPA includes a transmission and backup appendix, which requires IEC to provide transmission and backup services to OPC-Rotem and its customers, for private transactions between OPC-Rotem and its customers, and the tariffs payable by OPC-Rotem to IEC for these services. Moreover, upon entering a PPA between OPC-Rotem and an individual consumer, OPC-Rotem becomes the sole electricity provider for this customer, and IEC is required to supply power to this customer when OPC-Rotem is unable to do so, in exchange for a payment by OPC-Rotem according to the tariffs set by the EA for this purpose. For further information on the risks associated with the indexation of the EA's generation tariff and its potential impact on OPC-Rotem's business, financial condition and results of operations, see "*Item 3.D Risk Factors—Risks Related to OPC— Changes in the EA's electricity rates may reduce OPC's profitability*."

In November 2017, OPC-Rotem applied to the EA to obtain a supply license for the sale of electricity to customers in Israel. In February 2018, the EA responded that OPC-Rotem needs a supply license to continue selling electricity to customers and that the license will not change the terms of the PPA between OPC-Rotem and the IEC. The EA also stated that it will consider OPC-Rotem's supply license once the issue of electricity trade in the Israeli economy has been comprehensively dealt with. OPC-Rotem has not received a supply license to date and there is no assurance regarding the receipt of the license and its terms. If OPC-Rotem does not receive a supply license, it may adversely affect OPC-Rotem's operations.

In February 2020, the EA issued standards regarding deviations from consumption plans submitted by private electricity suppliers, which will become effective on September 1, 2020. Under these regulations, a supplier will only be permitted to sell electricity produced by IPPs to consumers and not electricity purchased from the IEC. Deviations from annual consumption plans exceeding 3% of the installed capacity allocated to a supplier will result in payment of an annual tariff. The regulation also provides for a settlement mechanism for deviations from daily consumption plans. The EA has stated that this regulation will apply to OPC-Rotem after supplementary arrangements have been determined for OPC-Rotem, which have yet to be determined. OPC-Rotem is currently in discussions with the EA and OPC has submitted its position to the EA that preserving OPC's rights under the OPC-Rotem tender required granting a supply license at the same time as applying the described decision to OPC-Rotem. The EA regulations could limit OPC-Rotem's operations if it does not obtain a supply license or if it obtains a license that contains more restrictive terms than expected. OPC is still examining the effects of the decision on OPC-Rotem and OPC-Hadera.

Regulatory Framework for Cogeneration IPPs

The regulatory framework for current and under construction cogeneration IPPs was established by the PUAE in its 2008 and 2016 decisions. A cogeneration IPP can sell electricity in the following ways:

1. At peak and shoulder times, one of the following shall apply:

    a. each year, the IPP may sell up to 70% of the total electrical energy, calculated annually, produced in its facility to IEC—for up to 12 years from the date of the grant of the license; or

    b. each year, the IPP may sell up to 50% of the total electrical energy, calculated annually, produced in its facility to IEC—for up to 18 years from the date of the grant of the license.

2. At low demand times, IPPs with units with an installed capacity of up to 175 MW, may sell electrical energy produced by it with a capacity of up to 35 MW, calculated annually or up to 20% of the produced power, inasmuch as the installed output of the unit is higher than 175 MW, all calculated on an annual basis.

    According to the regulations, if a cogeneration facility no longer qualifies as a "Cogeneration Production Unit," other rate arrangements are applied to it, which are inferior to the rate arrangements applicable to cogeneration producers.

In December 2018, the EA published a proposed decision for hearing regarding arrangements for high voltage generators that are established without a tender process. This would also enable the establishment of cogeneration facilities.

OPC-Hadera's Regulatory Framework

In connection with construction of a cogeneration power station in Israel, OPC-Hadera reached its COD on July 1, 2020. In June 2020, the EA granted a permanent license to the OPC-Hadera power plant for generation of electricity using cogeneration technology having installed capacity of 144 MW and a supply license. The generation license is for a period of 20 years, as is the supply license so long as a valid generation license is held (the generation license may be extended by an additional 10 years).

In connection with above, OPC-Hadera must meet certain conditions before it will be subject to the regulatory framework for cogeneration IPPs and be considered a "Cogeneration Production Unit." For example, OPC-Hadera will have to obtain a certain efficiency rate which will depend, in large part, upon the steam consumption of OPC-Hadera's consumers. In circumstances where OPC-Hadera no longer satisfies such conditions and therefore no longer qualifies as a "Cogeneration Production Unit," other rate arrangements, are applied to it, which are inferior to the rate arrangements applicable to cogeneration producers.

Tzomet's Regulatory Framework

The Tzomet power plant is expected to be constructed pursuant to Regulation 914 and will be subject to the conditions and limitations thereunder, see "*—Regulatory Framework for Conventional IPPs.*"

In September 2019, Tzomet received the results of an interconnection study performed by the System Administrator. The study included a limitation on output of the power plant's full capacity to the grid beyond a limited number of hours per year, up to completion of transmission projects by IEC, which are expected to be completed by the end of 2023. In December 2019, the EA approved Tzomet's tariff rates, which will be applicable upon completion of the power plant and receipt of a permanent generation license. Given the limitation included in the interconnection study, Tzomet will be subject to a reduced availability tariff during 2023. See "*Item 3.D Risk Factors—Risks Related to OPC—OPC faces risks in connection with the expansion of its business.*"

In January 2020, Tzomet entered into a PPA with IEC, the government-owned electricity generation, transmission and distribution company in Israel, or the Tzomet PPA (in October 2020, OPC-Rotem received notice of assignment by IEC to the System Administrator). The term of the Tzomet PPA is for 20 years after the power station's COD. According to the terms of the Tzomet PPA, (1) Tzomet will sell energy and available capacity to IEC and IEC will provide Tzomet infrastructure and management services for the electricity system, including back-up services (2) all of the Tzomet plant's capacity will be sold pursuant to a fixed availability arrangement, which will require compliance with criteria set out in Regulation 914, (3) the plant will be operated pursuant to the System Administrator's directives and the System Administrator will be permitted to disconnect supply of electricity to the grid if Tzomet does not comply with certain safety conditions and (4) Tzomet will be required to comply with certain availability and credibility requirements set out in its license and Regulation 914, and pay penalties for any non-compliance. Once the Tzomet plant reaches its COD, its entire capacity will be allocated to the System Administrator pursuant to the terms of the Tzomet PPA, and Tzomet will not be permitted to sign agreements with private customers unless the electricity trade rules are updated.

Tzomet has not entered into a gas supply agreement yet, but has the option to engage with a gas supplier or have its gas supplied by the IEC.

United States

The electricity market in the United States has both Federal oversight (wholesale sales of electricity and interstate transmission) and State oversight (retail sales of electricity and provision of distribution service to end users). The primary federal regulator is the Federal Energy Regulatory Commission (FERC), alongside separate state-level Public Service Commission's exercising oversight in their respective states. The wholesale electric marketplace in the United States operates within the framework of several FERC-approved regional or state market operators, known as Regional Transmission Organizations (RTO) or Independent System Operator (ISO). ISO/RTO's are responsible for the day-to-day operation of the transmission system, the administration of the wholesale markets in the regions in which they operate, and for the long-term transmission planning and resource adequacy functions.

FERC approval under the Federal Power Act may be required prior to a direct, or indirect upstream, change in ownership or control of voting interests, in any FERC jurisdictional public utility (including one of our U.S. project companies) or any public utility assets. FERC approval may also be required for individuals to serve as common officers or directors of public utilities or of a public utility and certain other companies that provide financing or equipment to public utilities. FERC also implements the requirements of the Public Utility Holding Company Act of 2005 applicable to "holding companies" having direct or indirect voting interests of 10% or more in companies that (among other activities) own or operate facilities used for the generation of electricity for sale, which includes renewable energy facilities. The regulations of some US states also contains similar provisions with respect to ownership or control of voting interests, directly or indirectly through subsidiaries, of a public utility. Accordingly, the acquisition of an interest that gives rise to ownership of a percentage equal to or greater than 10% of the share capital of OPC Energy or Kenon may be subject to prior FERC approval and such direct or indirect acquisition may also require approval state regulatory authorities in certain US states in which OPC's US business operates.

The PJM market

The PJM Interconnection (PJM) is an ISO and RTO that operates a wholesale electricity market and serves as an administrator of the electric transmission system which covers parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia, and the District of Columbia, which services about 65 million residents. The PJM market is the largest among the RTOs with approximately 198 gigawatts of installed capacity and peak demand of approximately 148 gigawatts. PJM oversees the operation of more than 150,000 kilometers of transmission lines. Sale of electricity in the organized PJM market is supervised and managed by PJM to assure supply of the electricity, based on price offers of the electricity generators.

The PJM is supervised by and receives its authority from the FERC and is financed by payments from participants in the market. PJM collects payments for capacity, electricity, transmission, accompanying services and other services required for operation of the electricity system from utilities and electric distribution companies acting on behalf of consumers (households, commerce and industry), and distributes the payments to the generators and transmitters, by means of a variety of market mechanisms, including purchase of capacity (Forward Capacity Market) and an electricity acquisition mechanism in the Day-Ahead and Real-Time markets. In general, the capacity price is determined in an annual tender for operations over one year three years in advance and is guaranteed without reference to the actual amount of electricity generated. Payments for electricity are made for actual electricity generation and are determined on the basis of the marginal price in the market.

The NYISO market

The NYISO market has operated since 1999, and is one of the most advanced electricity markets in the United States and in the world. The NYISO market includes about 40 gigawatts of installed capacity and more than 18,000 kilometers of transmission lines, serving 20 million customers with a peak demand of 34 gigawatts. The market is divided into 11 regions (zones). The pricing of the electricity and the capacity varies amongst the regions based on demand and available supply. The NYISO electricity market includes a Day-Ahead and Real-Time market for the sale of electricity and other ancillary services. In addition, the NYISO has operated a capacity market since 2003. Capacity prices are determined on a monthly basis, with up to six-month forward auctions. Capacity payments are guaranteed without reference to the amount of electricity actually generated. For the delivery year beginning 2022/23 there were no capacity auctions in the PJM market due to an inquiry with FERC. Capacity auctions will be renewed in May 2021 and are expected to take place once every six months until the normal three-year forward schedule can resume beginning with the 2027/28 auction to be held in May of 2024. After that, the tenders are expected to continue as described above. The electricity prices for energy are determined on the basis of the marginal price in the market.

The ISO–NE market

ISO–NE is the ISO responsible for managing the day-to-day operation of the New England transmission system, as well as administering the wholesale electricity and capacity markets in New England. ISO–NE was created in 1997 to operate the wholesale power market under the direction of the New England Power Pool (NEPOOL). In 2005, it became an independent RTO, assuming broader authority over the day-to-day operation of the power system, market administration, and transmission planning with direct control over the transmission rates and market rules. The ISO-NE managed footprint covers Connecticut, Massachusetts, New Hampshire, Rhode Island, Vermont, and most of Maine. It serves about 15 million residents with a generation scope of about 31 gigawatts and peak demand of about 28 gigawatts. ISO-NE administers more than 14,000 kilometers of transmission lines ranging from 69kv to 345kv and including several tie lines to neighboring control areas NY, Quebec, and New Brunswick. ISO–NE is a non-profit FERC-regulated entity which operates pursuant to a tariff on file with FERC.

The markets in New England include a Day Ahead and Real Time Energy Market for the sale of electricity, a Forward Capacity Market of tenders for operations over one year three years in advance. New projects have the option of ensuring capacity for a longer period), and other ancillary services.

Regulation permits/licenses

In general, CPV's facilities and operations are regulated under a variety of federal and state laws and regulations. For example, CPV's thermal power plant operations are subject to air quality requirements under the federal Clean Air Act ("CAA") and related state laws, in addition to federal regulations requiring the reporting of greenhouse gas emissions under the Clean Air Act. The CAA regulates emissions of air pollutants from various industrial sources, such as gas-fired power plants, including by requiring Title V Permits to Operate for such sources of air pollution emissions above certain thresholds.

CPV's thermal projects are also subject to regulation under the federal Clean Water Act ("CWA") and related state laws in connection with any discharges of wastewater and storm water from its facilities. The CWA prohibits the discharge of pollutants into waters of the United States except pursuant to appropriate permits, including wastewater and stormwater permits under the National Pollutant Discharge Elimination System ("NPDES").

The projects of the CPV Group are also subject, as applicable, to requirements under federal and state laws governing the management, disposal and release of hazardous wastes and materials at or from its facilities, including the federal Resource Conservation and Recovery Act ("RCRA") and the federal Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") (and equivalent state laws). RCRA requires owners and operators of facilities that generate, store, treat, or dispose of hazardous waste to obtain facility identification numbers from the U.S. Environmental Protection Agency ("EPA") and operate in compliance with RCRA Subtitle C permit requirements. CERCLA authorizes the EPA to undertake environmental cleanup of releases of hazardous waste and pursue response actions against potentially responsible parties ("PRPs") for such waste.

The siting and operation of CPV's renewable power projects, in turn, are subject to a variety of federal environmental laws, including with respect to protection of threatened and endangered plant and animal species, such as the Endangered Species Act ("ESA"), the Migratory Bird Treaty Act, and the Bald and Golden Eagle Protection Act. These laws and their state equivalents provide for significant civil and criminal penalties for unpermitted activities that result in harm to or harassment of certain protected animals and plants, including damage to their habitats. CPV's operations in areas where such threatened or endangered species are located, designated as suitable or critical habitat, may be subject to increased restrictions, limitations, or mitigation requirements arising from species protection measures.

Current operations and future projects also may be subject to the National Historic Preservation Act ("NHPA"), which requires federal agencies to consider the effects on historic properties of federal projects as well as projects that they assist, fund, permit, license, or approve. CPV projects may be subject to additional federal permits, orders, approvals and consultations required by other federal agencies under these and other statutes, including the Advisory Council on Historic Preservation, the U.S. Army Corps of Engineers, the U.S. Department of the Interior, the U.S. Fish and Wildlife Service, and the EPA. In addition, federal permitting processes may trigger the requirements of the National Environmental Policy Act ("NEPA"), which requires federal agencies to evaluate major agency actions that have the potential to significantly impact the environment. State permitting regimes may require similar consultations with applicable state-level agencies and/or the preparation of a similar assessment of environmental impacts pursuant to state law.

CPV's operations also are subject to a number of federal and state laws and regulations designed to protect the safety and health of workers, including the federal Occupational Safety and Health Act, and equivalent state laws.

Permits/licenses required in connection with operational projects

As part of its activities, CPV is required to obtain and hold permits due to various federal, state and local legislation and regulations relating to power plant operations and environmental protection. Such permits are required both due to the activities of the power plants involving generation therein based on natural gas and the impact of the generation process on the air and water in the area of the facilities, as well as a result of construction of the renewable energy facilities (wind fields and solar fields) that could constitute environmental hazards and have a harmful impact on the area in which they are located. The main required permits/licenses (without distinction between different requirements of the various jurisdictions in which the power plants / facilities are located):

1. CPV is required to hold permits in order to operate and/or construct the power plants, the purpose of which is prevention or reduction of air pollution. The power plants may also be required to hold permits for flowing water, waste-water and other waste into the local sewer systems or into other water sources in the United States.

2. Due to the height and location of the exhaust stacks and other components of the generation facilities, which could endanger the air traffic, the power plants are required to hold a permit for construction of the stacks and additional components in the generation facilities. This permit is issued by the Federal Aviation Authority (FAA).

All of CPV's active plants, as well as the plant under construction, hold relevant valid permits for their operational and/or construction activities. With respect to CPV Valley, it commenced operations in January 2018 under a combined Air State Facility and a pre-construction Prevention of Significant Deterioration permit (together, the "ASF Permit"), among other permits and approvals. Valley subsequently filed its Title V Air Permit Application on August 24, 2018, (which is required to replace the ASF Permit) and continued operations under the automatic permit extension provision in the State Administrative Procedure Act, which also extends the ASF Permit. The New York State Department of Environmental Conservation ("NYSDEC") published notice on May 29, 2019 that the Title V application was complete. NYSDEC was required to make a final determination on CPV Valley's Title V permit application within eighteen months after the application was deemed complete. Rather than making a final determination within that time frame, however, NYSDEC revoked its prior application completeness determination and issued a Notice of Incomplete Application on November 29, 2020. NYSDEC stated that CPV Valley was required to provide an assessment of how NYSDEC's issuance of a Title V permit would be consistent with the Statewide greenhouse gas emissions limits established in the Climate Leadership and Community Protection Act (the "CLCPA"). CPV Valley is engaged in discussions with NYSDEC Staff to identify the scope of the information the NYDEC seeks under the CLCPA. CPV Valley can continue to operate under the ASF Permit until a final determination is made regarding the Title V permit. There is no certainty regarding receipt of a Title V permit or timing thereof. If the permit is not received, or if receipt is subject to terms, as well as with respect to the proceedings with NYSDEC, this could have an adverse impact on CPV Valley.

A direct or indirect change in ownership or control of voting rights in a corporation that provides infrastructure services ("public utilities") (including one of the CPV project companies in the U.S.) within the jurisdiction of the FERC, or in any property used for infrastructure services, may be subject to FERC approval, pursuant to the Federal Power Act. Such approval may also be required for holding the position of officers or directors in corporations that provide infrastructure services or certain other companies that provide financing or equipment for infrastructure services. The FERC also applies the requirements in the Public Utility Holding Company Act of 2005 to companies that directly or indirectly hold at least 10% of the voting rights in companies that, among other activities, own or operate facilities that generate electricity for sale, including renewable energy facilities. There is similar state regulation in some states that regulates ownership or control, directly or indirectly through subsidiaries, of voting rights in corporations that provide infrastructure services. Therefore, the acquisition of 10% or more of the share capital of OPC, or Kenon may be subject to FERC approval, and such direct or indirect acquisition may also be subject to the approval of state regulatory authorities in some U.S. states where the company has business operations.

Property taxes/community payments

In general, each CPV project company is subject to property taxes annually paid to the local jurisdiction in which it is located. In some cases (Shore, Maryland, Valley & Towantic), the projects have come to an arrangement for a long-term payment which replaces the regular assessment and taxation process or recognizes certain exemption provisions in relevant laws or regulations. The long-term payment arrangements run between 20-30 years from COD for each applicable project. In other cases (Fairview & Keenan), the projects are subject to an annual assessment on the value of their taxable property and then pay property taxes at the relevant taxing jurisdiction rates.

In addition, few of the CPV project companies (Fairview and Valley) entered into agreements for the benefit of community purposes in their respective local communities. The long-term payments by virtue of such agreements fund community entities or reimburse the local community for the impact during construction. These payments are spread over periods of 20 to 30 years from COD.

Qoros

Kenon holds a 12% interest in Qoros, a China-based automotive company. Kenon previously held a 50% stake in Qoros prior to the Majority Shareholder in Qoros' investment, and was one of the founding members of the company. Kenon continues to remain actively involved in the business with its current stake and right to appoint two of the nine directors on Qoros' board.

In 2018, the Majority Shareholder in Qoros acquired 51% of Qoros from Kenon and Chery for RMB3.315 billion, as part of a total investment of approximately RMB6.63 billion by the Majority Shareholder in Qoros, of which RMB6.5 billion was ultimately invested in Qoros' equity. As a result of this investment, Kenon and Chery had 24% and 25% stakes in Qoros, respectively. In April 2020, Kenon sold half of its remaining interest in Qoros (i.e. 12%) to the Majority Shareholder in Qoros for a price of RMB1.56 billion (approximately $220 million), which was based on the same post-investment valuation as the initial investment by the Majority Shareholder in Qoros, and retains a put option to sell this interest to the Majority Shareholder in Qoros for a price of RMB 1.56 billion (approximately $220 million). As a result, Kenon holds a 12% interest in Qoros, the Majority Shareholder in Qoros holds 63% and Chery holds 25%.

In April 2021, Kenon entered into an agreement to sell its remaining 12% interest in Qoros to the Majority Shareholder in Qoros for a purchase price of RMB1,560 million (approximately $238 million). The sale is subject to certain conditions, including approvals by relevant government authorities and a release of the pledge over Kenon's shares in Qoros, which are currently pledged to secure debt of Qoros under its RMB1.2 billion loan facility. The purchase price is payable in installments due between July 31, 2021 and March 31, 2023.

Kenon has outstanding back-to-back guarantees to Chery in respect of Qoros' debt of approximately $17 million and has pledged substantially all of its interest in Qoros to support certain Qoros debt, as well as Chery's guarantees of Qoros debt. Following the 2020 sale of Qoros shares to the Majority Shareholder in Qoros, the Majority Shareholder in Qoros was required to assume its additional pro rata pledge obligations in respect of Qoros debt; it has not yet done so but has provided Kenon with a guarantee for its pro rata share of the pledge obligations with respect to the RMB1.2 billion loan facility. The pledges over Kenon's equity in Qoros will need to be released before the completion of the sale of Kenon's remaining 12% interest in Qoros.

Qoros' manufacturing facility in Changshu, China has a technical capacity of 150 thousand units per annum, which can be increased to approximately 220 thousand units per annum through the utilization of different shift models.

Qoros' Description of Operations

Qoros designs, engineers and manufactures automobiles manufactured in China, designed to deliver international standards of quality and safety, as well as innovative features. In 2020, Qoros sold approximately 12,600 cars, as compared to approximately 26,000 cars in 2019. A substantial number of the 2019 sales reflected purchase orders by the leasing companies introduced by the Majority Shareholder in Qoros. These leasing companies primarily offer the vehicles to their customers under short-term arrangements, e.g. through car sharing mobile applications. In 2020, the number of vehicles sold to such leasing companies decreased to 1,544 compared to 22,900 in 2019.

Qoros sold approximately 700 cars in Q1 2021 as compared to approximately 500 cars in Q1 2020.

Qoros' platform has been designed to enable the efficient introduction of new models in the C- and D-segments. Qoros developed its vehicles in accordance with international standards of quality and safety, working in conjunction with global entities from both automotive and non-automotive industries.

A significant portion of Qoros' sales in 2019 and 2020 have been SUV vehicles.

Qoros' strategy includes the development of NEV models.

Qoros' Manufacturing: Property, Plants and Equipment

Qoros conducts its vehicle manufacturing and assembly operations at its 150 thousand unit per annum, 790,000 square meter factory by land size in Changshu, China, for which it has a land use right until 2062. This technical capacity of the manufacturing facility can be increased to approximately 220 thousand units per annum through the utilization of different shift models. Qoros' manufacturing plant was closed for a brief time in early 2020 as a result of the coronavirus. Starting in the second quarter of 2020, the production of Qoros' manufacturing plant and the operation of Qoros returned to normal. In 2021, Qoros' manufacturing plant was shut down as a result of engine and semiconductor supply shortages and has yet to resume production.

Qoros' Sourcing and Suppliers

Qoros sources the component parts necessary for its vehicle models from over 100 global suppliers. Qoros also collaborates and sub-contracts with several engineering firms for its product development activities. Qoros sources its engines and certain spare parts from Chery in the ordinary course of Qoros' business and there are platform sharing arrangements between Qoros and Chery, and Qoros has entered into various commercial agreements with respect to the provision of such supplies from Chery. Qoros may enter into additional commercial arrangements and agreements with shareholders or their affiliates in the future. Qoros has total amounts payable to Chery in the amount of RMB245 million (approximately $38 million) as of December 31, 2020.

Qoros' Dealers

Qoros markets its vehicles in China primarily through a network of dealers (who sell to retail customers), with whom Qoros enters into non-exclusive relationships, including dealerships operated and owned by parties related to the Majority Shareholder in Qoros. As of December 31, 2020, Qoros' dealerships included 418 points of sales, including 350 dealerships operated by parties related to the Majority Shareholder in Qoros.

Qoros' Competition

The passenger vehicle market in China is highly competitive, with competition from many of the largest global manufacturers (acting through joint ventures), including European, U.S., Korean and Japanese automakers, and domestic manufacturers. Additional competitors may seek to enter the Chinese automotive market.

Qoros' strategy contemplates the development of NEV models. Qoros indicates that in 2021, two REEV models are expected to be launched. Also, Qoros is planning the launch of additional NEV models in the future. To the extent that Qoros launches NEV models, it will experience significant competition in the NEV market, as OEMs are required to satisfy regulations, under which automakers obtain a certain NEV score by 2023, which score is related to the number of NEVs the automaker produces.

Qoros' Investment Agreement

In January 2018, the Majority Shareholder in Qoros acquired 51% of Qoros from Kenon and Chery for RMB3.315 billion (approximately $526 million), which was part of an investment structure to invest a total of approximately RMB6.63 billion (approximately $1,053 million) by the Majority Shareholder in Qoros. As a result of the 2018 investment, Kenon's and Chery's interests in Qoros were reduced to 24% and 25%, respectively. In April 2020, we sold half of our remaining interest in Qoros (i.e. 12%) to the Majority Shareholder in Qoros for a price of RMB1.56 billion (approximately $220 million), which was based on the same post-investment valuation as the initial investment by the Majority Shareholder in Qoros. As a result of the 2020 sale, Kenon holds a 12% interest in Qoros, the Majority Shareholder in Qoros holds 63% and Chery holds 25%. For purposes of this section, references to Kenon include Quantum (Kenon's wholly-owned subsidiary which owns Kenon's interest in Qoros) and references to Chery include Wuhu Chery (the direct owner of Chery's interest in Qoros).

The 2018 investment was made pursuant to an investment agreement among the Majority Shareholder in Qoros, Quantum, Wuhu Chery and Qoros.

In connection with the 2018 investment, Kenon received initial cash proceeds of RMB1.69 billion (approximately $260 million) and Chery received cash proceeds of RMB1.625 billion (approximately $250 million). The investment was based on an RMB6.5 billion pre-investment valuation of Qoros, excluding RMB1.9 billion.

Guarantee Obligations and Equity Pledges

Chery has guaranteed a portion of Qoros' obligations under its RMB3 billion and RMB700 million credit facilities, and Kenon has provided back-to-back guarantees to Chery in respect of a portion of Chery's obligations. Kenon's back-to-back guarantee obligations are approximately $17 million. In addition, Kenon and Chery have also pledged a significant portion of their equity interests in Qoros to secure Qoros' obligations under its RMB1.2 billion credit facility.

In connection with previous reductions in Kenon's back-to-back guarantee obligations, Kenon provided cash collateral to Chery that was used to fund shareholder loans on behalf of Chery for a total amount of RMB244 million and pledged a portion of Kenon's equity interests in Qoros to Chery. The agreements for this guarantee and pledge provide that in the event that Chery's obligations under its guarantees are reduced, Kenon is entitled to the proportionate return from Chery of the RMB244 million funding provided on Chery's behalf and/or a release of the equity pledged to Chery.

As part of the investment, the Majority Shareholder in Qoros was required to assume its pro rata share of the guarantees and equity pledges based on post-investment equity ownership in Qoros, which is subject to further adjustment following any future changes in the equity ownership in Qoros.

In connection with the 2018 investment and the 2020 sale described below, the Majority Shareholder in Qoros has assumed its proportionate guarantee obligations with respect to the RMB3 billion and RMB700 million loan facilities, and as a result of this plus repayments by Qoros in relation to its loans, Chery has repaid the full RMB244 million cash collateral to Kenon. In addition, all of the Qoros equity pledged by Kenon to Chery has been released.

The Majority Shareholder in Qoros is also required to, but has not, assumed its pro rata share of pledge obligations under the RMB 1.2 billion loan facility, but has provided Kenon with a guarantee in respect of its pro rata share of these pledge obligations.

Kenon's Put Option

Kenon has a put option over its remaining equity interest in Qoros. The investment agreement and the Qoros Joint Venture Agreement provide Kenon with the right to cause the Majority Shareholder in Qoros to purchase up to 50% of its remaining interest in Qoros at the time of the 2018 investment for up to RMB1.56 billion (approximately $220 million), subject to adjustments for inflation, during the three-year period beginning from the closing of the 2018 investment. The investment agreement further provided that from the third anniversary of the closing until April 2023, Kenon has the right to cause the Majority Shareholder in Qoros to purchase up to all of its remaining equity interests in Qoros for up to a total of RMB1.56 billion (approximately $220 million), subject to adjustment for inflation. Another company within the Baoneng Group guarantees this put option as it has granted a similar option. The put option requires six months' notice for exercise (except as described below under "*—Kenon's Agreement to Sell its Remaining Interest in Qoros to the Majority Shareholder in Qoros*"). The 2020 sale described below under "—Kenon's Sale of Half of its Remaining Interest in Qoros to the Majority Shareholder in Qoros" was not made pursuant to this put option. See also *"Item 3.D Risk Factors—Risks Related to Our Strategy and Operations—We face risks in relation to the Majority Shareholder in Qoros' investment in Qoros."*

The investment agreement provides that any changes in the equity holdings of Qoros by Kenon, Chery or the Majority Shareholder in Qoros, including as a result of the put option described above, will result in adjustments to the respective parties' pro rata obligations of the Qoros bank guarantees and pledges described above according to their equity ownership in Qoros.

Kenon's Sale of Half of its Remaining Interest in Qoros to the Majority Shareholder in Qoros

In April 2020, Kenon sold half of its remaining interest in Qoros (i.e. 12%) to the Majority Shareholder in Qoros for a price of RMB1.56 billion (approximately $220 million), which was based on the same post-investment valuation as the initial 2018 investment by the Majority Shareholder in Qoros. As a result, Kenon holds a 12% interest in Qoros, the Majority Shareholder in Qoros holds 63% and Chery holds 25%. The Majority Shareholder in Qoros has agreed to assume its pro rata share of the pledge obligations with respect to the RMB1.2 billion loan facility after which Kenon will also be proportionately released from its pledge obligations thereunder, subject to the Qoros bank lender consent. As a result of the initial investment in 2018 and the 2020 sale by Kenon, the Majority Shareholder in Qoros is required to pledge additional shares or to provide other support acceptable to the lender banks. To date, Kenon has not been proportionately released by the bank lenders from these pledge obligations. However, following the 2020 sale to the Majority Shareholder in Qoros, the Majority Shareholder in Qoros has provided Kenon with a guarantee for its pro rata share of the pledge obligations with respect to the RMB1.2 billion loan facility.

Kenon retains its rights under the put option over its remaining 12% interest in Qoros.

Kenon's Agreement to Sell its Remaining Interest in Qoros to the Majority Shareholder in Qoros

In April 2021, Kenon entered into an agreement to sell all of its remaining interest in Qoros (i.e. 12%) to the Majority Shareholder in Qoros for a purchase price of RMB1,560 million (approximately $238 million). The sale is subject to certain conditions, including approvals by relevant government authorities and a release of the pledge over Kenon's shares in Qoros, which are currently pledged to secure debt of Qoros under its RMB1.2 billion loan facility.

The total purchase price is RMB 1.56 billion (approximately $238 million), which is the same valuation as the previous sales by Quantum to the Majority Shareholder in Qoros. The sale is subject to certain conditions, including a release of the share pledge over the shares to be sold (substantially all of which have been pledged to Qoros' lending banks), approval of the transaction by the National Development and Reform Commission and registration with the State Administration of Market Regulation.

An entity within the Baoneng Group has guaranteed the Majority Shareholder in Qoros' obligations under this agreement.

The purchase price is to be paid over time pursuant to the following schedule:

Installment	**Amount (RMB)**	**Percentage of the Aggregate Purchase Price**	**Payment Date**
Deposit	78,000,000	5%	July 31, 2021 or earlier if certain conditions are met[1]
First Payment	312,000,000	20%	September 30, 2021[1]
Second Payment	390,000,000	25%	March 31, 2022[1]
Third Payment	390,000,000	25%	September 30, 2022
Fourth Payment	390,000,000	25%	March 31, 2023

____

(1) Payments to designated account

The agreement provides that the first and second payments, including the deposit, will be paid into a designated account set up in the name of the Majority Shareholder in Qoros over which Quantum has joint control. According to the agreement, the transfer of these payments to Quantum will occur by the end of Q2 2022, provided that the relevant conditions are met in connection with the registration of the shares to the purchaser, subject to receipt by Quantum of collateral acceptable to it. The agreement provides that the third and fourth payments will be paid directly to Quantum.

The agreement provides that any payment delayed for more than 30 days will be subject to interest at a rate equal to the one year loan prime rate published by the People's Bank of China.

Completion of the sale requires obtaining necessary regulatory approvals and a release of the pledge over Kenon's shares in Qoros and the registration of the transfer of such shares as well as the execution of amended documents relating to Qoros (e.g. the Joint Venture Agreement), which will require execution of relevant documentation by the relevant parties, including Qoros' shareholders.

The agreement requires Kenon to transfer all of its shares representing 12% of Qoros following payment of only 50% of the total purchase price, with the remaining 50% of the purchase price to be paid in installments following the transfer of shares.

The agreement provides that following the transfer if its remaining shares in Qoros, Quantum will retain the right to appoint one director until receipt of the final payment. The agreement includes other cooperation provisions including an undertaking by both parties to take all necessary actions to obtain the approval or complete the registrations or filings for the transaction. Such cooperation provisions also include, to the extent required, notifying all lending banks of the transaction and using best efforts to cause Qoros to obtain consent or the waiver by Qoros' lending banks. The Majority Shareholder in Qoros has undertaken to provide additional security satisfactory to lending banks to cause the existing pledges over the shares to be sold to be released.

In the event that the Majority Shareholder in Qoros fails to pay the full amount of any payment due within sixty days after the relevant payment date, or Quantum fails to receive the full amount of the first and second payments (including the deposit) by June 30, 2022, Quantum may, at its sole election, immediately exercise the put option described above without any required notice period.

The agreement provides that either party may terminate the agreement upon material breach of the agreement or any representation is untrue or inaccurate in any material respect by the other party.

Kenon faces risks in connection with the sale agreement; see *"Item 3.D.—Risk Factors—Risks Related to Our Strategy and Operations—We face risks in relation to the Majority Shareholder in Qoros' investment in Qoros and the agreement to sell all of Kenon's remaining interest in Qoros."*

Qoros' Joint Venture Agreement

We are party to a joint venture agreement, or the Joint Venture Agreement, entered into on February 16, 2007, which has been amended to reflect the Majority Shareholder in Qoros' 63% interest in Qoros. The Joint Venture Agreement sets forth certain rights and obligations of each of Quantum, the wholly-owned subsidiary through which we own our equity interest in Qoros, Wuhu Chery and the Majority Shareholder in Qoros with respect to Qoros.

The Joint Venture Agreement is governed by Chinese law. Under the Joint Venture Agreement, certain matters require the unanimous approval of Qoros' board of directors, while other matters require a two-thirds or a simple majority board approval. Matters requiring unanimous approval of the Qoros board include amendments to Qoros' articles of association, changes to Qoros' share capital, the merger, division, termination or dissolution of Qoros, the sale or otherwise disposal of all or a material part of Qoros' fixed assets for an amount equal or greater than RMB200 million (approximately $29 million) and the issuance of debentures or the creation of third-party security interests over any of Qoros' material fixed assets (other than those provided in connection with legitimate Qoros loans). Matters requiring approval by two-thirds of the board include the acquisition of majority equity interests in another entity for an amount exceeding 5% of Qoros' net asset value, termination of any material partnership or joint venture contract, profit distribution plans, the sale or otherwise disposal of all or a material part of Qoros' fixed assets for an amount equal or greater than RMB60 million (approximately $9 million) but less than RMB200 million (approximately $29 million), and capital expenditures and investments which are equal to or greater than the higher of $4 million or 10% of the approved annual budget.

Pursuant to the terms of the Joint Venture Agreement, we have the right to appoint two of Qoros' nine directors, Wuhu Chery has the right to appoint two of Qoros' directors and the Majority Shareholder in Qoros has the right to appoint the remaining five of Qoros' directors. If the Majority Shareholder in Qoros' stake in Qoros increases to 67% through a new investment in Qoros, the board of directors of Qoros will be further adjusted such that Qoros will have a six-member board of directors, of which the Majority Shareholder in Qoros will have the right to appoint four directors, while Kenon and Wuhu Chery will each have the right to appoint one director. The Majority Shareholder in Qoros has the right to nominate Qoros' Chief Executive Officer and Chief Financial Officer. The nomination of Qoros' Chief Executive Officer and Chief Financial Officer are each subject to the approval of Qoros' board of directors by a simple majority vote. Quantum and Wuhu Chery each have the right to nominate one of Qoros' deputy Chief Financial Officers. Such nominations by Quantum and Wuhu Chery are subject to the approval of Qoros' board of directors by a simple majority vote.

The Joint Venture Agreement restricts transfers of interests in Qoros by the shareholders (other than transfers to affiliates). Quantum may transfer all of its interest in Qoros to any third-party, subject to the rights of first refusal discussed below. During the five-year period following the closing of the investment, Wuhu Chery and the Majority Shareholder in Qoros may not transfer any or all their interests in Qoros to any third-party without consent of the other joint venture partners (except for assignments in relation to an initial public offering of Wuhu Chery's interest in Qoros).

Subject to the lock-up restrictions set forth above, if any of the joint venture partners elects to sell any of its equity interest in Qoros to a third party (i.e., other than an affiliate), the other joint venture partners have the right to purchase all, but not less than all, of the equity interests to be transferred, subject to certain conditions relating to the minimum price for such sale. In the event that more than one joint venture partner elects to exercise its right of first refusal, the shareholders shall purchase the equity interest to be transferred in proportion to their respective interests in Qoros at such time.

The Joint Venture Agreement also reflects Kenon's put option and the Majority Shareholder in Qoros' right to make further investments in Qoros.

The Joint Venture Agreement expires in 2042. The Joint Venture Agreement terminates prior to this date only (i) if the joint venture partners unanimously agree to dissolve Qoros (ii) in the event of any other reasons for dissolution specified in the Joint Venture Agreement and Articles of Association of Qoros or (iii) upon occurrence of any other termination event, as specified in PRC laws and regulations.

Qoros' Regulatory, Environmental and Compliance Matters

Qoros is subject to regulation, including environmental regulations, in China and the Jiangsu Province. Such regulations focus upon the reduction of emissions, the mitigation of remediation expenses related to environmental liabilities, the improvement of fuel efficiency, and the monitoring and enhancement of the safety features of Chinese vehicles. For example, effective from January 2021, all provinces in China adopted the Chinese regulation on emissions (Stage 6 Limits and Measurement Methods for Emissions from Light Duty Vehicles), which requires that new models meet certain emission limits nationwide.

Qoros' facility, activities and operations are also subject to continued monitoring and inspection by the relevant Chinese authorities. Qoros' strategy contemplates the development of NEV models. Qoros is planning to launch two REEV models in 2021. Also, more NEV models are expected to be launched in the future. As such, Qoros will be subject to the laws, licensing requirements, regulations and policies applicable to NEVs in China. For instance, China has published a set of corporate average fuel consumption (CAFC) credit and NEV credit rules to promote the growth of the NEV market and reduce reliance on internal combustion vehicles. Under the regulations, automakers obtain a certain NEV score, which score is related to the number of NEVs the automaker produces. If the automaker is unable to obtain the score, it is required to purchase credits from other automakers or will be unable to sell its conventional vehicles. This could impact the cost of producing vehicles and could impact the timing of purchases by consumers as well as inventories of vehicles that do not meet the standards. In July 2020, the rules were revised by the Chinese government, increasing the required credit scores. As Qoros' vehicles are currently primarily conventional vehicles, Qoros currently purchases credits from other automakers.

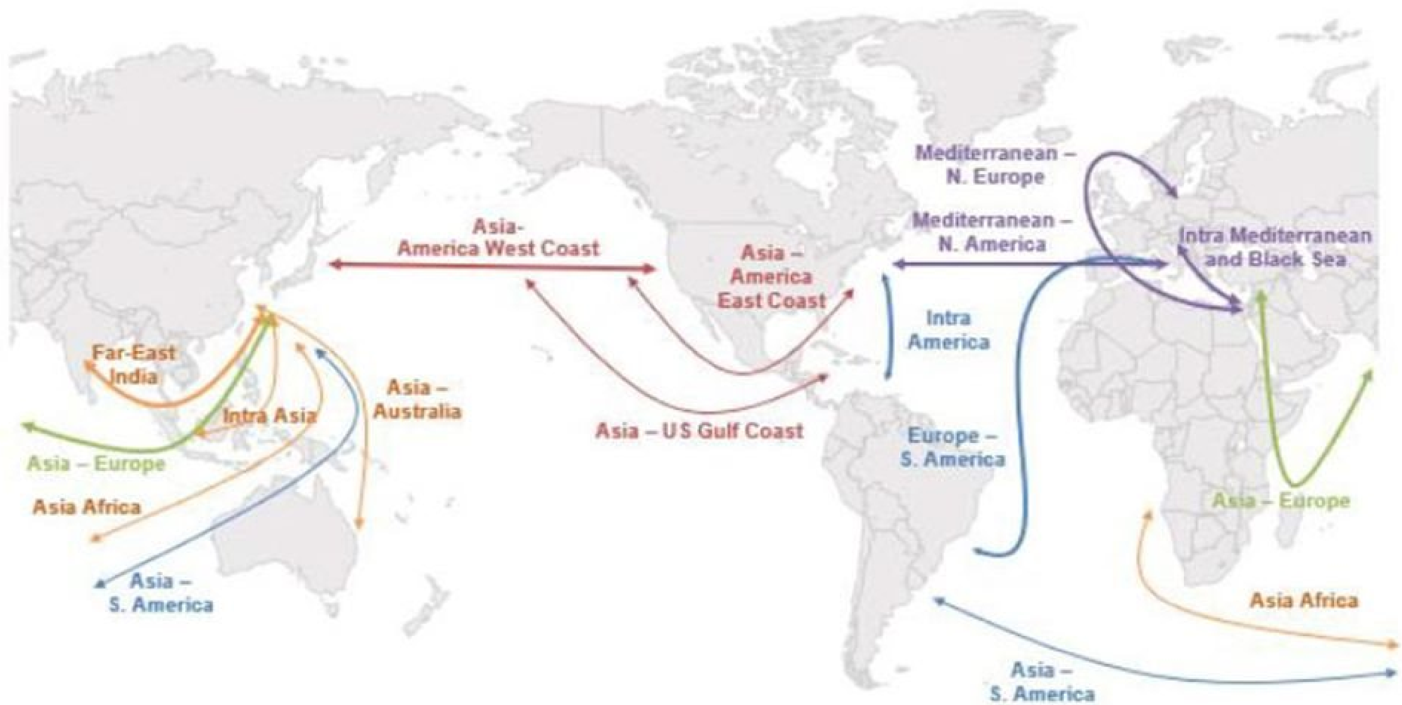
ZIM

Overview

We have an approximately 28% stake in ZIM, a global, asset-light container liner shipping company with leadership positions in niche markets where ZIM believes it has distinct competitive advantages that allow ZIM to maximize its market position and profitability. Founded in Israel in 1945, ZIM is one of the oldest shipping liners, with over 75 years of experience, providing customers with innovative seaborne transportation and logistics services with a reputation for industry leading transit times, schedule reliability and service excellence. In April 2021, Kenon exercised its right as a shareholder of ZIM to nominate two candidates for election to ZIM's board of directors at ZIM's 2021 annual general meeting.

As of December 31, 2020, ZIM operated a fleet of 87 vessels and chartered-in 98.7% of its TEU capacity and 98.9% of the vessels in its fleet. For comparison, according to Alphaliner, ZIM's competitors chartered-in on average approximately 56% of their fleets. In an effort to respond to increased demand for container shipping services globally, between December 31, 2020 and February 28, 2021, ZIM chartered-in an additional 11 vessels (net, not including vessels pending delivery). ZIM deployed 6 of these vessels in its new China to Los Angeles and South East Asia to Los Angeles express services. In addition, in February 2021 ZIM and Seaspan Corporation entered into a strategic agreement for the long-term charter of ten 15,000 TEU liquified natural gas (LNG dual-fuel) container vessels to serve ZIM's Asia-US East Coast Trade, with the vessels intended to be delivered to us between February 2023 and January 2024.

ZIM operates across five geographic trade zones that provide ZIM with a global footprint. These trade zones include (for the year ended December 31, 2020): (1) Transpacific (40% of carried TEUs), (2) Atlantic (21%), (3) Cross Suez (12%), (4) Intra-Asia (21%) and (5) Latin America (6%). Within these trade zones, ZIM strives to increase and sustain profitability by selectively competing in niche trade lanes where ZIM believes that the market is underserved and that ZIM has a competitive advantage versus its peers. These include both trade lanes where ZIM has an in-depth knowledge, long-established presence and outsized market position as well as new trade lanes into which ZIM is often driven by demand from its customers as they are not serviced in-full by its competitors. Several examples of niche trade lanes within ZIM's geographic trade zones include: (1) US East Coast & Gulf to Mediterranean lane (Atlantic trade zone where ZIM maintains a 14% market share, (2) East Mediterranean & Black Sea to Far East lane (Cross Suez trade zone), 10% market share and (3) Far East to US East Coast (Pacific trade zone), 9% market share, in each case according to the Port Import/Export Reporting Service and Container Trade Statistics. In response to the growing trend in eCommerce, during 2020 ZIM launched a new, premium high-speed service called ZIM eCommerce Xpress, which moves freight from China to Los Angeles, and the ZIM China Australia Express, which moves freight from China to Australia. In addition, and as a result of further market demand, ZIM launched at the end of 2020 a new service line connecting South East Asia and South China with Australia, and in January 2021 ZIM launched a new express service line connecting South East Asia to Los Angeles.



As of December 31, 2020, ZIM operated a global network of 69 weekly lines, calling at 307 ports in more than 80 countries. ZIM's complex and sophisticated network of lines allows ZIM to be agile as it identifies markets in which to compete. Within its global network, ZIM offers value-added and tailored services, including operating several logistics subsidiaries to provide complimentary services to its customers. These subsidiaries, which ZIM operates in China, Vietnam, Canada, Brazil, India and Singapore, are asset-light and provide services such as land transportation, custom brokerage, LCL, project cargo and air freight services. Out of ZIM's total volume in the twelve months ended December 31, 2020, approximately 25.2% of its TEUs carried utilized additional elements of land transportation.

As of December 31, 2020, ZIM chartered-in nearly all of its capacity; in addition, 55.8% of ZIM's chartered-in vessels are under leases having a remaining charter duration of one year or less (or 50.7% in terms of TEU capacity). ZIM's short-term charter arrangements allow it to adjust its capacity quickly in anticipation of, or in response to, changing market conditions, including as ZIM continues to adjust its operations in response to the ongoing COVID-19 pandemic. ZIM's fleet, both in terms of the size of its vessels and its short-term charters, enables it to optimize vessel deployment to match the needs of both mainlane and regional routes and to ensure high utilization of its vessels and specific trade advantages. The majority of ZIM's vessels are from a large and liquid pool of large mid-sized vessels (3,000 to 10,000 TEUs) that are typically available for ZIM to charter, though ZIM recently agreed to the long-term charter of ten 15,000 TEU liquified natural gas (LNG dual-fuel) container vessels to be delivered to ZIM between February 2023 and January 2024, pursuant to its strategic agreement with Seaspan. Furthermore, ZIM operates a modern and specialized container fleet, which acts as an additional value-added service offering, attracting higher yields than standard cargos.

ZIM's network is significantly enhanced by cooperation agreements with other leading container liner companies and alliances, allowing ZIM to maintain a high degree of agility while optimizing fleet utilization by sharing capacity, expanding its service offering and benefiting from cost savings. Such cooperation agreements include vessel sharing agreements (VSAs), slot purchase and swaps. ZIM's strategic operational collaboration with the 2M Alliance, comprised of the two largest global carriers (Maersk and MSC), which was announced in July 2018, launched in September 2018 and further expanded in March 2019 and August 2019, allows ZIM to provide faster and more efficient service in some of its most critical trade lanes, including Asia — US East Coast, Asia — Pacific Northwest, Asia — Mediterranean and Asia — US Gulf Coast. ZIM's cooperation with the 2M Alliance today covers four trade lanes, 11 services and approximately 22,200 weekly TEUs. In addition to its collaboration with the 2M Alliance, ZIM also maintains a number of partnerships with various global and regional liners in different trades. For example, in the Intra-Asia trade, ZIM partners with both global and regional liners in order to extend its services in the region.

ZIM has a highly diverse and global customer base with approximately 30,080 customers (which considers each of ZIM's customer entities separately, even if it is a subsidiary or branch of another customer) using ZIM's services. In 2020, ZIM's 10 largest customers represented approximately 16% of its freight revenues and its 50 largest customers represented approximately 34% of its freight revenues. One of the key principles of ZIM's business is its customer-centric approach and ZIM strives to offer value-added services designed to attract and retain customers. ZIM's strong reputation, high-quality service offering and schedule reliability has generated a loyal customer base, with 75% of its top 20 customers in 2020 having a relationship with ZIM lasting longer than 10 years.

ZIM has focused on developing technologies to support its customers, including improvements in its digital capabilities to enhance both commercial and operational excellence. ZIM uses its technology and innovation to power new services, improve its customer experience and enhance its productivity and portfolio management. Several recent examples of ZIM's digital services include: (i) ZIMonitor, which is an advanced tracking device that provides 24/7 online alerts to support high value cargo, (ii) eZIM, ZIM's easy-to-use online booking platform; (iii) eZQuote, a digital tool that allows customers the ability to receive instant quotes with a fixed price and guaranteed terms; (iv) Draft B/L, an online tool that allows export users to view, edit and approve their bill of lading online without speaking with a representative; and (v) ZIMGuard, an artificial intelligence-based internal tool designed to detect possible misdeclarations of dangerous cargo in real-time. Furthermore, ZIM has formed a number of partnerships and collaborations with third party start-ups for the development of multiple engines of growth which are adjacent to ZIM's traditional container shipping business. These technological partnerships and initiatives include: (i) "ZKCyberStar", a collaboration with Konfidas, a cyber-security consulting company, to provide bespoke cyber-security solutions, guidance, methodology and training to the maritime industry; (ii) "Zcode", a new initiative in cooperation with Sodyo, an early stage scanning technology company, aimed to provide visual identification solutions for the entire logistics sector (inventory management, asset tracking, fleet management, shipping, access control, etc.); (iii) ZIM's investment in and partnership with WAVE, an electronic B/L based on blockchain technology, to replace and secure original documents of title; (iv) ZIM's investment in and partnership with Ladingo, a one-stop-shop for Cross Border Shipments with all-in-one, easy to use software and fully integrated service, making it easier, more affordable and risk free to import and export LCLs, FCLs or any large and bulky shipments. This partnership is set to complement ZIM's strategic cooperation with Alibaba, via Alibaba.com, to enhance logistics services to its customers and service providers, by adding an online LCL solution for Alibaba sellers, and is expected to enable ZIM to gain footprint in adjacent and new markets, grow its revenue streams and provide added value to its customers.

Over the past three years ZIM has taken initiatives to reduce and avoid costs across its operating activities through various cost-control measures and equipment cost reduction (including, but not limited to, equipment interchanges such as swapping containers in surplus locations, street turns to reduce trucking of empty containers and domestic repositioning from inland ports).

ZIM is headquartered in Haifa, Israel. As of December 31, 2020, ZIM had approximately 3,794 full-time employees worldwide and 1,351 contractors. In 2020 and 2019, ZIM carried 2.84 and 2.82 million TEUs, respectively, for its customers worldwide. During the same periods, ZIM's revenues were $3,992 million and $3,300 million, its net income (loss) was $524 million and $(13) million and its Adjusted EBITDA was $1,036 million and $386 million, respectively.

ZIM's services

With a global footprint of more than 200 offices and agencies in approximately 100 countries, ZIM offers both door-to-door and port-to-port transportation services for all types of customers, including end-users, consolidators and freight forwarders.

Comprehensive logistics solutions

ZIM offers its customers comprehensive logistics solutions to fit their transportation needs from door-to- door. ZIM's wide range of reliable transportation services, handled by its highly trained sea and shore crews and supported with personalized customer service and its unified information technology platform, allows ZIM to offer its customers high quality and tailored services and solutions at any time around the world.

ZIM's services and geographic trade zones

As of December 31, 2020, ZIM operated a global network of 69 weekly lines, calling at 307 ports in more than 80 countries. ZIM's shipping lines are linked through hubs that strategically connect main lines and feeder lines, which provide regional transport services, creating a vast network with connections to and from smaller ports within the vicinity of main lines. ZIM has achieved leadership positions in specific markets by focusing on trades where it has distinct competitive advantages and can attain and grow its overall profitability.

ZIM's shipping lines are organized into geographic trade zones by trade. The table below illustrates ZIM's primary geographic trade zones and the primary trades they cover, as well as the percentage of ZIM's total TEUs carried by geographic trade zone for the years ended December 31, 2020, 2019 and 2018:

Geographic trade zone (percentage of total TEUs carried for the period)	Primary trade	Year ended December 31, 2020	2019	2018
Pacific	Transpacific	40%	36%	38%
Cross-Suez	Asia-Europe	12%	13%	15%
Atlantic-Europe	Atlantic	21%	21%	18%
Intra-Asia	Intra-Asia	21%	23%	22%
Latin America	Intra-America	6%	7%	7%
		100%	100%	100%

Pacific geographic trade zone

The Pacific geographic trade zone serves the Transpacific trade, which covers trade between Asia, including China, Korea, South East Asia, the Indian subcontinent, and the Caribbean, Central America, the Gulf of Mexico and the east coast and west coast of the United States and Canada. ZIM's services within this geographic trade zone also connect to Intra-Asia and Intra-America regional feeder lines, which provide onward connections to additional ports. For its services from Asia to the west coast of the United States and Canada, ZIM mainly uses the Pacific Northwest (PNW) gateway.

Pacific Northwest service. Approximately 63% of all goods shipped to the United States are transported via ports located in the west coast of the United States and Canada. These include local discharge as well as delivery by train or trucks to their final destinations, mainly to the Midwestern United States and to the central and eastern parts of Canada. ZIM holds a position within the PNW, mostly via two Canadian gateways, the Vancouver and Prince Rupert ports, and also the Seattle port, which enable ZIM to serve the very large Canadian and U.S. Midwest markets. ZIM also has strategic relationships in these markets with Canadian National Railway Company, a rail operator, and with the 2M Alliance. ZIM operates four vessels with capacities of 8,500 TEUs serving two lines within the PNW, with access to nine additional vessels operated by members of the 2M Alliance.

In addition, for the trade between Asia and Pacific South West Coast, ZIM recently launched a unique expedited PSW service focusing on e-Commerce between South China and Los Angeles.

Asia-U.S. All-Water service. With respect to the Asia-U.S. east coast trade, "all-water" refers to trade between Asia and the U.S. east coast and Gulf Coast using marine transportation only, via the Suez or Panama Canal. Within its cooperation with the 2M Alliance, ZIM operates across seven services: five to USEC and two to the USGC. As of December 31, 2020, ZIM offered ten services in the Pacific geographic trade zone, which had an effective weekly capacity of 21,650 TEUs and covered all major international shipping ports in the Transpacific trade. ZIM's services in the Pacific geographic trade zone accounted for 53% of its freight revenues from containerized cargo for the year ended December 31, 2020.

Cross-Suez geographic trade zone. The Cross-Suez geographic trade zone serves the Asia-Europe trade, which covers trade between Asia and Europe (including the Indian sub-continent) through the Suez Canal, primarily focusing on the Asia- Black Sea/East Mediterranean Sea sub-trade, which is one of ZIM's key strategic zones. As of March 2019, ZIM extended its cooperation with the 2M Alliance to include this sector and ZIM operates by a slot charter agreement on two services from Asia to the East Mediterranean. In addition, in October 2018, ZIM purchased slots from MSC on two lines in India-East Mediterranean trade. As of December 31, 2020, ZIM offered four services in the Cross-Suez geographic trade zone, which had an effective weekly capacity of 4,967 TEUs and covered all major international shipping ports in the East Mediterranean, the Black Sea, China, East and Southeast Asia and India. The Cross-Suez geographic trade zone accounted for 11% of ZIM's freight revenues from containerized cargo for the year ended December 31, 2020.

Atlantic-Europe geographic trade zone. The Atlantic-Europe geographic trade zone serves the Atlantic trade, which covers trade between North America and the Mediterranean, along with Intra-Europe/Mediterranean trade. ZIM's services within this geographic trade zone also connect to Intra-Mediterranean and Intra-America regional feeder lines which provide onward connections to additional ports. Since 2014, ZIM has had a cooperation agreement with Hapag-Lloyd and other companies in ZIM's Atlantic services. In addition, in the Intra-Europe/Mediterranean trade, ZIM has cooperation agreements with MSC and COSCO. As of December 31, 2020, ZIM offered 11 services within this geographic trade zone, with an effective weekly capacity of 9,371 TEUs, covering major international shipping ports in the East and West Mediterranean, the Black Sea, Northern Europe, the Caribbean, the Gulf of Mexico, and the east and west coasts of North America. The Atlantic-Europe geographic trade zone accounted for 17% of ZIM's freight revenues from containerized cargo for the year ended December 31, 2020.

Intra-Asia geographic trade zone. The Intra-Asia and Asia-Africa geographic trade zone serves the Intra-Asia trade, which covers trade within regional ports in Asia, including ISC (Indian sub-continent), West and South Africa. The Intra-Asia geographic trade zone accounted for 13% of ZIM's freight revenues from containerized cargo for the year ended December 31, 2020. ZIM's services within this geographic trade zone feed into the global lines of the Pacific and Cross-Suez trades. ZIM has cooperation agreements with a number of other shipping companies within this trade. ZIM has recently launched two unique expedited services enabling expanded reach and additional destinations to its customers on the trade between Asia and Australia. As of December 31, 2020, ZIM offered 35 services within this geographic trade zone with an effective weekly capacity of 16,930 TEUs. ZIM's services within this geographic trade zone cover major regional ports, including those in China, Korea, Thailand, Vietnam and other ports in South East Asia, India, South and West Africa, Thailand and Vietnam, and connect to shipping lines within its Cross-Suez and Pacific geographic trade zones.

Latin America geographic trade zone. The Latin America geographic trade zone consists of the Intra-America trade, which covers trade within regional ports in the Americas, as well as trade between the South American east coast and Asia and trade between the South American east coast and West Mediterranean. The regional services within this geographic trade zone are linked to ZIM's Pacific and Atlantic-Europe geographic trade zones. ZIM cooperates with other carriers within the regional services and, in the Asia-East Coast South America and Mediterranean- East Coast South America sub-trades, mostly by slots purchase. As of December 31, 2020, ZIM offered nine services within this geographic trade zone as well as a complementary feeder network with an effective weekly capacity of 2,795 TEUs and operated between major regional ports, including ports in Brazil, Argentina, Uruguay, the Caribbean, Central America, China, U.S. Gulf Coast, U.S. east coast and the West Mediterranean, and connect to ZIM's Pacific and Atlantic- Europe services. The Latin America geographic trade zone accounted for 6% of ZIM's freight revenues from containerized cargo for the year ended December 31, 2020.

Types of cargo

The following table sets forth details of the types of cargo ZIM shipped during the nine months ended December 31, 2020 as well as the related quantities and volume of containers (owned and leased).

Type of Container	Type of Cargo	Quantity	TEUs
Dry van containers	Most general cargo, including commodities in bundles, cartons, boxes, loose cargo, bulk cargo and furniture	1,563,218	2,162,156
Reefer containers	Temperature controlled cargo, including pharmaceuticals, electronics and perishable	82,951	164,712
Other specialized containers	Heavy cargo and goods of excess height and/or width, such as machinery, vehicles and building	50,722	63,684
Total		**1,696,891**	**2,840,552**

ZIM's vessel fleet

As of December 31, 2020, ZIM's fleet included 87 vessels (85 cargo vessels and two vehicle transport vessels), of which one vessel is owned by ZIM and 86 vessels are chartered-in (including 57 vessels accounted as right-of-use assets under the lease accounting guidance of IFRS 16 and 4 vessels accounted under sale and leaseback refinancing agreements). As of December 31, 2020, ZIM's fleet (including both owned and chartered vessels) had a capacity of 374,636 TEUs. The average size of ZIM's vessels is approximately 4,400 TEUs, compared to an industry average of 4,449 TEUs.

ZIM charters-in vessels under charter party agreements for varying periods. With the exception of those vessels for which charter rates were set in connection with our 2014 restructuring, ZIM's charter rates are fixed at the time of entry into the charter party agreement and depend upon market conditions existing at that time. As of December 31, 2020, 81 of ZIM's vessels are under a "time charter," which consists of chartering-in the vessel capacity for a given period of time against a daily charter fee, with the crewing and technical operation of the vessel handled by its owner, including 8 vessels chartered-in under a time charter from a related party and 5 vessels chartered-in under a "bareboat charter," which consists of chartering a vessel for a given period of time against a charter fee, with the operation of the vessel being handled by ZIM. Subject to any restrictions in the applicable arrangement, ZIM determines the type and quantity of cargo to be carried as well as the ports of loading and discharging. ZIM's vessels operate worldwide within the trading limits imposed by its insurance terms. The average duration of ZIM's charter party agreements is approximately 15 months. ZIM's charter party agreements are predominately short-term in duration, which supports a flexible cost structure and enables ZIM to meet changing demands and opportunities in the market. ZIM's fleet is comprised of vessels of various sizes, ranging from less than 1,000 TEUs to 12,000 TEUs, which allows for flexible deployment in terms of port access and is optimally suited for deployment in the sub-trades in which ZIM operates. In effort to respond to increased demand for container shipping services globally, between December 31, 2020 and February 28, 2021, ZIM chartered-in an additional 11 vessels (net, not including vessels pending delivery). ZIM deployed 6 of these vessels in its new express services: China to Los Angeles, and the ZIM China Australia Express. As of February 28, 2021, ZIM's fleet included 98 vessels (95 cargo vessels and three vehicle transport vessels), of which one vessel is owned by ZIM and 97 vessels are chartered-in (including 4 vessels accounted under sale and leaseback refinancing agreements), and had a capacity of 416,844 TEUs. Further, as of February 28, 2021, approximately 50% of ZIM's chartered-in vessels are under short-term leases with a remaining charter duration of less than one year, as ZIM continues to actively manage its asset mix.

The following table provides summary information, as of December 31, 2020, about ZIM's fleet:

	Number	Capacity (TEU)	Other Vessels	Total(1)
Vessels owned by ZIM	1	4,992	-	1
Vessels chartered from parties related to ZIM				
Periods up to 1 year (from December 31, 2020)	3	6,359	1	4
Periods between 1 to 5 years (from December 31, 2020)	4	16,601	-	4
Periods over 5 years (from December 31, 2020)	-	-	-	-
Vessels chartered from third parties(2)				
Periods up to 1 year (from December 31, 2020)	43	181,174	1	44
Periods between 1 to 5 years (from December 31, 2020)	32	145,386	-	32
Periods over 5 years (from December 31, 2020)	2	20,124	-	2
Total(3)	85	374,636	2	87

(1) Includes 57 vessels accounted as right-of-use assets under the accounting guidance of IFRS 16.

(2) Includes 4 vessels accounted as right-of-use assets under the accounting guidance of IFRS 16 and four vessels accounted under sale and leaseback refinancing agreements.

(3) Between January 1, 2020 and February 28, 2021, ZIM chartered in an additional 11 vessels (net, not including vessels pending delivery). As of February 28, 2021, ZIM's fleet included 98 vessels (95 cargo vessels and three vehicle transport vessels), of which one vessel is owned by ZIM and 97 vessels are chartered-in, and had a capacity of 416,844 TEUs. In addition, in February 2021, ZIM and Seaspan Corporation entered into a strategic agreement for the long-term charter of ten 15,000 TEU LNG dual fuel container vessels.

Under ZIM's time charters, the vessel owner is responsible for operational costs and technical management of the vessel, such as crew, maintenance and repairs including periodic drydocking, cleaning and painting and maintenance work required by regulations, and certain insurance costs. Transport expenses such as bunker and port canal costs are borne by ZIM. For any vessel that we own or charter under "bareboat" terms, ZIM provides its own operational and technical management services. ZIM's operational management services include the chartering-in, sale and purchase of vessels and accounting services, while ZIM's technical management services include, among others, selecting, engaging, and training competent personnel to supervise the maintenance and general efficiency of ZIM's vessels; arranging and supervising the maintenance, drydockings, repairs, alterations and upkeep of ZIM's vessels in accordance with the standards developed by ZIM, the requirements and recommendations of each vessel's classification society, and relevant international regulations and maintaining necessary certifications and ensuring that ZIM's vessels comply with the law of their flag state.

Strategic Chartering Agreement for LNG-Fueled Vessels from Seaspan Corporation

In February 2021, ZIM and Seaspan Corporation entered into a strategic agreement for the long-term charter of ten 15,000 TEU liquified natural gas (LNG dual-fuel) container vessels, intended to be delivered between February 2023 and January 2024. Pursuant to the agreement, ZIM will charter the vessels for a period of 12 years and have secured an option to later elect a charter period of 15 years to be applied to all chartered vessels. Additionally, ZIM expects to incur between $16 million and $20 million in annualized charter hire costs per vessel over the term of the agreement. ZIM's total cost during the term of the agreement will depend on the charter period and the initial payment ZIM selects to pay. ZIM was further granted by Seaspan a right of first refusal to purchase the chartered vessels should Seaspan choose to sell them during the charter period, and an option to purchase the vessels at the end of the charter term. ZIM intends to deploy these vessels on its Asia-US East Coast Trade as an enhancement to its service on this strategic trade.

ZIM's containers

In addition to the vessels that it owns and charters, ZIM owns and charters a significant number of shipping containers. As of December 31, 2020, ZIM held 439,000 container units with a total capacity of 741,000 TEUs, of which 11% were owned by ZIM and 89% were leased (including 79% accounted as right-of- use assets). In some cases, the terms of the leases provide that ZIM will have the option to purchase the container at the end of the lease term.

Container fleet management

ZIM aims to reposition empty containers in the most cost-efficient way in order to minimize its overall empty container moves and container fleet while meeting demand. Due to a natural imbalance in demand between trade areas, ZIM seeks to optimize its container fleet by repositioning empty containers at minimum cost in order to timely and efficiently meet its customers' demands. ZIM's global logistics team oversees the internal management of empty containers and equipment to support this optimization effort. In addition to repairing and maintaining ZIM's container fleet, ZIM's logistics team continuously optimizes the flow of empty containers based on commercial demands and operational constraints. Below is a summary of our logistics initiatives relating to container fleet management:

- *Slot swap agreements*. ZIM enters into agreements with other carriers for the exchange of vessel space, or "slots." Each carrier continues to operate its own line, while also having access to slots on the other carrier's line. ZIM currently has slot swap agreements with 12 other carriers.

- *Slot sale agreements.* ZIM sells slots on board its vessels to transport empty, shipper-owned containers.

- *One-way container lease.* ZIM uses leasing companies and other shipping liners' empty containers to move cargo from locations with increased demand to over-supplied locations.

Equipment sub-leases. ZIM leases its equipment to other carriers and freight forwarders in order to reduce its container repositioning and evacuation costs.

ZIM's containers

In addition to the vessels that it owns and charters, ZIM owns and charters a significant number of shipping containers. As of December 31, 2020, ZIM held 439,000 container units with a total capacity of 741,000 TEUs, of which 11% were owned by ZIM and 89% were leased (including 79% accounted as right-of- use assets). In some cases, the terms of the leases provide that ZIM will have the option to purchase the container at the end of the lease term.

Container fleet management

ZIM aims to reposition empty containers in the most cost-efficient way in order to minimize its overall empty container moves and container fleet while meeting demand. Due to a natural imbalance in demand between trade areas, ZIM seeks to optimize its container fleet by repositioning empty containers at minimum cost in order to timely and efficiently meet its customers' demands. ZIM's global logistics team oversees the internal management of empty containers and equipment to support this optimization effort. In addition to repairing and maintaining ZIM's container fleet, ZIM's logistics team continuously optimizes the flow of empty containers based on commercial demands and operational constraints. Below is a summary of our logistics initiatives relating to container fleet management:

- *Slot swap agreements.* ZIM enters into agreements with other carriers for the exchange of vessel space, or "slots." Each carrier continues to operate its own line, while also having access to slots on the other carrier's line. ZIM currently has slot swap agreements with 12 other carriers.

- *Slot sale agreements.* ZIM sells slots on board its vessels to transport empty, shipper-owned containers.

- *One-way container lease.* ZIM uses leasing companies and other shipping liners' empty containers to move cargo from locations with increased demand to over-supplied locations.

- *Equipment sub-leases.* ZIM leases its equipment to other carriers and freight forwarders in order to reduce its container repositioning and evacuation costs.

ZIM's operational partnerships

ZIM is party to a large number of cooperation agreements with other shipping companies and alliances, which generally provide for the joint operation of shipping services by vessel sharing agreements, the exchange of capacity and the sale or purchase of slots on vessels operated by other shipping companies. ZIM does not participate in any alliances, which are agreements between two or more container shipping companies that govern the sharing of a vessel's capacity and other operational matters across multiple trades, although ZIM does partner with the 2M Alliance on a number of trades, as described below.

Strategic Cooperation Agreement with the 2M Alliance

In September 2018, ZIM entered into a strategic operational cooperation agreement with the 2M Alliance in the Asia-USEC trade zone, which includes a joint network of five lines operated by us and by the 2M Alliance. The term of the strategic cooperation is seven years. The strategic cooperation includes the creation of a joint network of five loops between Asia and USEC, out of which one is operated by ZIM and four are operated by the 2M Alliance. In addition, ZIM and the 2M Alliance are permitted to swap slots on all five loops under the agreement and ZIM may purchase additional slots in order to meet total demand in these trades. This strategic cooperation with the 2M Alliance enables ZIM to provide our customers with improved port coverage and transit time, while generating cost efficiencies. In March 2019, ZIM entered into a second strategic cooperation agreement with the 2M Alliance, which included a combination of vessel sharing, slot exchange and purchase, and covers two additional trade zones: Asia-East Mediterranean and Asia-American Pacific Northwest. This cooperation agreement offers four dedicated lines with extensive port coverage and premium service levels. In August 2019, ZIM launched two new U.S.-Gulf Coast direct services with the 2M Alliance. At the end of 2020, ZIM further upsized two joint services by utilizing larger vessels on the Asia U.S. Gulf Coast service and the Asia-U.S. East Coast service and in March 2021 ZIM announced its intention to launch in early May 2021 a new joint service line connecting from Yantian and Vietnam to U.S. South Atlantic ports via Panama Canal. Pursuant to its agreement with the 2M Alliance, commencing June 1, 2021, ZIM and the 2M Alliance will discuss possible amendments to the agreement that would govern the next phase of the parties' cooperation. If the parties fail to mutually agree on the terms for a continuation of the strategic operational cooperation, any party may terminate the agreement prior to December 1, 2021, and such termination would occur on April 1, 2022. The agreement is otherwise subject to termination upon certain occurrences, including, for instance, a change of control or insolvency of one of the parties.

The table below shows ZIM's operational partners by geographic trade zone as of December 31, 2020:

Partner	Geographic trade zone				
	Pacific	**Cross-Suez**	**Intra-Asia**	**Atlantic-Europe**	**Latin America**
A.P. Moller-Maersk(1)	✓	✓	✓		✓
Mediterranean Shipping Company(1)	✓	✓		✓	✓
CMA CGM S.A.			✓		
Evergreen Marine Corporation			✓		
Hapag-Lloyd AG(2)				✓	✓
China Ocean Shipping Company			✓	✓	
American President Lines Ltd.			✓		
ONE			✓		
Orient Overseas Container Line Limited			✓		
Yang Ming Marine Transport Corporation(2)			✓	✓	
Hyundai Merchant Marine Co., Ltd.			✓		
Others			✓	✓	✓

(1) ZIM's cooperation with Maersk and MSC is under the 2M Alliance framework. However, in the Cross- Suez trade, Atlantic and Latin America ZIM also has a separate bilateral cooperation agreement with MSC, as well as a separate bilateral cooperation agreement with Maersk and in the Latin America and Intra Asia trades.

(2) With respect to the Atlantic-Europe trade, ZIM has a swap agreement with some of THE Alliance members: Hapag-Lloyd and Yang Ming, supporting ZIM loadings on THE Alliance service on this trade. ZIM also has a separate bilateral agreement in respect of the Atlantic-Europe trade with Hapag-Lloyd.

ZIM's Customers

In 2020, ZIM had more than 30,080 customers using our services on a non-consolidated basis. ZIM's customer base is well-diversified and it does not depend upon any single customer for a material portion of its revenue. For the twelve months ended December 31, 2020, no single customer represented more than 5% of ZIM's revenues.

ZIM's customers are divided into "end-users," including exporters and importers, and "freight forwarders." Exporters include a wide range of enterprises, from global manufacturers to small family-owned businesses that may ship just a few TEUs each year. Importers are usually the direct purchasers of goods from exporters, but may also comprise sales or distribution agents and may or may not receive the containerized goods at the final point of delivery. Freight forwarders are non-vessel operating common carriers that assemble cargo from customers for forwarding through a shipping company. End-users generally have long-term commitments that facilitate planning for future volumes, which results in high entry barriers for competing carriers due to customer loyalty. Freight forwarders have short-term contracts at renegotiated rates. As a result, entry barriers are low for competing carriers for this customer base. During the last five years, end-users have constituted approximately 39% of ZIM's customers in terms of TEUs carried, and the remainder of its customers were freight forwarders. For the years ended December 31, 2020, 2019 and 2018, ZIM's five largest customers in the aggregate accounted for approximately 10%, 9% and 9% of its freight revenues and related services, respectively, and 7% of ZIM's TEUs carried for each year.

ZIM's Sustainability and Focus on ESG

Through its core value of sustainability, ZIM aims to uphold and advance a set of principles regarding Ethical, Social and Environmental concerns. ZIM's goal is to work resolutely to eliminate corruption risks, promote diversity among its teams and continuously reduce the environmental impact of its operations, both at sea and onshore. In particular, ZIM's vessels are in compliance with materials and waste treatment regulations, including the IMO 2020 Regulations, and ZIM's fuel consumption and CO2 emissions per TEU have decreased significantly in recent years. In addition to actively working to reduce accidents and security risks in its operations, ZIM also endeavors to eliminate corruption risks as a member of the Maritime AntiCorruption Network, with a vision of a maritime industry that enables fair trade. ZIM also fosters quality throughout the service chain, by selectively working with qualified partners to advance its business interests. Finally, ZIM promotes diversity among its teams, with a focus on developing high-quality training courses for all employees. As ZIM continues to grow, sustainability will remain as a core value.

ZIM's Competition

ZIM competes with a large number of global, regional and niche shipping companies to provide transport services to customers worldwide. In each of its key trades, ZIM competes primarily with global shipping companies. The market is significantly concentrated with the top three carriers — A.P. Moller-Maersk Line, MSC and COSCO — accounting for approximately 45% of global capacity, and the remaining carriers together contributing less than 55% of global capacity as of February 2021, according to Alphaliner. As of February 2021, ZIM controlled approximately 1.6% of the global cargo shipping capacity and ranked 10th among shipping carriers globally in terms of TEU operated capacity, according to Alphaliner. See "*Risk factors — The container shipping industry is highly competitive and competition may intensify even further, which could negatively affect ZIM's market position and financial performance.*"

In addition to the large global carriers, regional carriers generally focus on a number of smaller routes within a regional market and typically offer services to a wider range of ports within a particular market as compared to global carriers. Niche carriers are similar to regional carriers but tend to be even smaller in terms of capacity and the number and size of the markets in which they operate. Niche carriers often provide an intra-regional service, focusing on ports and services that are not served by global carriers.

ZIM's Seasonality

ZIM's business has historically been seasonal in nature. As a result, ZIM's average freight rates have reflected fluctuations in demand for container shipping services, which affect the volume of cargo carried by ZIM's fleet and the freight rates which ZIM charges for the transport of such cargo. ZIM's income from voyages and related services are typically higher in the third and fourth quarters than the first and second quarters due to increased shipping of consumer goods from manufacturing centers in Asia to North America in anticipation of the major holiday period in Western countries. The first quarter is affected by a decrease in consumer spending in Western countries after the holiday period and reduced manufacturing activities in China and Southeast Asia due to the Chinese New Year. However, operating expenses such as expenses related to cargo handling, charter hire of vessels, fuel and lubricant expenses and port expenses are generally not subject to adjustment on a seasonal basis. As a result, seasonality can have an adverse effect on ZIM's business and results of operations.

Recently, as a result of the continuing volatility within the shipping industry, seasonality factors have not been as apparent as they have been in the past. As global trends that affect the shipping industry have changed rapidly in recent years, including trends resulting from the COVID-19 pandemic, it remains difficult to predict these trends and the extent to which seasonality will be a factor impacting ZIM's results of operations in the future.

ZIM's Legal Proceedings

For information on ZIM's legal proceedings, see Note 27 to ZIM's audited consolidated financial statements that have been incorporated by reference herein.

ZIM's Regulatory, Environmental and Compliance Matters

Government and international regulations significantly affect the ownership and operation of vessels. ZIM is subject to many legal provisions relating to the protection of the environment, including with respect to the emissions of hazardous substances, SOx and NOx gas exhaust emissions, the operation of vessels while at anchor by means of generators, and the use of low-sulfur fuel. ZIM could be exposed to high costs in respect of environmental damages (to the extent that the costs are not covered by its insurance policies), criminal charges, and substantive harm to its operations and goodwill, if and to the extent that environmental damages are caused by its operations. ZIM instructs the crews of its vessels on the environmental regulatory requirements and operates in accordance with procedures that ensure its in compliance with such regulatory requirements. ZIM also insures its activities, where effective for it to do so, in order to hedge its environmental risks. ZIM's vessels are also subject to the standards imposed by the IMO, the United Nations specialized agency with responsibility for the safety and security of shipping and the prevention of marine pollution by ships.

ZIM has taken measures to comply with the IMO Ballast Water regulations. ZIM has taken measures to comply with the amendments of the IMO's International Maritime Dangerous Goods (IMDG) code, and the amendments to the International Convention for the Prevention of Pollution from Ships (MARPOL).

In addition, ZIM may be required to incur significant costs in connection with modifications to environmental regulations applicable to shipping companies. For example, ZIM is required to comply with the new EU fuel regulation, known as "the Sulfur Cap," which requires all marine carriers to use low sulfur fuel in all EU waters (up to 0.5% sulfur content, down from the current 3.5% requirement), which became effective in January 2020. Further, the EU imposed a 0.1% maximum sulfur requirement for fuel used by ships at berth in the Baltic, the North Sea and the English Channel (the so-called SOx-Emission Control Area). The Sulfur Cap regulation, introduced by the IMO in 2016, is aimed at reducing marine pollution and emissions. All shipping companies are obliged to comply and to significantly reduce emissions on the high seas and in coastal area. The Sulfur Cap regulation impacts all stakeholders in the industry and compliance with it has resulted in costs and is expected to result in further costs in the future and could also affect the supply of vessels in the market. Carriers can comply by (i) buying compliant fuel at higher prices; (ii) installing new cleaning systems on board vessels (scrubbers); or (iii) deploying new types of vessels using LNG. All three options are expected to result in significant costs for carriers and container shipping companies. ZIM has implemented a surcharge in order to compensate for the above described cost impact. In addition, ZIM voluntarily follows local regulation and reduces its vessels' speed prior to port entry in North America and Pusan, which contributes to a reduction of green-house gas emissions.

ZIM is also subject to extensive regulation that changes from time to time and that applies in the jurisdictions in which shipping companies are incorporated, the jurisdictions in which vessels are registered (flag states), the jurisdictions governing the ports at which the vessels anchor, as well as regulations by virtue of international treaties and membership in international associations. Changes and/or amendments to the regulatory provisions applying to ZIM (e.g., the U.S.'s policy requiring the scanning of all cargo en route to the United States) could have a significant adverse effect on ZIM's results of operations. Additionally, the non-compliance of a port with any of the regulations applicable to it may also adversely impact ZIM's results of operations, by increasing ZIM's operating expenses.

Additionally, ZIM is subject to competition regulations worldwide. For example, in the European Union, ZIM is subject to articles 101 and 102 of the Consolidated Version of the Treaty on the Functioning of the European Union. ZIM's transport activities serving the U.S. ports are subject to the Shipping Act of 1984, as modified by the Ocean Shipping Reform Act of 1998. With respect to Israel, ZIM is subject to the general competition law established in the Israel Antitrust Law, 1988. In certain jurisdictions, exemptions from antitrust laws to certain agreements between ocean carriers that operate in the aforementioned jurisdictions, such as slot exchange agreements and other operational partnerships, are in effect. ZIM is party to certain operational and commercial partnerships with other carriers in the industry and each of those arrangements, as well as any future arrangements it becomes party to, must comply with the applicable antitrust regulations in order to remain protected and enforceable.

ZIM is also subject to Israeli regulation regarding, among other things, national security and the mandatory provision of ZIM's fleet, environmental and sea pollution, and the Israeli Shipping Law (Seamen) of 1973, which regulates matters concerning seamen, and the terms of their eligibility and work procedures.

ZIM is subject, in the framework of its international activities, to laws, directives, decisions and orders in various countries around the world that prohibit or restrict trade with certain countries, individuals and entities. For example, the Block Exemption Regulation, exempts certain cooperation agreements in the liner shipping sector from the prohibition on anti-competitive agreements contained at Article 101 of the TFEU. The Block Exemption Regulation which was due to expire in April 2020 has been extended until April 2024.

ZIM's Special State Share

When the State of Israel sold 100% of its interest in ZIM in 2004 to Israel Corporation Ltd., ZIM ceased to be a "mixed company" (as defined in the Israeli Government Companies Law, 5735-1975) and issued a Special State Share to the State of Israel whose terms were amended as part of the Company's 2014 debt restructuring. The objectives underlying the Special State Share are to (i) safeguard ZIM's existence as an Israeli company, (ii) ensure ZIM's operating ability and transport capacity so as to enable the State of Israel to effectively access a minimal fleet in a time of emergency or for national security purposes and (iii) prevent elements hostile to the State of Israel or elements liable to harm the State of Israel's interest in ZIM or its foreign or security interests or its shipping relations with foreign countries, from having influence on our management. The key terms and conditions of the Special State Share include the following requirements:

- ZIM must be, at all times, a company incorporated and registered in Israel, with its headquarters and principal and registered office domiciled in Israel.

- Subject to certain exceptions, ZIM must maintain a minimal fleet of 11 seaworthy vessels that are fully owned by ZIM, either directly or indirectly through its subsidiaries, at least three of which must be capable of carrying general cargo. Subject to certain exceptions, any transfer of vessels in violation thereof shall be invalid unless approved in advance by the State of Israel pursuant to the mechanism set forth in ZIM's amended and restated articles of association. Currently, as a result of waivers received from the State of Israel, ZIM owns fewer vessels than the minimum fleet requirement.

- At least a majority of the members of ZIM's board of directors, including the chairperson of the board and ZIM's chief executive officer, must be Israeli citizens.

- The State of Israel must provide prior written consent for any holding or transfer of shares that confers possession of 35% or more of ZIM's issued share capital, or that provides control over ZIM, including as a result of a voting agreement.
- Any transfer of shares that confers its owner with a holding of more than 24% but not more than 35% of ZIM's issued share capital will require an advance notice to the State of Israel which will include full details regarding the proposed transferor and transferee, the percentage of shares to be held by the transferee after the transfer and relevant details regarding the transaction, including voting agreements and agreements for the appointment of directors (if any). If the State of Israel shall be of the opinion that the transfer of shares may possibly harm the security interests of the State of Israel or any of its vital interests or that it has not received the relevant information for the purpose of reaching its decision, the State of Israel shall be entitled to serve notice, within 30 days, that it objects to the transfer, giving reason for its objection. In such circumstances, the party requesting the transfer may initiate proceedings in connection with this matter with the competent court, which will consider and rule on the matter.
- The State of Israel must consent in writing to any winding-up, merger or spin-off, except for certain mergers with subsidiaries that would not impact the Special State Share or the minimal fleet.
- ZIM must provide governance, operational and financial information to the State of Israel similar to information that ZIM provides to its ordinary shareholders. In addition, ZIM must provide the State of Israel with particular information related to ZIM's compliance with the terms of the Special State share and other information reasonably required to safeguard the State of Israel's vital interests.
- Any amendment, review or cancellation of the rights afforded to the State of Israel by the Special State Share must be approved in writing by the State of Israel prior to its effectiveness.

Other than the rights enumerated above, the Special State Share does not grant the State any voting or equity rights. The full provisions governing the rights of the Special State Share appear in ZIM's amended and restated articles of association. ZIM reports to the State of Israel on an ongoing basis in accordance with the provisions of its amended and restated articles of association. Certain asset transfer or sale transactions that in ZIM's opinion require approval, have received the approval of the State (either explicitly or implicitly by not objecting to ZIM's request).

Kenon's ownership of ZIM's shares is subject to the terms and conditions of the Special State Share, which limit Kenon's ability to transfer its equity interest in us to third parties. The holder of ZIM's Special State Share has granted a permit, or the Permit, to Kenon and Mr. Idan Ofer, individually and collectively referred to in this paragraph as a "Permitted Holder" of ZIM's shares, pursuant to which the Permitted Holders may hold 24% or more of the means of control of ZIM (but no more than 35% of the means of control of ZIM), and only to the extent that this does not grant the Permitted Holders control in ZIM. The Permit further stipulates that it does not limit the Permitted Holder from distributing or transferring ZIM's shares. However, the terms of the Permit provide that the transfer of the means of control of ZIM is limited in instances where the recipient is required to obtain the consent of the holder of ZIM's Special State Share, or is required to notify the holder of ZIM's Special State Share of its holding of ZIM's ordinary shares pursuant to the terms of the Special State Share, unless such consent was obtained by the recipient or the State of Israel did not object to the notice provided by the recipient. In addition, the terms of the Permit provide that, if Idan Ofer's holding interest in Kenon, directly or indirectly, falls below 36% or if Idan Ofer ceases to be the sole controlling shareholder of Kenon, then the shares held by Kenon will not grant Kenon any right in respect of its ordinary shares that would otherwise be granted to an ordinary shareholder holding more than 24% of ZIM's ordinary shares (even if Kenon holds a greater percentage of ZIM's ordinary shares), until or unless the State of Israel provides its consent, or does not object to, such decrease in holding interest or control in Kenon. "Control", for the purposes of the Permit, shall bear the meaning ascribed to it in the Permit with respect to certain provisions. Additionally, the State of Israel may revoke Kenon's permit if there is a material change in the facts upon which the State of Israel's consent was based, or upon a breach of the provisions of the Special State Share by Kenon, Mr. Ofer, or ZIM. According to the Permit, the obligations of the Permitted Holder under the Permit will apply only for as long as the Permitted Holder holds more than 24% of ZIM's shares.

Lock-up Agreements

In connection with ZIM's initial public offering, ZIM, its executive officers and directors and the holders of substantially all of ZIM's shares outstanding (including Kenon) immediately prior to the IPO agreed not to sell or transfer any of ZIM's ordinary shares or securities convertible into, exchangeable for, exercisable for, or repayable with ZIM's ordinary shares, for 180 days after January 27, 2021 without first obtaining the prior written consent of the underwriter representatives, subject to certain exceptions.

The underwriter representatives, in their sole discretion, may release the ordinary shares and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice, and such release could trigger the pro rata release of these restrictions with respect to certain other shareholders.

Discontinued Operations — Inkia Business

Sale of the Inkia Business

Share Purchase Agreement

In November 2017, Kenon, through its subsidiaries Inkia and IC Power Distribution Holdings Pte. Ltd., or ICPDH, entered into a share purchase agreement with Nautilus Inkia Holdings LLC which is an entity controlled by I Squared Capital, pursuant to which Inkia and ICPDH agreed to sell all of their interests in power generation and distribution companies in Latin America and the Caribbean (the "Inkia Business"). The sale was completed in December 2017.

The consideration for the sale was $1,332 million, consisting of (i) $935 million cash proceeds paid by the buyer, (ii) retained cash at Inkia of $222 million, and (iii) $175 million, which was deferred in the form of a Deferred Payment Obligation, which was repaid (prior to scheduled maturity) in October 2020. The consideration was subject to post-closing adjustments which were not significant. The buyer also assumed Inkia's obligations under Inkia's $600 million 5.875% Senior Unsecured Notes due 2027.

The consideration that Inkia received in the transaction was before estimated transaction costs, management compensation, advisor fees, other expenses and taxes, were in the aggregate approximately $263 million, of which $27 million comprised taxes to be paid upon payment of the $175 million Deferred Payment Obligation. The estimated tax payment includes taxes payable in connection with a restructuring of some of the companies remaining in the Kenon group, which is intended to simplify Kenon's holding structure. As a result of this restructuring, Kenon now holds its interest in OPC directly. Kenon does not expect any further tax liability in relation to any future sales of its interest in OPC.

This sale was consistent with Kenon's strategy, which includes monetization of its business and distribution of proceeds to shareholders.

Use of Proceeds of Transaction

In January 2018, Kenon used a portion of the proceeds of the transaction to repay debt of IC Power ($43 million of net debt outstanding), and to repay its loan facility with Israel Corporation ($240 million including accrued interest, and $3 million withholding tax).

In addition, in March 2018, Kenon distributed $665 million in cash to its shareholders.

Indemnification

In the share purchase agreement for the sale, the sellers, Inkia and ICPDH, gave representations and warranties in respect of the Inkia Business and the transaction. Subject to specified deductibles, caps and time limitations, the sellers agreed to indemnify the buyer and its successors, permitted assigns, and affiliates, and its officers, employees, directors, managers, members, partners, stockholders, heirs and personal representatives from and against any and all losses arising out of:

- prior to their expiration in July 2019 (or December 2020 in the case of representations relating to environmental matters), a breach of any of the sellers' representations and warranties (other than fundamental representations) up to a maximum amount of $176.55 million;
- prior to their expiration upon the expiration of the statute of limitations applicable to breach of contract claims in New York, a breach of any of the sellers' covenants or agreements set forth in the share purchase agreement;
- prior to their expiration thirty days after the expiration of the applicable statute of limitations, certain tax liabilities for pre-closing periods and certain transfer taxes, breach of certain tax representations and the incurrence of certain capital gain taxes by the transferred companies in connection with the transaction; and
- without limitation with respect to time, a breach of any of the sellers' fundamental representations (including representations relating to due authorization, ownership title, and capitalization).

The sellers' obligation to indemnify Nautilus Inkia Holdings LLC shall not exceed the base purchase price. The sellers' indemnification obligations for any claims under the share purchase agreement that are agreed between the buyer and the sellers, or that are subject to a final non-appealable judgment, are supported by the following:

- Kenon's pledge of OPC shares representing 29% of OPC's outstanding shares as of March 31, 2021, which pledge lasts until December 31, 2021; and
- to the extent any obligations remain outstanding after the exercise of the above-described pledge (or payments of amounts equal to the value of the pledge), a corporate guarantee from Kenon which guarantee lasts until December 31, 2021.

The indemnification obligations were previously also supported by a deferred payment agreement owing from the buyers to the sellers, which was, however, repaid in October 2020 (prior to scheduled maturity). In addition, as described under "—*Side letter Entered into in connection with the Repayment of the Deferred Payment Agreement,*" Kenon has agreed that, until December 31, 2021, it shall maintain at least $50 million in cash and cash equivalents, and has agreed to restrictions on indebtedness, subject to certain exceptions.

Subject to certain terms and conditions, the terms of the pledge and the guarantee may each be extended if there are unresolved claims existing on the applicable expiration dates.

Pledge Agreement with respect to OPC Shares

In connection with the sale of the Inkia Business, ICP (which was the holder of Kenon's shares in OPC at the time of the sale) entered into a pledge agreement with the buyer of the Inkia Business (Nautilus Inkia Holdings LLC) to pledge OPC shares (at the time representing 25% of OPC's outstanding shares in favor of the buyer to secure the sellers' indemnification obligations under the share purchase agreement for the sale. Following the sale of the Inkia Business, ICP transferred all of its shares in OPC to Kenon. As a result, Kenon and the buyer entered into an amended pledge agreement, pursuant to which Kenon became the pledgor and assumed ICP's obligations under the pledge agreement. The pledge agreement was further amended in October 2020 in connection with the early repayment of the deferred payment agreement to increase the amount of pledged shares and the term of the pledge, and the pledged shares represented 29% of the outstanding shares of OPC as of March 31, 2021).

Set forth below is a description some of the key provisions of the pledge agreement. The provisions described below are subject to certain conditions described in the agreement, as amended, which is filed (or incorporated by reference) as an exhibit to this annual report.

Pledged Assets

Following the amendment of the pledge agreement in October 2020, Kenon has pledged 55,000,000 shares of OPC, representing 29% of the outstanding shares of OPC as of March 31, 2021 plus related rights including distributions on those shares and proceeds of sales of such shares and including accounts in which such shares are currently held or may be held in the future and rights in respect of such shares against the trustee holding such shares, all as discussed below.

Secured Obligations

The pledged shares secure indemnification claims by the buyer that are "finally determined" (i.e., agreed by the parties or pursuant to a non-appealable judgment of a court with proper jurisdiction) under the share purchase agreement and obligations in connection with the pledge agreement and related preservation and foreclosure costs and expenses incurred by the buyer. The pledged shares and cash are held in an account that Kenon has pledged in favor of the buyer. The secured obligations are reduced to the extent of indemnification payments to the buyer under the share purchase agreement and to the extent of the net proceeds from sales of shares upon enforcement of the pledge.

Certain Rights of Kenon with respect to the Pledged Shares

Kenon retains voting rights over the pledged shares unless an event of default under the pledge agreement has occurred and is continuing.

All dividends on the pledged shares are paid into the pledged account. Unless an event of default under the pledge agreement has occurred and is continuing:

- Kenon can withdraw dividends paid into that account as follows (i) in the first 365 days from November 24, 2017, if the 30-trading day volume weighted average price, or VWAP, prior to drawing such dividends exceeds NIS14.45, Kenon can draw an amount up to 50% of cumulative net income of OPC from January 1, 2017 (such amount is referred to as the "dividend cap"), (ii) during the following 365-day period, if the 30-trading day VWAP prior to drawing such dividends exceeds NIS14.82, Kenon can draw an amount up to the dividend cap and (iii) during the following 365-day period and thereafter, if the 30-trading day VWAP prior to drawing such dividends exceeds NIS15.17, Kenon can draw an amount up to the dividend cap; and

- in addition, on one occasion during the period from October 29, 2020 until then end of the term of the pledge agreement (and notwithstanding any prior exercise of this right) Kenon can draw from the pledged account its pro rata share of OPC dividends up to $25 million paid in respect of all of the pledged shares (by way of example if the company makes a distribution of $50 million following the original effective date of the pledge agreement, Kenon is entitled to draw from the pledged account $6.25 million).

Kenon can sell pledged shares on arms' length terms in cash at market prices or at customary discounts to market prices for such sales (provided that the discounts do not exceed 5% of market price, based on customary VWAP from such a sale on the TASE), provided that cash equal to the number of pledged shares sold multiplied by NIS 14.105 is deposited into the pledged account.

Release of Pledged Shares

In the event of any indemnity claims under the share purchase agreement, pledged shares and cash shall be released in an amount equal to the indemnity payment, with the amount of pledged shares released calculated in accordance with the fair market value of OPC's ordinary shares based on the 30-trading day VWAP of OPC shares prior to the release, and pledged cash is released prior to pledged shares.

Kenon may also release cash from the pledge by depositing additional OPC shares into the pledged account, with released cash being replaced by a number of OPC shares equal to the amount of cash released divided by the lower of (i) the 30-trading day VWAP of OPC shares prior to the release and (ii) NIS 14.105.

All pledged shares and cash remaining in the pledged account will be released on December 31, 2021, provided that if there are unresolved claims by the buyer for indemnity under the Inkia share purchase agreement, the pledge will continue to apply for pledged assets sufficient (in the case of pledged shares, based on a the 30-trading day VWAP prior to December 31, 2021) to cover an amount determined by Kenon and the buyer, each acting in good faith (or a third-party evaluator or PricewaterhouseCoopers in case the parties cannot agree on such evaluator) equal to a reasonable estimate of the amount ultimately payable on an unresolved claim (including interest and penalties) to be paid under the Inkia share purchase agreement, plus a reasonable estimate of the amount of costs and expenses that are expected to be incurred to resolve the claim plus 10% of the foregoing (the total amount is referred to as the reserve amount). To the extent that such unresolved indemnity claims which results in an extension of the pledge results in a claim amount actually paid exceeding 110% of the reserve amount, Kenon must pay the buyer interest in cash at a rate of 4% per annum on the difference between the amount paid and 110% of the reserve amount from December 31, 2021 until such payment, and to the extent that such unresolved indemnity claims which in an extension of the pledge results in a claim amount actually paid less than 90% of the reserve amount, the buyer must pay Kenon interest in cash at a rate of 4% per annum on the difference between the amount paid and 90% of the reserve amount from December 31, 2021 until the remaining pledged assets are released from the pledge.

Events of Default; Enforcement of Pledge

The pledge agreement contains events of default for events such as breaches of representations and warranties or undertakings, certain insolvency or bankruptcy events and a failure by Kenon to pay indemnification claims under the Inkia share purchase agreement which claims have been finally determined and are unpaid for three business days. Upon an event of default for a failure to pay a finally determined indemnification claim or a breach of the repeating representation confirming no insolvency or similar events relating to Kenon, the buyer may take customary enforcement measures, including enforcement of the pledges and sale of pledged shares. Upon any other event of default, the buyer may take possession of the pledged assets and exercise voting rights, but may not dispose of the pledged assets.

Side Letter Entered into in connection with the Repayment of the Deferred Payment Agreement

In October 2020, Kenon received the full amount of the deferred consideration amount (approximately $218 million (approximately $188 million net of taxes)) under the Deferred Payment Agreement prior to the due date for such payment (December 2021). In connection with the agreement with the buyer of the Inkia Business to repay the Deferred Payment Agreement prior to scheduled maturity, the parties agreed to increase the number of OPC shares pledged from 32,971,680 to 55,000,000 shares (representing approximately 29% of OPC's shares as of March 31, 2021) and to extend the OPC Pledge and the corporate guarantee by one year until December 31, 2021. In addition, Kenon entered into a side letter pursuant to which Kenon has agreed that, until December 31, 2021, it shall maintain at least $50 million in cash and cash equivalents, and has agreed to restrictions on indebtedness at the Kenon level not to exceed $3 million, subject to certain exceptions. This restriction on indebtedness does not apply to Kenon's subsidiaries.

Kenon Guarantee

Pursuant to a guarantee agreement entered into in December 2017, Kenon has agreed to guarantee payment of Inkia's and ICPDH's payment obligations under the share purchase agreement relating to the sale of the Inkia Business, including all of their indemnification obligations, subject to certain conditions. The guarantee is only enforceable to the extent that there remain payment obligations under the share purchase agreement after the buyer has exhausted in full its rights under the OPC share pledge and the deferred payment agreement as described above. Following extension of the guarantee as part of the side letter in connection with the repayment of the Deferred Payment Agreement, the guarantee will expire in December 2021, provided that the term of the guarantee shall be extended to the extent that there remain indemnification obligations for which a claim has been made but not resolved at the scheduled expiration date.

Claims Relating to the Inkia Business

Set forth below is a description of the investment treaty claims that are being or may be pursued by Kenon or its subsidiaries and the other claims related to of the Inkia Business to which Kenon or its subsidiaries have rights.

The claims require funding for legal expenses and Kenon is considering its options with respect to meeting these funding needs, including potentially third-party funding for such claims in exchange for a portion of the awards or settlements (which it has done, as described below). Kenon may also sell its rights under or the rights to proceeds resulting from claims.

Bilateral Investment Treaty ("BIT") Claims Relating to Peru

In June 2017 and November 2018, IC Power and Kenon respectively sent Notices of Dispute to the Republic of Peru under the Free Trade Agreement between Singapore and the Republic of Peru, or the FTA, relating to two disputes described below, based on events that occurred while Kenon, through IC Power, owned and operated their Peruvian subsidiaries Kallpa and Samay I, later sold as part of the Inkia sale. The disputes may be submitted to arbitration pursuant to the FTA subject to the fulfillment of certain procedural requirements, including the submission of a Notice of Intent one month prior to the institution of arbitral proceedings. In April 2019, IC Power and Kenon notified the Republic of Peru of their intent to submit the dispute to arbitration pursuant to the FTA. In June 2019, IC Power and Kenon submitted the dispute to arbitration before the International Centre for Settlement of Investment Disputes. In June 2020, IC Power and Kenon submitted a Memorial on the Merits, claiming compensation in excess of $200 million. In February 2021, Peru submitted a Counter-Memorial on the Merits and a Memorial on Jurisdiction. An oral hearing is scheduled to be held in December 2021 following which the arbitral tribunal will deliberate and issue an award. There is no fixed deadline for the issuance of the award. Set forth below is a summary of the claims.

IC Power and Kenon have entered into an agreement with a capital provider to provide capital for expenses in relation to the pursuit of their arbitration claims against the Republic of Peru and other costs. The obligations of Kenon and IC Power are secured by pledges relating to the agreement. Security has been provided relating to the obligations of Kenon and IC Power. The agreement contains certain representations and covenants by IC Power and the Kenon and events of default in event of breach of such representations and covenants.

In the event that Kenon or IC Power received proceeds from a successful award or settlement of their claims, the capital provider will be entitled to be repaid the amount committed by the capital provider and to receive a portion of the claim proceeds.

Secondary Frequency Regulation Claim

The Secondary Frequency Regulation, or SFR, is a complementary service required to adjust power generation in order to maintain the frequency of the system in certain situations. In March 2014, OSINERGMIN (the mining and energy regulator in Peru) approved Technical Procedure 22, or PR 22, establishing that the SFR would be provided through a firm and variable base provision. The firm base provision of the SFR would have priority in the daily electricity dispatch to keep turbines permanently on to respond to frequency changes in the system. OSINERGMIN provided that the SFR service would be tendered through a bid.

Kallpa submitted a bid offering to provide the firm base provision of SFR. In April 2016, Kallpa was awarded the SFR firm base provision for three years, from August 2016 until July 2019 on an exclusive basis, independently of its declared generation costs, and in exchange for a reserve assignment price of zero, plus certain reimbursable costs.

In June 2016, OSINERGMIN issued a resolution that materially modified PR 22 (the "Resolution"). Under the Resolution, the firm base SFR provider can only render the SFR service when it is programmed in the daily electricity dispatch based on its declared generation costs. This retroactive amendment to PR 22 withdrew Kallpa's exclusive right to provide the firm base SFR service that had been awarded to it in April 2016. Kenon and IC Power suffered losses as a result.

Transmission Tolls Claim

Until July 2016, the responsibility for the payment for the use of the secondary and complementary transmission systems was apportioned between generators based on the use of each transmission line. OSINERGMIN identified the generators that made use of particular distribution lines and proceeded to determine payment based on actual use (or the "relevance of use" requirement).

However, in July 2016, OSINERGMIN issued a resolution, referred to as the Transmission Toll Resolution, eliminating the "relevance of use" requirement, replacing it with a methodology that required each generation company to pay for a number of transmission lines, irrespective of the transmission lines the company actually uses. The change in methodology benefited the state-owned electricity companies, including Electroperu, to the detriment of Kenon and IC Power's Peruvian subsidiaries, causing significant losses to Kenon and IC Power.

Bilateral Investment Treaty Claim relating to Guatemala

In February 2018, ICP commenced an investment treaty arbitration against the Republic of Guatemala pursuant to the Agreement between the Government of the State of Israel and the Government of the Republic of Guatemala for the Reciprocal Promotion and Protection of Investments, or the Treaty. ICP had sought damages on the basis that Guatemala breached its obligations under the Treaty including through the treatment of Distribuidora de Electricidad de Oriente, S.A. (a Guatemalan corporation, which was owned by Inkia prior to the sale of the Inkia Business in December 2017) and Distribuidora de Electricidad de Occidente, S.A. (a Guatemalan corporation, which was owned by Inkia prior to the sale of the Inkia Business in December 2017). On October 7, 2020, the arbitration tribunal rejected ICP's claims.

Entitlement to Payments in Respect of Certain Proceedings and Claims

As discussed below, certain of our subsidiaries are pursuing claims or are entitled to receive certain payments from the buyer of the Inkia Business in connection with certain claims held by companies within the Inkia Business or as a result of the resolution of, and/or a change in regulations or cash payments received relating to the transmission tolls claim or the SFR claim. These payments are subject to conditions and may be subject to deduction for taxes incurred as a result of the relevant payment.

Transmission Toll Regulation

In the event of certain changes in or revocation of regulation in Peru or a final court order relating to the Transmission Toll Resolution (described above under "*—Bilateral Investment Treaty Claims Relating to Peru—Transmission Tolls Claim*") which change, revocation or order has the effect of increasing operating profits of Kallpa or Samay I (which are part of the Inkia Business) then the buyer of the Inkia Business is required to pay or cause to be paid to Inkia in cash 75% of an amount equal to 70% of the increase in operating profits of Kallpa and Samay I attributable directly and solely to the changes in regulation through December 31, 2024.

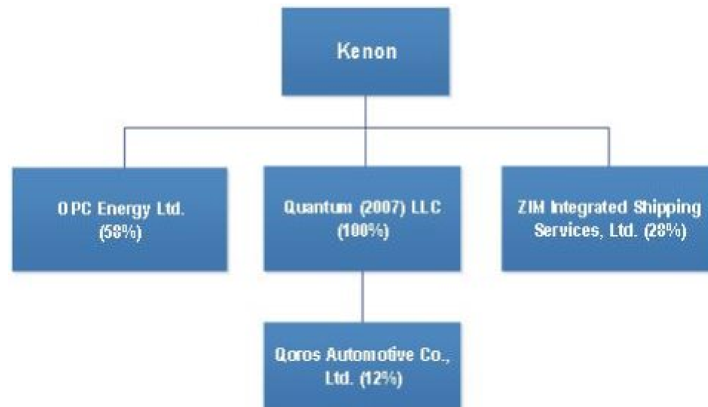
In addition, in the event of any cash payments made to Kallpa or Samay I as a result certain changes in regulation in Peru relating to the Transmission Toll Resolution or as a result certain claims being pursued in Peru in connection with this resolution, the buyer is required to pay or cause to be paid in cash 75% of an amount equal to 70% of such cash proceeds.

Secondary Frequency Regulation Claim

In the event of certain changes to or revocation of PR 22 (as described under "*—Bilateral Investment Treaty Claims Relating to Peru—Secondary Frequency Regulation Claim*"*)* which result in a cash payment to Kallpa or Samay I, the buyer is required to pay or cause to be paid in cash 75% of an amount equal to 70% of such cash proceeds.

C. Organizational Structure

The chart below represents a summary of our organizational structure, excluding intermediate holding companies, as of April 30, 2021. This chart should be read in conjunction with the explanation of our ownership and organizational structure above.



D. Property, Plants and Equipment

For information on our property, plants and equipment, see “*Item 4.B Business Overview.*”

ITEM 4A. Unresolved Staff Comments

Not Applicable.

ITEM 5. Operating and Financial Review and Prospects

This section should be read in conjunction with our audited consolidated financial statements, and the related notes thereto, for the years ended December 31, 2020, 2019 and 2018, included elsewhere in this annual report. Our financial statements have been prepared in accordance with IFRS.

The financial information below also includes certain non-IFRS measures used by us to evaluate our economic and financial performance. These measures are not identified as accounting measures under IFRS and therefore should not be considered as an alternative measure to evaluate our performance.

Certain information included in this discussion and analysis includes forward-looking statements that are subject to risks and uncertainties, and which may cause actual results to differ materially from those expressed or implied by such forward-looking statements. For further information on important factors that could cause our actual results to differ materially from the results described in the forward-looking statements contained in this discussion and analysis, see “*Special Note Regarding Forward-Looking Statements*” and “*Item 3.D Risk Factors.*”

Business Overview

For a discussion of our strategy, see “*Item 4.B Business Overview.*”

Overview of Financial Information Presented

As a holding company, Kenon’s results of operations primarily comprise the financial results of each of its businesses. The following table sets forth the method of accounting for our businesses for each of the two years ended December 31, 2020 and our ownership percentage as of December 31, 2020:

	Ownership Percentage	Method of Accounting	Treatment in Consolidated Financial Statements
OPC	62.1%[1]	Consolidated	Consolidated
ZIM	32%[2]	Equity	Share in losses of associated company, net of tax
Qoros	12%[3]	Fair value	Long-term investment
Other			
Primus	100%[4]	Consolidated	Consolidated

(1) In January 2021, OPC issued 10,300,000 ordinary shares in a private placement for a total (gross) consideration of NIS 350 million (approximately $107 million). As a result of this share issuance, Kenon’s interest in OPC decreased from 62.1% to 58.2%.

(2) In February 2021, ZIM completed an initial public offering of its shares on the New York Stock Exchange and, as a result of the offering, our interest in ZIM has decreased from 32% to 27.8%.

(3) In April 2020, Kenon sold half of its interest in Qoros (i.e. 12%) to the Majority Shareholder in Qoros. As a result, Kenon now has a 12% stake in Qoros and no longer accounts for Qoros under the equity method.

(4) In August 2020, Primus sold substantially all of its assets for $1.6 million.

The results of Qoros (until the 2020 sale) and ZIM are included in Kenon’s statements of profit and loss as share in losses of associated company, net of tax, for the years set forth below, except as otherwise indicated.

The following tables set forth selected financial data for Kenon's reportable segments for the periods presented:

	Year Ended December 31, 2020				
	OPC	Quantum[1]	ZIM	Other[2]	Consolidated Results
	(in millions of USD, unless otherwise indicated)				
Revenue	386	—	—	—	386
Depreciation and amortization	(34)	—	—	—	(34)
Financing income	—	—	—	14	14
Financing expenses	(50)	—	—	—	(51)
Net gains related to changes of interest in Qoros	—	310	—	(1)	310
—Share in (losses)/profit of associated companies	—	(6)	167	—	161
Write back of impairment of investment	—	—	44	—	44
(Loss) / Profit before taxes	(9)	304	211	(5)	501
Income taxes	(4)	—	—	(1)	(5)
(Loss) / Profit from continuing operations	(13)	304	211	(6)	496
Segment assets[3]	1,724	235	—	226[4]	2,185
Investments in associated companies	—	—	297	—	297
Segment liabilities	1,200	—	—	6[5]	1,206

1) Subsidiary of Kenon that owns Kenon's equity holding in Qoros.

2) Includes the results of Primus, as well as Kenon's and IC Green's holding company and general and administrative expenses.

3) Excludes investments in associates.

4) Includes Kenon's, IC Green's and IC Power holding company assets.

5) Includes Kenon's, IC Green's and IC Power holding company liabilities.

	Year Ended December 31, 2019				
	OPC	Quantum[1]	ZIM	Other[2]	Consolidated Results
	(in millions of USD, unless otherwise indicated)				
Revenue	$ 373	$ —	$ —	$ —	$ 373
Depreciation and amortization	(31)	—	—	—	(31)
Financing income	2	—	—	16	18
Financing expenses	(28)	—	—	(2)	(30)
Fair value loss on put option	—	(19)	—	—	(19)
Recovery of financial guarantee	—	11	—	—	11
Share in losses of associated companies	—	(37)	(4)	—	(41)
Profit / (Loss) before taxes	$ 48	$ (45)	$ (4)	$ (4)	$ (5)
Income taxes	(14)	—	—	(3)	(17)
Profit / (Loss) from continuing operations	$ 34	$ (45)	$ (4)	$ (7)	$ (22)
Segment assets[3]	$ 1,000	$ 72	$ —	$ 246[4]	$ 1,318
Investments in associated companies	—	106	84	—	190
Segment liabilities	762	—	—	34[5]	796

1) Subsidiary of Kenon that owns Kenon's equity holding in Qoros.

2) Includes the results of Primus, as well as Kenon's and IC Green's holding company and general and administrative expenses.

3) Excludes investments in associates.

4) Includes Kenon's, IC Green's and IC Power holding company assets.

5) Includes Kenon's, IC Green's and IC Power holding company liabilities.

The following table sets forth summary information regarding ZIM, our equity-method accounting business for the periods presented.

	Year Ended December 31,	
	2020	2019
	(in millions of USD)	
Profit/(Loss) (100% of results)	518	(18)
Share of profit/(loss) from Associates (i.e. Kenon's share of ZIM's results)	167	(4)
Book Value	297	84

OPC

The following table sets forth summary financial information for OPC for the years ended December 31, 2020, 2019 and 2018:

	Year Ended December 31,		
	2020	2019	2018
		($ millions)	
Revenue	386	373	363
Cost of Sales (excluding depreciation and amortization)	(282)	(256)	(258)
Net (Loss) / Profit	(13)	34	26
EBITDA[1]	75	105	91
Total Debt[2]	921	622	587

---

1) OPC defines "EBITDA" for each period as net (loss) / income for the period before depreciation and amortization, financing expenses, net and income tax expense.

EBITDA is not recognized under IFRS or any other generally accepted accounting principles as a measure of financial performance and should not be considered as a substitute for net income or loss, cash flow from operations or other measures of operating performance or liquidity determined in accordance with IFRS. EBITDA is not intended to represent funds available for dividends or other discretionary uses because those funds may be required for debt service, capital expenditures, working capital and other commitments and contingencies. EBITDA presents limitations that impair its use as a measure of OPC's profitability since it does not take into consideration certain costs and expenses that result from its business that could have a significant effect on OPC's net income, such as finance expenses, taxes and depreciation.

The following table sets forth a reconciliation of OPC's net income to its EBITDA for the periods presented. Other companies may calculate EBITDA differently, and therefore this presentation of EBITDA may not be comparable to other similarly titled measures used by other companies:

	Year Ended December 31,		
	2020	2019	2018
		(in millions of USD)	
Net (loss) / profit for the period	(13)	34	26
Depreciation and amortization	34	31	30
Finance expenses, net	50	26	25
Income tax expense	4	14	10
EBITDA	75	105	91

2) Includes short-term and long-term debt.

Set forth below is a summary of certain OPC key historical financial and other operational information, for the periods set forth below.

	Year Ended December 31,		
	2020	2019	2018
	($ millions, except as otherwise indicated)		
Revenue	386	373	363
Cost of Sales (excluding depreciation and amortization)	(282)	(256)	(258)
Gross profit	71	86	75
Gross profit margin	18%	23%	21%
Financing expenses, net	50	26	25
Net (loss) / profit for the period	(13)	34	26
Net Energy sales (kWh)	4,344	4,030	3,965

Qoros

Following the completion of the sale of half of our remaining interest (i.e. 12%) to the Majority Shareholder in Qoros in April 2020, we have a 12% equity interest in Qoros. Prior to the sale, we accounted for Qoros pursuant to the equity method of accounting and discussed Qoros' results of operations in our discussion of our share in losses/(profit) of associated companies, net of tax. From the date of the sale, we ceased equity accounting and started to account for our interest in Qoros on a fair value basis through profit or loss.

ZIM

ZIM's results of operations for the years ended December 31, 2020 and 2019 are reflected in Kenon's share in losses/(profit) of associated companies, net of tax.

Material Factors Affecting Results of Operations

OPC

Set forth below is a discussion of the material factors affecting the results of operations of OPC for the periods under review. OPC acquired CPV in January 2021. The discussion below refers to OPC without giving effect to the CPV business except where expressly indicated.

Sales—EA Tariffs

In Israel, sales by IPPs are generally made on the basis of PPAs for the sale of energy to customers, with prices predominantly linked to the tariff issued by the EA and denominated in NIS.

The EA operates a "Time of Use" tariff, which provides different energy rates for different seasons (e.g., summer and winter) and different periods of time during the day. Within Israel, the price of energy varies by season and demand period. For further information on Israel's seasonality and the related EA tariffs, see "*Item 4.B Business Overview—Our Businesses—OPC—Industry Overview—Overview of Israeli Electricity Generation Industry*."

The EA's rates have affected OPC's revenues and income in the periods under review.

In January 2019, the generation component tariff was increased by approximately 3.3%, from NIS 282 per MWh to NIS 290.9 per MWh. In December 2019, the EA published the electricity tariffs for 2020, which included a decrease of the EA generation component tariff by approximately 8% from NIS 290.9 per MWh to NIS 267.8 per MWh. In January 2021, the generation component tariff was decreased for 2021 by approximately 5.7%, from NIS 267.8 per MWh to NIS 252.6 per MWh. This decrease in the EA generation component is expected to have a negative impact on OPC's profits in 2021 compared with 2020.

Commencement of Operations of OPC-Hadera

On July 1, 2020, the OPC-Hadera plant reached COD, and commenced operations. This impacted revenue and cost of sales in 2020.

Cost of Sales

OPC's principal costs of sales are natural gas, transmission, distribution and system services costs, personnel, third-party services and maintenance costs.

The prices at which OPC-Rotem and OPC-Hadera purchase their natural gas from their sole natural gas supplier, the Tamar Group, is predominantly indexed to changes in the EA's generation component tariff, pursuant to the price formula set forth in OPC-Rotem's and OPC-Hadera's supply agreements with the Tamar Group. As a result, increases or decreases in this tariff have a related effect on OPC-Rotem's and OPC-Hadera's cost of sales and margins. Additionally, the natural gas price formula in OPC-Rotem's and OPC-Hadera's supply agreement is subject to a floor price mechanism.

As a result of previous declines in the EA's generation component tariff, OPC-Rotem and OPC-Hadera paid the minimum price during 2020 (excluding two months for OPC-Rotem and one month for OPC-Hadera). In January 2021, the EA published the electricity tariffs for 2021, which included a decrease of the EA's generation component tariff by approximately 5.7%. OPC-Hadera's and OPC-Rotem's gas prices were at the minimum price in January and February 2021 and for OPC-Rotem may be (and for OPC-Hadera will be) at the minimum price for the remainder of 2021. Therefore, reductions in the generation tariff will not lead to a reduction in the cost of natural gas consumed by OPC-Rotem and/or OPC-Hadera, but rather to a reduction in profit margins. For OPC-Hadera, the effect on profit margins depends on the US$/NIS exchange rate fluctuations. For information on the risks associated with the impact of the EA's generation tariff on OPC's supply agreements with the Tamar Group, see "*Item 3.D Risk Factors—Risks Related to OPC—Changes in the EA's electricity rates may reduce OPC's profitability*."

OPC's costs for transmission, distribution and systems services vary primarily according to the quantity of energy that OPC sells. These costs are passed on to its customers. OPC incurs personnel and third-party services costs in the operation of its plants. These costs are usually independent of the volumes of energy produced by OPC's plants. OPC incurs maintenance costs in connection with the ongoing and periodic maintenance of its generation plants. These costs are usually correlated to the volumes of energy produced and the number of running hours of OPC's plants.

In April 2020, OPC-Rotem shut down the power plant for a number of days in order to perform internally-initiated technical tests and treatments. Due to postponement of the date of the maintenance work in March 2020, OPC-Rotem slowed the reduction (amortization) of the maintenance component in the OPC-Rotem plant. The shutdown for several days and delay in the timing of the planned maintenance work did not have a significant impact on the generation activities of the OPC-Rotem power plant and its results. The impact of the slowing of the reduction (amortization) on the results of the activities during the period under review amounted to approximately NIS 4 million (approximately $1 million). In October 2020, Mitsubishi carried out maintenance work, as planned, which required thirteen days during which the activities of the Rotem Power Plant were halted. The next regular maintenance work is expected to take place in October 2021, which the plant's operations are expected to be discontinued for 18 days.

Income Taxes

OPC is subject to income tax in Israel. The corporate tax rate applicable in Israel as of December 31, 2020 and 2019 was 23%.

Changes in Exchange Rates

Fluctuations in the exchange rates between currencies in which certain of OPC's agreements are denominated (such as the U.S. Dollar and Euro) and the NIS, which is OPC's functional and reporting currency, will generate either gains or losses on monetary assets and liabilities denominated in such currencies and can therefore affect OPC's profitability. Furthermore, OPC is indirectly influenced by changes in the U.S. Dollar to NIS exchange rate (i) due to the acquisition of CPV which operates in the US and (ii) as the IEC electricity tariff is partially linked to increases in fuel prices (mainly coal and gas) that are denominated in U.S. Dollars.

In addition, Kenon's functional currency is the U.S. Dollar, so Kenon reports OPC's NIS-denominated results of operations and balance sheet items in U.S. Dollars, translating OPC's results into U.S. Dollars at the average exchange rate (for results of operation) or rate in effect on the balance sheet date (for balance sheet items). Accordingly, changes in the U.S. Dollar to NIS exchange rate impact Kenon's reported results for OPC.

In 2020, the U.S. Dollar was weaker versus the NIS as compared to 2019.

Acquisition of CPV

In October 2020, OPC announced an agreement by CPV Group LP, an entity in which OPC indirectly holds a 70% stake, for the acquisition of CPV from Global Infrastructure Management, LLC. CPV is engaged in the development, construction and management of renewable energy and conventional energy (natural gas-fired) power plants in the United States. The acquisition was completed in January 2021. The consideration for the acquisition was $648 million (payable in cash), subject to post-closing adjustments based on closing date cash, working capital and debt. Additional consideration of $95 million was paid in the form of a vendor loan in respect of CPV's 17.5% equity in the Three Rivers project, which is currently being developed. CPV subsequently reduced its interest in the Three River's project to 10% and the consideration for the transaction and the amount of the seller's loan was reduced accordingly. The final consideration is subject to final closing adjustments to be completed within 120 days of closing of the acquisition.

OPC financed the acquisition through (i) available cash in the amount of approximately NIS 280 million (approximately $87 million); (ii) issuance of Series B bonds for proceeds of approximately NIS 250 million (approximately $78 million); (iii) a public offering of 23,022,100 new ordinary shares for a total (gross) proceeds of NIS 737 million (approximately $217 million) (an offering in which Kenon participated) and, (iv) a private placement of OPC's shares to institutional investors, for (gross) proceeds of approximately NIS 350 million (approximately $107 million).

ZIM

Kenon had a 32% equity interest in ZIM as of December 31, 2020 (currently approximately 28% following completion of ZIM's IPO). ZIM's results of operations for the years ended December 31, 2020 and 2019 are reflected in Kenon's share in losses/(profit) of associated companies, net of tax, pursuant to the equity method of accounting.

Market Volatility. The container shipping industry is characterized in recent years by volatility in freight rates, charter rates and bunker prices, including significant uncertainties in the global trade, mainly due to U.S. related trade restrictions, particularly with China. Current market conditions impact positively with increased freight rates and recovery in volumes of trades. However, an adverse trend in such industry indicators (including any further potential implications of the COVID-19 pandemic) could negatively affect the entire industry. For more information on ZIM's risks related to the COVID-19 pandemic, see "*Risk factors–Risks related to our interest in ZIM—The global COVID-19 pandemic has created significant business disruptions and adversely affected ZIM's business and is likely to continue to create significant business disruptions and adversely affect its business in the future.*"

Volume of cargo carried. The volume of cargo that ZIM carries affects its income and profitability from voyages and related services and varies significantly between voyages that depart from, or return to, a port of origin. The vast majority of the containers ZIM carries are either 20- or 40-foot containers. ZIM measures its performance in terms of the volume of cargo it carries in a certain period in 20-foot equivalent units carried, or TEUs carried. ZIM's management uses TEUs carried as one of the key parameters to evaluate ZIM's performance, used in real-time and take actions, to the extent possible, to improve performance.

Additionally, ZIM's management monitors TEUs carried from a longer-term perspective, to deploy the right capacity to meet expected market demand. Although the volume of cargo that ZIM carries is principally a function of demand for container shipping services in each of its trade routes, it is also affected by factors such as ZIM's:

- local shipping agencies' effectiveness in capturing such demand;
- level of customer service, which affects its ability to retain and attract customers;
- ability to effectively deploy capacity to meet such demand;
- operating efficiency; and
- ability to establish and operate existing and new services in markets where there is growing demand.

The volume of cargo that ZIM carries is also impacted by its participation in strategic alliances and other cooperation agreements. In periods of increased demand and increased volume of cargo, ZIM adjusts capacity by chartering-in additional vessels and containers and/or purchasing additional slots from partners, to the extent feasible. During these periods, increased competition for additional vessels and containers may increase ZIM's costs. ZIM may deploy its capacity through additional vessels and containers in existing services, through new services that ZIM operates independently or through the exchange of capacity with vessels operated by other shipping companies or other cooperative agreements. In periods of decreased volumes of cargo, ZIM may adjust capacity to demand by electing to reduce its fleet size in order to reduce operating expenses mainly by redelivering chartered-in vessels and not renewing their charters, or by cancelling specific voyages (which are referred to as "blank sailings"). ZIM may also elect to close existing services within, or exit entirely from, less attractive trades. As a substantial portion of its fleet is chartered-in, primarily for short-term periods of one year and less, ZIM retains a relatively high level of flexibility.

Freight rates. Freight rates are largely established by the freight market and ZIM has a limited influence over these rates. ZIM uses average freight rate per TEU as one of the key parameters of its performance. Average freight rate per TEU is calculated as revenues from containerized cargo during a certain period, divided by total TEUs carried during that period. Container shipping companies have generally experienced volatility in freight rates. Freight rates vary widely as a result of, among other factors:

- cyclical demand for container shipping services relative to the supply of vessel and container capacity;

- competition in specific trades;
- bunker prices;
- costs of operation;
- the particular dominant leg on which the cargo is transported;
- average vessel size in specific trades;
- the origin and destination points selected by the shipper; and
- the type of cargo and container type.

As a result of cyclical fluctuations in demand and supply, container shipping companies have experienced volatility in freight rates. For example, although freight rates have recovered during the 4th quarter of 2019, mainly driven by a recovery of the higher bunker cost associated with the implementation of IMO 2020 Regulations, the comprehensive Shanghai (Export) Containerized Freight Index which increased from 716 points at October 17, 2019 to 1,023 points at January 3, 2020, thereafter decreased to 818 points at April 23, 2020 and increased again to 2,311 points at December 11, 2020. Similar to other container shipping companies, the persistence of such difficult fluctuating conditions in the shipping industry and the increase in competition have impacted, and may continue to impact, ZIM's results of operations and profitability. Global container ship capacity has increased over the years and continues to exceed demand. According to Alphaliner, global container ship capacity is projected to increase by 3.7% in 2021, while demand for shipping services is projected to increase by 3.5%, therefore the increase in ship capacity is expected to be more aligned with the increase in demand for container shipping. Excess capacity can lead to lower utilization of our vessels and depress freight rates, which may adversely impact ZIM's revenues, profitability or asset values. Until such capacity is fully absorbed by the container shipping market, the industry may continue to experience downward pressure on freight rates.

There are cargo segments which require more expertise; for example, ZIM charges a premium over the base freight rate for handling specialized cargo, such as refrigerated, liquid, over-dimensional, or hazardous cargo, which require more complex handling and more costly equipment and are generally subject to greater risk of damage. ZIM believes that its commercial excellence and customer centric approach across its network of shipping agencies enable it to recognize and attract customers who seek to transport such specialized types of cargo, which are less commoditized services and more profitable. ZIM intends to focus on growing the specialized cargo transportation portion of its business: specialized cargo represented approximately 11% of its total cargo transported during the 2018 to 2020 period as measured by TEUs. ZIM also charges a premium over the base freight rate for global land transportation services it provides. Further, from time to time ZIM imposes surcharges over the base freight rate, in part to minimize its exposure to certain market-related risks, such as fuel price adjustments, exchange rate fluctuations, terminal handling charges and extraordinary events, although usually these surcharges are not sufficient to recover all of ZIM's costs. Amounts received related to these adjustment surcharges are allocated to freight revenues.

Cargo handling expenses. Cargo handling expenses represent the most significant portion of ZIM's operating expenses. Cargo handling expenses primarily include variable expenses relating to a single container, such as stevedoring and other terminal expenses, feeder services, storage costs, balancing expenses arising from repositioning containers with unutilized capacity on the non-dominant leg, and expenses arising from inland transport of cargo. ZIM manages the container repositioning costs that arise from the imbalance between the volume of cargo carried in each direction using various methods, such as triangulating our land transportation activities and services. If ZIM is unable to successfully match requirements for container capacity with available capacity in nearby locations, it may incur balancing costs to reposition its containers in other areas where there is demand for capacity. Cargo handling accounted for 51%, 51% and 46%, of ZIM's operating expenses and cost of services for the years ended December 31, 2020, 2019 and 2018.

Bunker expenses. Fuel expenses, in particular bunker fuel expenses, represent a significant portion of ZIM's operating expenses. As a result, changes in the price of bunker or in ZIM's bunker consumption patterns can have a significant effect on its results of operations. Bunker price has historically been volatile, can fluctuate significantly and is subject to many economic and political factors that are beyond ZIM's control. Although bunker prices have been relatively low during fiscal year 2020, the global recovery from the COVID-19 pandemic is anticipated to lead to an increase in bunker prices, which would negatively impact ZIM's results of operations. ZIM's bunker fuel consumption is affected by various factors, including the number of vessels being deployed, vessel size, pro forma speed, vessel efficiency, weight of the cargo being transported and sea state. ZIM's fuel expenses, which consist primarily of bunker expenses, accounted for approximately 13%, 14% and 18%, of its operating expenses and cost of services for the years ended December 31, 2020, 2019 and 2018, respectively.

Vessel charter portfolio. Substantially all of ZIM's capacity is chartered-in. As of December 31, 2020, ZIM chartered-in 86 vessels (including 57 vessels accounted as right-of-use assets under the lease accounting guidance of IFRS 16 and 4 vessels accounted under sale and leaseback refinancing agreements), which accounted for 99% of our TEU capacity and 99% of the vessels in ZIM's fleet. Of such vessels, 84 are under a "time charter", which consists of chartering-in the vessel capacity for a given period of time against a daily charter fee, with the owner handling the crewing and technical operation of the vessel, including 7 vessels chartered-in from a related party. Five of ZIM's vessels are chartered-in under a "bareboat charter", which consists of chartering a vessel for a given period of time against a charter fee, with ZIM handling the operation of the vessel. Under these arrangements, both parties are committed for the charter period; however, vessels temporarily unavailable for service due to technical issues will qualify for relief from charges during such period (off hire). In February 2021, ZIM and Seaspan Corporation entered into a strategic agreement for the long-term charter of ten 15,000 TEU liquified natural gas (LNG dual-fuel container) vessels, to serve ZIM's Asia-US East Coast Trade.

Critical Accounting Policies and Significant Estimates

In preparing our financial statements, we make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Our estimates and associated assumptions are reviewed on an ongoing basis and are based upon historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial statements:

- long-term investment.

For further information on the estimates, assumptions and judgments involved in our accounting policies and significant estimates, see Note 2 to Kenon's financial statements included in this annual report.

Adoption of New Accounting Standards in 2021

For more information on the impact of the adoption of these standards, see Note 3 to our financial statements included in this annual report.

Impairment Tests of ZIM

As a result of improved conditions in the container shipping market and operating conditions at ZIM throughout 2020, Kenon conducted an impairment analysis in relation to its 32% equity investment in ZIM as of December 31, 2020 in accordance with IAS 28 and IAS 36. The analysis concluded that the carrying amount of its investment in ZIM was lower than the recoverable amount, and therefore, Kenon wrote back $44 million of the impairment previously recognized in 2016. For further information on the write back of impairment, see Note 9 to our financial statements included in this annual report.

Recent Developments

Kenon

Dividend

In April 2021, Kenon's board of directors approved an interim dividend for the year ending December 31, 2021 of $1.86 per share (approximately $100 million) to Kenon's shareholders of record as of the close of trading on April 29, 2021, for payment on or about May 6, 2021.

OPC

Acquisition of CPV

In October 2020, OPC announced an agreement by CPV Group LP, an entity in which OPC indirectly holds a 70% stake, for the acquisition of CPV from Global Infrastructure Management, LLC. CPV is engaged in the development, construction and management of renewable energy and conventional energy (natural gas-fired) power plants in the United States. The acquisition was completed in January 2021. The consideration for the acquisition is $648 million (payable in cash), subject to post-closing adjustments based on closing date cash, working capital and debt. Additional consideration of $95 million was paid in the form of a vendor loan in respect of CPV's 17.5% equity in the Three Rivers project, which is currently being developed. CPV subsequently reduced its interest in the Three River's project to 10% and the consideration for the transaction and the amount of the seller's loan was reduced accordingly. The final consideration is subject to final closing adjustments to be completed within 120 days of closing of the acquisition.

OPC Private Placement

In January 2021, OPC issued 10,300,000 ordinary shares (representing approximately 7.5% of OPC's issued and outstanding share capital at the time on a fully diluted basis) to Altshuler Shaham and entities managed by Alsthuler Shaham in a private placement for a total (gross) consideration of NIS 350 million (approximately $107 million). As a result of this share issuance, Kenon's interest in OPC decreased to 58.2%.

Agreement to Acquire Shares in Gnrgy Ltd.

In April 2021, OPC announced it had signed an agreement to purchase an interest in Gnrgy Ltd., or Gnrgy. Gnrgy was established in Israel in 2008 and operates in the field of charging electric vehicles (e-mobility) and the installation of charging stations for electric vehicles. The acquisition is part of OPC's strategy to expand into new areas of energy production and the provision of advanced energy solutions to its customers including energy supply and the management of energy for electric vehicles.

Pursuant to the purchase agreement, OPC has agreed to acquire a 51% interest in Gnrgy for NIS 67 million (approximately $20 million). The transaction is expected to be completed in 2 stages over 11 months with the majority of the purchase price earmarked for funding of Gnrgy's business plan including repayment of existing related party debts. Gnrgy's founder will retain the remaining interests in Gnrgy and enter into a shareholders' agreement with OPC, which will among other things give OPC an option to acquire a 100% interest in Gnrgy. Completion of the transaction is subject to certain conditions, including approval (or an exemption) from the Israel Competition Authority. OPC has indicated that it intends to finance the transaction from its own sources.

ZIM

In February 2021, ZIM completed an initial public offering of 15 million new ordinary shares (including shares issued pursuant to the exercise of the underwriters' overallotment option, representing approximately 13% of total issued shares) in the offering at a price of $15.00 per share on the New York Stock Exchange.

Qoros

In April 2021, Kenon entered into an agreement to sell its remaining 12% interest in Qoros to the Majority Shareholder in Qoros for a purchase price of RMB1,560 million (approximately $238 million). The sale is subject to certain conditions, including approvals by relevant government authorities and a release of the pledge over Kenon's shares in Qoros, which are currently pledged to secure debt of Qoros under its RMB1.2 billion loan facility. The purchase price is payable in installments due between July 31, 2021 and March 31, 2023.

A. Operating Results

Our consolidated financial statements for the years ended December 31, 2020 and 2019 are comprised of OPC, Primus (which sold substantially all of its assets in August 2020), and the results of the associated companies (Qoros, until the 2020 sale of half (12%) of Kenon's remaining interest in Qoros, and ZIM).

Our consolidated results of operations for each of the periods primarily comprise the results of OPC.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019[1]

The following tables set forth summary information regarding our operating segment results for the years ended December 31, 2020 and 2019.

	Year Ended December 31, 2020				
	OPC	**Quantum[1]**	**ZIM**	**Other[2]**	**Consolidated Results**
	(in millions of USD, unless otherwise indicated)				
Revenue	386	—	—	—	386
Depreciation and amortization	(34)	—	—	—	(34)
Financing income	—	—	—	14	14
Financing expenses	(50)	—	—	(1)	(51)
Net gains related to changes of interest in Qoros	—	310	—	—	310
Share in (losses)/profit of associated companies	—	(6)	167	—	161
Write back of impairment of investment	—	—	44	—	44
(Loss) / Profit before taxes	(9)	304	211	(5)	501
Income taxes	(4)	—	—	(1)	(5)
(Loss) / Profit from continuing operations	(13)	304	211	(6)	496
Segment assets[3]	1,724	235	—	216[4]	2,185
Investments in associated companies	—	—	297	—	297
Segment liabilities	1,200	—	—	6[5]	1,206

1) Subsidiary of Kenon that owns Kenon's equity holding in Qoros.

2) Includes the results of Primus, as well as Kenon's and IC Green's holding company and general and administrative expenses.

1 For a comparison of Kenon's operating results for the fiscal year ended December 31, 2019 with the fiscal year ended December 31, 2018, please see Item 5.A of Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2019.

3) Excludes investments in associates.

4) Includes Kenon's, IC Green's and IC Power holding company assets.

5) Includes Kenon's, IC Green's and IC Power holding company liabilities.

	Year Ended December 31, 2019				
	OPC	Quantum[1]	ZIM	Other[2]	Consolidated Results
	(in millions of USD, unless otherwise indicated)				
Revenue	$ 373	$ —	$ —	$ —	$ 373
Depreciation and amortization	(31)	—	—	—	(31)
Financing income	2	—	—	16	18
Financing expenses	(28)	—	—	(2)	(30)
Fair value loss on put option	—	(19)	—	—	(19)
Recovery of financial guarantee	—	11	—	—	11
Share in losses of associated companies	—	(37)	(4)	—	(41)
Profit / (Loss) before taxes	$ 48	$ (45)	$ (4)	$ (4)	$ (5)
Income taxes	(14)	—	—	(3)	(17)
Profit / (Loss) from continuing operations	$ 34	$ (45)	$ (4)	$ (7)	$ (22)
Segment assets[3]	$ 1,000	$ 72	$ —	$ 246[4]	$ 1,318
Investments in associated companies	—	106	84	—	190
Segment liabilities	762	—	—	34[5]	796

1) Subsidiary of Kenon that owns Kenon's equity holding in Qoros.

2) Includes the results of Primus, as well as Kenon's and IC Green's holding company and general and administrative expenses.

3) Excludes investments in associates.

4) Includes Kenon's, IC Green's and IC Power holding company assets.

5) Includes Kenon's, IC Green's and IC Power holding company liabilities.

Currency fluctuations in the U.S. Dollar to NIS exchange rate on the translation of OPC's results from NIS into U.S. Dollars did not have a significant impact on the results of 2020 versus 2019 discussed below.

The following table sets forth summary information regarding the results of operations of ZIM, our equity-method business for the periods presented:

	Year Ended December 31, 2020	Year Ended December 31, 2019
	(in millions of USD)	
Revenue	**3,992**	**3,300**
Profit/(Loss)	518	(18)
Other comprehensive income	6	(10)
Total comprehensive income	**524**	**(28)**
Adjusted EBITDA[1]	**1,036**	**386**
Share of Kenon in total comprehensive income/(loss)	**167**	**(9)**
Adjustments	-	1
Share of Kenon in total comprehensive income/(loss) presented in the books	**167**	**(8)**
Total assets	**2,824**	**1,926**
Total liabilities	**2,550**	**2,178**
Book value of investment	**297**	**84**

1. Adjusted EBITDA is a non-IFRS financial measure that ZIM defines as net income (loss) adjusted to exclude financial expenses (income), net, income taxes, depreciation and amortization in order to reach EBITDA, and further adjusted to exclude impairments of assets, non-cash charter hire expenses, capital gains (losses) beyond the ordinary course of business and expenses related to contingencies. Adjusted EBITDA is a key measure used by ZIM's management and board of directors to evaluate ZIM's operating performance. Accordingly, ZIM believes that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating ZIM's operating results and comparing its operating results between periods on a consistent basis, in the same manner as ZIM's management and board of directors. The table below sets forth a reconciliation of ZIM's net income (loss), to Adjusted EBITDA for each of the periods indicated.

	Year Ended December 31, 2020	Year Ended December 31, 2019
	(in millions of USD)	
Net income (loss)	524	(13)
Financial expenses, net	181	154
Income taxes	17	12
Depreciation and amortization	314	246
EBITDA	1,036	399
Non-cash charter hire expenses[1]	1	2
Capital loss (gain), beyond the ordinary course of business[2]	-	(14)
Assets Impairment loss (recovery)	(4)	1
Expenses related to contingencies	3	(2)
Adjusted EBITDA	1,036	386

1. Mainly related to amortization of deferred charter hire costs, recorded in connection with the 2014 restructuring. Following the adoption of IFRS 16 on January 1, 2019, part of the adjustments are recorded as amortization of right-of-use assets.

2. Related to disposal of assets, other than containers and equipment (which are disposed on a recurring basis).

Revenues

Our revenues (primarily representing OPC's revenues) increased by $13 million to $386 million for the year ended December 31, 2020 from $373 million for the year ended December 31, 2019.

The table below sets forth OPC's revenue for 2020 and 2019, broken down by category.

	For the year ended December 31,	
	2020	**2019**
	$ millions	
Revenue from energy generated by OPC (and/or purchased from other generators) and sold to private customers	246	261
Revenue from energy purchased by OPC at the TAOZ rate and sold to private customers	29	16
Revenue from private customers in respect of infrastructures services	80	76
Revenue from energy sold to the System Administrator	15	3
Revenue from sale of steam	16	17
Total	**386**	**373**

OPC's revenue from the sale of electricity to private customers derives from electricity sold at the generation component tariffs, as published by the EA, with some discount. Accordingly, changes in the generation component generally affects the prices paid under PPAs by customers of OPC-Rotem and OPC-Hadera. The weighted-average generation component tariff for 2020, as published by the EA, was NIS 0.2678 per kW hour, as compared to NIS 0.2909 per kW hour in 2019. OPC's revenues from sale of steam are linked partly to the price of gas and partly to the Israeli CPI.

Set forth below is a discussion of the changes in revenues by category between 2020 and 2019.

- *Revenue from energy generated by OPC (and/or purchased from other generators) and sold to private customers* — decreased by $15 million in 2020, as compared to 2019. As OPC's revenue is denominated in NIS, translation of its revenue into US Dollars had a positive impact of $10 million. Excluding the impact of exchange rate fluctuations, OPC's revenues decreased by $25 million primarily as a result of (i) a $21 million decrease in revenues due to a decrease in the generation component tariff, (ii) a $14 million decrease due to examinations and maintenance of the OPC-Rotem power plant and (iii) a $4 million decrease due to lower consumption of OPC's customers, partially offset by an $14 million increase in revenues due to the commercial operation of the OPC-Hadera power plant.

- *Revenue from energy purchased by OPC at the TAOZ rate (time of use tariff) and sold to private customers* — increased by $13 million in 2020, as compared to 2019, primarily as a result of an increase in acquisition of energy for customers of the OPC-Hadera power plant reflecting the commercial operation of the OPC-Hadera plant and acquisition of energy by the OPC-Rotem power plant when it was undergoing maintenance.

- *Revenue from private customers in respect of infrastructure services* — increased by $4 million in 2020, as compared to 2019. As OPC's revenue is denominated in NIS, translation of its revenue into US Dollars had a positive impact of $3 million. Excluding the impact of exchange rate fluctuations, OPC's revenues increased by $1 million primarily as a result of an $7 million increase due to the commercial operation of the OPC-Hadera power plant, partially offset by (i) a $3 million decrease due to lower consumption of OPC's customers and (ii) a $3 million decrease in infrastructure tariffs.

- *Revenue from energy sold to the System Administrator* — increased by $12 million in 2020, as compared to 2019, primarily as a result of increases in sale of energy by OPC-Rotem power plant and OPC-Hadera power plant to the System Administrator.

Cost of Sales and Services (excluding Depreciation and Amortization)

Our cost of sales (representing OPC's cost of sales) increased by $26 million to $282 million for the year ended December 31, 2020, as compared to $256 million for the year ended December 31, 2019.

The following table sets forth OPC's cost of sales for 2020 and 2019.

	For the year ended December 31,	
	2020	**2019**
	$ millions	
Natural gas and diesel oil	135	138
Payment to IEC for infrastructure services and purchase of electricity	116	92
Gas transmission costs	10	9
Operating expenses	21	17
Total	**282**	**256**

- *Natural gas and diesel oil* — decreased by $3 million in 2020, as compared to 2019. As such costs are denominated in NIS, translation of such costs into US Dollars had a negative impact of $5 million. Excluding the impact of exchange rate fluctuations, OPC's natural gas and diesel oil costs decreased by $8 million primarily as a result of (i) a $12 million decrease in electricity generation due to maintenance and load reduction at the OPC-Rotem power plant and (ii) a $7 million decrease due to a decrease in the gas price as a result of the decline in generation component and US Dollar-Israeli Shekel exchange rate fluctuations, partially offset by an $11 million increase in gas expenses due to the commercial operation of the OPC-Hadera power plant.

- *Payment to IEC for infrastructures services and purchase of electricity* — increased by $24 million in 2020, as compared to 2019. As such costs are denominated in NIS, translation of such costs into US Dollars had a negative impact of $4 million. Excluding the impact of exchange rate fluctuations, OPC's costs for payment to IEC for infrastructures services and purchase of electricity increased by $20 million primarily as a result of (i) a $13 million increase due to the commercial operation of the OPC-Hadera power plant and start of sales to customers and (ii) a $10 million increase due to maintenance and corresponding load reductions on the OPC-Rotem power plant, partially offset by a $3 million decrease due to a decline in infrastructure tariffs.

Depreciation and Amortization

Our depreciation and amortization expenses (representing OPC's depreciation and amortization expenses) remained largely constant at $33 million for the year ended December 31, 2020, as compared to $31 million for the year ended December 31, 2019.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses consist of payroll and related expenses, depreciation and amortization, and other expenses. Our selling, general and administrative expenses (excluding depreciation and amortization) increased to $50 million for the year ended December 31, 2020, as compared to $36 million for the year ended December 31, 2019. This increase was primarily driven by an increase in OPC's selling, general and administrative expenses.

OPC's selling, general and administrative expenses increased by $11 million, or 61%, to $29 million for the year ended December 31, 2020 from $18 million for the year ended December 31, 2019 primarily as a result of a $12 million increase in business development expenses in connection with the acquisition of CPV.

Financing Expenses, Net

Our financing expenses, net, increased by $25 million to $37 million for the year ended December 31, 2020, as compared to $12 million for the year ended December 31, 2019. This increase was primarily driven by an increase in OPC's financing expenses, net by the same amount.

OPC's financing expenses, net increased by approximately $24 million to $50 million in 2020 from $26 million in 2019, primarily as a result of (i) a $12 million one-off expense due to early termination of Series A debentures, (ii) a $6 million increase as a result of interest expenses related to the OPC-Hadera power plant (that were capitalized until the plant's COD and recognized after COD), and (iii) a $5 million increase as a result of US Dollar – Israeli Shekel exchange rate fluctuations.

Write back of impairment of investment

In 2020, in relation to its equity investment in ZIM, Kenon recognized a $44 million write back of impairment of investment previously recognized in 2016. For further information, see "*—Impairment Tests for ZIM*".

Share in Losses/(Profit) of Associated Companies, Net of Tax

Our share in profit of associated companies, net of tax increased to approximately $161 million for the year ended December 31, 2020, compared to share of losses of associated companies, net of tax of approximately $41 million for the year ended December 31, 2019. Set forth below is a discussion of losses/(profit) for our associated companies and the share in losses/(profit) of associated companies, net of tax.

Qoros

Qoros' comprehensive loss decreased to RMB1.3 billion (approximately $192 million) for the year ended December 31, 2020, compared to losses of RMB2.2 billion (approximately $312 million) for the year ended December 31, 2019. For the period from January 2019 until April 2020, Kenon accounted for Qoros as an associated company and included 12% of Qoros' losses in Kenon's results. As a result of the sale of Qoros shares to the Majority Shareholder in Qoros completed in April 2020, Qoros is no longer accounted for as an associated company. Our share in Qoros' comprehensive loss for the year ended December 31, 2019 was approximately $37 million. Our share in Qoros' comprehensive loss for the period from January to April 2020 was approximately $6 million.

ZIM

Pursuant to the equity method of accounting, our share in ZIM's results of operations was a profit of approximately $524 million for the year ended December 31, 2020 and a loss of approximately $13 million for the year ended December 31, 2019. Set forth below is a summary of ZIM's consolidated results for the year ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	2019
	(in millions of USD)	
Revenue	3,992	3,300
Cost of services	3,127	3,037
Gross profit	865	263
Operating profit	772	153
Profit (loss) before taxes on income	541	(1)
Taxes on income	(17)	(12)
Profit/(loss) for the period	524	(13)

The number of TEUs carried for the year ended December 31, 2020 increased by 20 thousand TEUs, or 1%, from 2,821 thousand TEUs for the year ended December 31, 2019 to 2,841 thousand TEUs for the year ended December 31, 2020, primarily impacted by changes in the operated lines' structure and capacity in the Pacific trade, which were partially offset by the effect of changes in the operated lines' structure and capacity in the Cross Suez trade, along with blank voyages in 2020 related to the COVID-19 pandemic impact across all trades. The average freight rate per TEU carried for the year ended December 31, 2020 increased by $220, or 22%, from $1,009 for the year ended December 31, 2019 to $1,229 for the year ended December 31, 2020.

ZIM's revenues increased by $692 million, or 21%, from $3,300 million for the year ended December 31, 2019 to $3,992 million for the year ended December 31, 2020, primarily due to (i) an increase of $645 million in revenues from containerized cargo with respect to carried volume and average freight rates, (ii) an increase of $33 million in income from related services and (iii) an increase of $22 million in income from slots and chartered vessels. ZIM's operating expenses and cost of services for the year ended December 31, 2020 increased by $24 million, or 1%, from $2,811 million for the year ended December 31, 2019 to $2,835 million for the year ended December 31, 2020, primarily due to (i) an increase in expenses of related service and sundry of $39 million (64%) and (ii) an increase in cargo handling expenses of $12 million (1%), offset by (iii) a decrease in bunker expenses of $25 million (7%).

ZIM publishes its results on the SEC's website at http://www.sec.gov. This website, and any information referenced therein, is not incorporated by reference herein.

Tax Expenses

Our taxes on income decreased by $12 million to $5 million for the year ended December 31, 2020 from $17 million for the year ended December 31, 2019. This decrease was primarily driven approximately by a $10 million decrease in OPC's tax expenses.

Profit (Loss) For the Year

As a result of the above, our profit for the year from continuing operations amounted to $496 million for the year ended December 31, 2020, compared to a loss from continuing operations of $22 million for the year ended December 31, 2019.

B. Liquidity and Capital Resources

Kenon's Liquidity and Capital Resources

As of December 31, 2020, Kenon had approximately $222 million in cash on an unconsolidated basis and no material gross debt. Following the distribution of a dividend in April 2021, Kenon's unconsolidated cash balance will be approximately $122 million.

Under its dividend policy, OPC has stated that it intends to issue a dividend of 50% net income. The issuance of dividends is subject to the board of directors' discretion. In 2020, OPC did not distribute dividends to its shareholders.

ZIM's board of directors has adopted a dividend policy, to distribute each year up to 50% of ZIM's annual net income as determined under IFRS, subject to applicable law, and provided that such distribution would not be detrimental to ZIM's cash needs or to any plans approved by its board of directors. ZIM has indicated that the actual payout ratio could be anywhere from 0% to 50% of its net income, and may fluctuate depending on its cash flow needs and such other factors.

We believe that Kenon's working capital (on a stand-alone basis) is sufficient for its present requirements. Our principal needs for liquidity are expenses related to our day-to-day operations. We may also incur expenditures related to investments in our businesses, our back-to-back guarantees to Chery with respect to Qoros' indebtedness and expenses we may incur in connection with legal claims and other rights we retained in connection with the sale of the Inkia Business. Our businesses are at various stages of development, ranging from early stage companies to established, cash generating businesses, and some of these businesses will require significant financing, via equity contributions or debt facilities, to further their development, execute their current business plans, and become or remain fully-funded. We may, in furtherance of the development of our businesses, make further investments, via debt or equity financings, in our remaining businesses.

Kenon has outstanding guarantee obligations to Chery of approximately $17 million.

In connection with Kenon's sale of its Inkia Business, Kenon has given a guarantee of Inkia's indemnification obligations to the buyer of the Inkia Business. For further information, see "*Item 4.B Business Overview—Discontinued Operations—Inkia Business—Kenon Guarantee.*"

The cash resources on Kenon's balance sheet may not be sufficient to meet any payment obligations or to fund additional investments that we deem appropriate in our businesses or meet our guarantee obligations. As a result, Kenon may seek additional liquidity from its businesses (via dividends, loans or advances, or the repayment of loans or advances to us, which may be funded by sales of assets or minority interests in our businesses), or obtain external financing, which may result in dilution of shareholders (in the event of equity financing) or additional debt obligations for the company (in the event of debt financing). For a description of our capital allocation principles, see "*Item 4.B Business Overview.*" For further information on the risks related to the significant capital requirements of our businesses, see "*Item 3.D Risk Factors—Risks Related to Our Strategy and Operations—Some of our businesses have significant capital requirements.*"

Consolidated Cash Flow Statement

Set forth below is a discussion of our cash and cash equivalents and our cash flows as of and for the years ended December 31, 2020 and 2019. [2]

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Cash and cash equivalents increased to approximately $286 million for the year ended December 31, 2020, as compared to approximately $147 million for the year ended December 31, 2019, primarily as a result of an increase in Kenon's balance of $189 million offset by a decrease in OPC's balance of $50 million. The following table sets forth our summary cash flows from our operating, investing and financing activities for the years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	**2019**
	(in millions of USD)	
Continuing operations		
Net cash flows provided by operating activities		
OPC	105	109
Adjustments and Other	(13)	(23)
Total	92	86
Net cash flows used in investing activities	(230)	(30)
Net cash flows provided by / (used in) financing activities	256	(74)
Net change in cash from continuing operations	118	(18)
Net change in cash from discontinued operations	8	25
Cash—opening balance	147	131
Effect of exchange rate fluctuations on balances of cash and cash equivalents	13	9
Cash—closing balance	286	147

Cash Flows Provided by Operating Activities

Net cash flows from operating activities increased to $92 million for the year ended December 31, 2020 compared to $86 million for the year ended December 31, 2019. The increase is primarily driven by changes in working capital, partially offset by a decrease in OPC's cash provided by operating activities as discussed below.

Cash flows provided by OPC's operating activities decreased to $105 million for the year ended December 31, 2020 from $109 million for the year ended December 31, 2019, primarily as a result of a decrease in gross profit, partially offset by an increase in working capital mainly as a result of higher collections.

Cash Flows Used in Investing Activities

Net cash flows used in our investing activities increased to approximately $230 million for the year ended December 31, 2020, compared to cash flows used in investing activities of approximately $30 million for the year ended December 31, 2019. This increase in cash flow used was primarily driven by the increased outflows from OPC's investing activities as described below, partially offset by one-off proceeds from the sale of our 12% interest in Qoros and the early receipt of the deferred payment as described under "*Business—Discontinued Operations — Inkia Business —Side letter Entered into in connection with the Repayment of the Deferred Payment Agreement*" in 2020.

2 For a comparison of Kenon's cash flows for the fiscal year ended December 31, 2019 with the fiscal year ended December 31, 2018, please see Item 5.A of Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2019.

Cash flows used in OPC's investing activities increased to $644 million for the year ended December 31, 2020 from $41 million for the year ended December 31, 2019, primarily as a result of a $500 million increase in short-term deposits, a $119 million increase in investment in OPC-Tzomet, and a $13 million increase in restricted cash, net.

Cash Flows Provided by / (Used in) Financing Activities

Net cash flows provided by financing activities of our consolidated businesses was approximately $256 million for the year ended December 31, 2020, compared to cash flows used in financing activities of approximately $74 million for the year ended December 31, 2019. The net inflow in 2020 was primarily driven by OPC's net inflow as described below.

Cash flows provided by OPC's financing activities increased to $478 million for the year ended December 31, 2020, as compared to $54 million used for the year ended December 31, 2019, primarily as a result of the proceeds of a $282 million issuance of Series B bonds, a $314 million d issuance of shares, and $78 million in drawdowns from financing agreements. These were partially offset by the repayment of Series A bonds of $92 million in 2020, and a $71 million dividend in 2019.

Kenon's Commitments and Obligations

As of December 31, 2020, Kenon had consolidated liabilities of $1.2 billion, primarily consisting of OPC liabilities.

In addition, Kenon had obligations under its back-to-back guarantees provided by it to Chery, which amounted to RMB109 million (approximately $17 million), plus interest and certain fees, as of December 31, 2020. Under the investment agreement pursuant to which the Majority Shareholder in Qoros acquired a 51% stake in Qoros, the majority shareholder assumed its pro rata share of Qoros' shareholders' guarantees obligations.

Other than the back-to-back guarantees we have provided to Chery in respect of certain of Qoros' indebtedness, and loans from subsidiaries, at the Kenon level, we have no outstanding indebtedness or financial obligations and are not party to any credit facilities or other committed sources of external financing. Kenon has given a guarantee of Inkia's indemnity obligations under the share purchase agreement for the sale of the Inkia Business.

Set forth below is a summary of these obligations.

Back-to-Back Guarantees Provided to Chery

Kenon provided back-to-back guarantees to Chery in respect of certain of Qoros' RMB3 billion EXIM bank credit facility and its RMB700 million EXIM bank loan facilities.

In 2016 and 2017, Kenon entered into agreements with Chery to provide financing to Qoros in connection with a release of Kenon's back-to-back guarantee obligations to Chery (which were RMB850 million as of December 31, 2016). Pursuant to these agreements, during 2017, Kenon funded shareholder loans of RMB488 million (of which RMB244 million was advanced on behalf of Chery) to Qoros, reducing Kenon's back-to-back guarantee obligations to Chery from RMB850 million to RMB288 million (approximately $41 million). In addition, as a result of the completion of the sale to the Majority Shareholder in Qoros in April 2020, in May 2020, Kenon received the remaining RMB5 million (approximately $1 million) previously provided to Chery resulting in full reimbursement of the RMB244 million (approximately $36 million) cash collateral.

As a result of the Majority Shareholder in Qoros' acquisition of interests in Qoros in 2018 and 2020, the Majority Shareholder in Qoros assumed its share of Qoros bank guarantee obligations, which reduced Kenon's back-to-back guarantee obligations to RMB109 million (approximately $17 million).

The following discussion sets forth the liquidity and capital resources of each of our businesses.

OPC's Liquidity and Capital Resources

As of December 31, 2020, OPC had cash and cash equivalents and short-term deposits of $562 million. OPC's total outstanding consolidated indebtedness was $921 million as of December 31, 2020.

OPC's principal sources of liquidity have traditionally consisted of cash flows from operating activities, short- and long-term borrowings under loan facilities, bond issuances and public and private equity offerings.

In addition, OPC is limited in usage of certain deposits and cash, with such restricted deposits and cash constituting an aggregate amount of $64 million and $34 million as of December 31, 2020 and 2019, respectively.

OPC's principal needs for liquidity generally consist of capital expenditures related to the development and construction of generation projects (including OPC-Hadera, Tzomet and other projects OPC may pursue), capital expenditures relating to maintenance (e.g., maintenance and diesel inventory), working capital requirements (e.g., maintenance costs that extend the useful life of OPC's plants) and other operating expenses. OPC believes that its liquidity is sufficient to cover its working capital needs in the ordinary course of OPC's business.

OPC's Material Indebtedness

As of December 31, 2020, OPC had cash and cash equivalents and short-term deposits of $562 million, debt service reserves (classified as restricted cash) of $46 million, and total outstanding consolidated indebtedness of $921 million, consisting of $49 million of short-term indebtedness, including the current portion of long-term indebtedness, and $872 million of long-term indebtedness.

Israel

The following table sets forth selected information regarding OPC's principal outstanding short-term and long-term debt, as of December 31, 2020 (excluding CPV):

	Outstanding Principal Amount as of December 31, 2020*	**Interest Rate**	**Final Maturity**	**Amortization Schedule**
		($ millions)		
OPC-Rotem:				
Financing agreement[1]	341	4.9%-5.4,% CPI linked	June 2031	Quarterly principal payments to maturity
OPC-Hadera:				
Financing agreement[2]	217	2.4%-3.9%, CPI linked (2/3 of the loan) 3.6%-5.4% (1/3 of the loan)	September 2037	Quarterly principal payments to maturity, commencing 6 months following commercial operations of OPC-Hadera power plant
Tzomet:				
Financing agreement[3]	57	CPI or US$-linked with interest equal to prime plus margin of 0.5-1.5% - agreement includes provisions for conversion of interest from variable to CPI-linked debenture interest plus margin of 2-3%	Earliest of 19 years from commercial operations date of Tzomet power plant and 23 years from the signing date, but no later than December 31, 2042	Quarterly principal payments to maturity, commencing close to the end of the first or second quarter following commercial operations of the Tzomet power plant
OPC[4]:				
Bonds (Series B) [4]	305	2.75% (CPI-Linked)	September 2028	Semi-annual principal payments commencing on September 30, 2020
Harel Loan Facility Agreement[5]	Undrawn	Annual rate equal to the Bank of Israel interest rate plus a margin ranging between 2.55% and 2.75%. Upon occurrence of any of the following events, the interest rate on the loans will increase by 2%: (A) non-compliance with the minimum liquidity condition (as defined below); (B) the ratio between the Company's shareholders' equity and the Company's total assets, as stated below, falls below 25%; and (C) the LTV of the pledged rights is higher than 40%.	The principal amounts of the long-term loans that will be provided are to be repaid on a date that falls 36 months after the earlier of: (A) the date on which the first long-term withdrawal is made; or (B) the end of October 2022.	Quarterly principal payments to maturity
Total	920			

* Includes interest payable, net of expenses.

(1) Represents NIS 1,097 million converted into U.S. Dollars at the exchange rate for NIS into U.S. Dollars of NIS 3.215 to $1.00. All debt has been issued in Israeli currency (NIS) linked to CPI.

(2) Represents NIS 698 million converted into U.S. Dollars at the exchange rate for NIS into U.S. Dollars of NIS 3.215 to $1.00. All debt has been issued in Israeli currency (NIS), of which 2/3 is linked to CPI and 1/3 is not linked to CPI.

(3) Represents NIS 184 million converted into U.S. Dollars at the exchange rate for NIS into U.S. Dollars of NIS 3.215 to $1.00. All debt has been issued in Israeli currency (NIS) part of which is linked to CPI and part of which is not linked to CPI.

(4) In April 2020, OPC completed an offering of NIS400 million (approximately $113 million) of Series B bonds on the Tel Aviv Stock Exchange, at an annual interest rate of 2.75%. In October 2020, OPC issued 555,555 units of NIS1,000 Series B bonds, totaling gross proceeds of NIS 584 million ($171 million). The offering was an extension of the existing Series B bonds previously issued by OPC. The proceeds of the additional Series B issuance were used to redeem Series A bonds (NIS 313 million ($92 million) and in part to fund the CPV acquisition.

(5) In November 2020, OPC entered into loan facility agreement with Harel Insurance Investments & Financial Services Ltd. in an amount of NIS400 million (approximately $117 million). OPC may draw funds under this loan facility on a short-term or long-term basis, for a period of up to 36 months. This loan facility will accrue interest at a rate of Bank of Israel base interest plus a margin between 2.55% and 2.75%, paid on a quarterly basis. The proceeds of this loan facility were used for payment of part of the consideration for the acquisition of CPV, and may be used to provide amounts required for CPV to develop its business; and/or to fund OPC's existing operations.

The debt instruments to which OPC and its operating companies are party to require compliance with financial covenants. Under each of these debt instruments, the creditor has the right to accelerate the debt or restrict the company from declaring and paying dividends if, at the end of any applicable period the applicable entity is not in compliance with the defined financial covenants ratios.

The instruments governing a substantial portion of the indebtedness of OPC operating companies contain clauses that would prohibit these companies from paying dividends or making other distributions in the event that the relevant entity was in default on its obligations under the relevant instrument.

For further information on OPC's financing arrangements, see Note 16 to our financial statements included in this annual report.

OPC-Rotem Financing Agreement

In January 2011, OPC-Rotem entered into a financing agreement with a consortium of lenders led by Bank Leumi Le-Israel Ltd., or Bank Leumi, for the financing of its power plant project. As part of the financing agreement, the lenders committed to provide OPC-Rotem a long-term credit facility, including several types of lines of credit, in the overall amount of NIS 1,800 million (approximately $560 million). Currently, there are two available lines of credit in the total amount of NIS 21 million (approximately $7 million) and a working capital line of credit. Furthermore, as part of the financing agreement, certain restrictions were provided with respect to distributions of dividends and repayments of OPC-Rotem's shareholders' loans, commencing from the third year after the completion of OPC-Rotem's power plant. The lock-up period prohibiting distributions ended in June 2015. The financing agreement contains additional restrictions and limitations, including:

- minimum annual (in the past 12 months) debt service coverage ratio (DSCR), annual projected DSCR and annual loan life coverage ratio (LLCR): 1.05-1.1, depending on the supply of electricity to IEC;
- maintenance of minimum amounts in the reserve accounts in accordance with the agreement; and
- other non-financial covenants and limitations such as restrictions on asset sales, pledges investments and incurrence of debt, as well as reporting obligations.

The loans are CPI-linked and are repayable on a quarterly basis beginning in the fourth quarter of 2013 until 2031.

OPC-Rotem created a guarantee reserve account in the amount of NIS 57.5 million (approximately $18 million). As of December 31, 2020, the full balance had been deposited in the guarantee reserve account. OPC-Rotem is required to maintain a debt service reserve of two quarterly payments (NIS 76 million as of December 31, 2020).

OPC-Hadera Financing Agreement

In July 2016, OPC-Hadera entered into a NIS 1 billion (approximately $311 million) senior facility agreement with Israel Discount Bank Ltd. and Harel Company Ltd. to finance the construction of OPC-Hadera's power plant in Hadera. Pursuant to the agreement, the lenders undertook to provide OPC-Hadera with financing in several facilities (including a term loan facility, a standby facility, a debt service reserve amount, or DSRA, facility to finance the DSRA deposit, a guarantee facility to facilitate the issuance of bank guarantees to be issued to third parties, a VAT facility (for the construction period only), a hedging facility (for the construction period only), and a working capital facility (for the operation period only)). In March 2020, the lenders under this agreement granted OPC-Hadera's request to extend the COD under the agreement to June 2020.

In December 2017, Israel Discount Bank Ltd. assigned 43.5% of its share in the long-term credit facility (including the facility for variances in construction and related costs) to Clal Pension and Femel Ltd. and Atudot Pension Fund for Salaried and Self-employed Ltd.

The loans under the facility agreement accrue interest at the rates specified in the relevant agreement. The loans will be repaid in quarterly installments according to repayment schedules specified in the agreement. The financing will mature 18 years after the commencement of repayments in accordance with the provisions of the agreement which will commence approximately half a year following the commencement of commercial operation of the OPC-Hadera plant.

In connection with the senior facility agreement, liens were placed on some of OPC-Hadera's existing and future assets and on certain OPC and OPC-Hadera rights, in favor of Israel Discount Bank Ltd., as collateral agent on behalf of the lenders. The senior facility agreement also contains certain restrictions and limitations, including:

- minimum projected DSCR, average projected DSCR (in relation to long-term loans at the commercial operation date of the power plant) and LLCR (at the commercial operation date of the power plant): 1.10 – on the withdrawal dates the ratio must be at least 1.20;
- maintenance of minimum amounts in the reserve accounts in accordance with the agreement; and
- other non-financial covenants and limitations such as restrictions on dividend distributions, repayments of shareholder loans, asset sales, pledges investments and incurrence of debt as well as reporting obligations.

As of December 31, 2020, following the full investment of the project's equity contribution, OPC-Hadera has made drawings in the aggregate amount of NIS 680 million (approximately $212 million) under the NIS 1 billion (approximately $311 million) loan agreement relating to the project.

Tzomet Financing Agreement

In December 2019, Tzomet entered into a NIS 1.4 billion (approximately $435 million) senior facility agreement with a syndicate of lenders led by Bank Hapoalim Ltd, or Bank Hapoalim, to finance the construction of Tzomet's power plant. Pursuant to the agreement, the lenders undertook to provide Tzomet with financing in several facilities (including a term loan facility, a standby facility, a DSRA facility to finance the DSRA deposit, a guarantee facility to facilitate the issuance of bank guarantees to be issued to third parties, a VAT facility (for the construction period only), a hedging facility (for the construction and operating periods), and a working capital facility (for the operation period only)).

The loans under the facility agreement accrue interest at the rates specified in the relevant agreement. The loans will be repaid in quarterly installments according to repayment schedules specified in the agreement. The financing will mature at the earliest of 19 years from the commencement of commercial operation of the Tzomet plant and 23 years from the signing date of the facility agreement, but no later than December 31, 2042, in accordance with the provisions of the agreement.

In connection with the facility agreement, OPC's shares in Tzomet (including any shares that OPC acquires from the minority shareholders) certain OPC and Tzomet rights were pledged in favor of Bank Hapoalim, as collateral agent on behalf of the lenders. The facility agreement also contains certain restrictions and limitations, including:

- minimum projected average debt service coverage ratio (ADSCR), average projected ADSCR and LLCR: 1.05 – on the withdrawal dates, Tzomet is required to comply with a minimum contractual ADSCR (i.e. the lowest contractual ADSCR of all the contractual ADSCRs up to the date of final repayment) an average contractual ADSCR (i.e. the average contractual ADSCR of all the contractual ADSCRs up to the date of final repayment), and a contractual LLCR on the commencement date of the commercial operation of at least 1.3;

- maintenance of minimum amounts in the reserve accounts in accordance with the agreement; and

- other non-financial covenants and limitations such as restrictions on dividend distributions, repayments of shareholder loans, asset sales, pledge investments and incurrence of debt.

As of December 31, 2020, Tzomet has made drawings in the aggregate amount of NIS 187 million (approximately $58 million) under the facility agreement.

Harel loan agreement

In October 2020, OPC entered into an NIS 400 million (approximately $117 million) loan facility agreement with Harel Insurance Investments & Financial Services Ltd. OPC may draw funds under this loan facility on a short-term or long-term basis, for a period of up to 36 months. This loan facility accrues interest at a rate of Bank of Israel base interest plus a margin between 2.55% and 2.75%, paid on a quarterly basis. The proceeds of this loan facility were used for (i) payment of part of the consideration for the acquisition of CPV, providing amounts required for CPV to develop its business; and/or (ii) to fund OPC's existing operations.

The agreement provides a number of limitations and commitments, including, among others:

(1) the loans will serve one or more of the following purposes: (A) investment, directly or indirectly, in OPC, for purposes of payment part of the consideration under the agreement for acquisition of CPV or in order to provide the amounts required by CPV for development of its business; or (B) for purposes of OPC's current ongoing activities in the ordinary course of business;

(2) OPC US, Inc. (which is wholly-owned by OPC and which is the General Partner of OPC Power), OPC, CPV Group LP and the CPV Group have limitations on dispositions, incurring financial debts, provision of guarantees or collaterals, liabilities relating to insurance, activities and holding structure; and

(3) In addition, the agreement includes a number of events of default with respect to OPC and the other entities referred to under clause (2) above, including, among others, various insolvency events, discontinuance of activities, violation of obligations and representations, non-payment, nationalization or expropriation of certain assets, cross acceleration relating to certain debts of OPC or any of the other companies referred to under clause (2) or of significant companies held by OPC, events having a significant adverse impact, certain changes of control (direct or indirect) of OPC, certain events relating collateral and compliance with certain legal proceedings.

The agreement also contains certain restrictions and limitations, including a requirement to maintain:

- minimum shareholders' equity of NIS 550 million;

- minimum ratio of shareholders' equity to total assets based on separate-company (solo) financial statements of 20%;
- ratio of OPC's net debt to adjusted EBITDA of not less than 12;
- LTV of pledged rights (ratio between the total outstanding balance of the loans and the value of the OPC's holdings in OPC Power Ventures LP) less than 50%; and
- cash, cash equivalents or deposits equal to at least the amount of OPC's net current liabilities (including liabilities to Harel), during the 12 months following every examination date (however commencing from the date that will fall 12 months prior to the final repayment date and thereafter, the borrower will be required to maintain cash, cash equivalents or deposits in an amount equal to (A) the total current financial liabilities (that mature up to the date provided in the facility agreement for payment of the principal of the loan), however not less than the amount of all the current liabilities that mature in the calendar quarter following the date provided in the facility agreement for payment of the principal of the loan); plus (B) 50% of the outstanding balance of the loan (the "Minimum Liquidity Condition").

The agreement imposes certain restrictions on distributions by OPC (including repayment of shareholder loans), including:

- minimum shareholders' equity of NIS 850 million;
- minimum ratio of shareholders' equity to total assets based on separate-company (stand-alone) financial statements of 30%;
- ratio of OPC's net debt to adjusted EBITDA of not less than 11;
- LTV of pledged rights less than 35%; and
- Minimum Liquidity Condition.

Vendor Loan

A portion of the consideration for the acquisition of CPV consisted of consideration of $95 million which was paid for CPV's 17.5% holding in the Three Rivers project currently being developed. This considered was paid in the form of a promissory note issued by CPV Power Holdings L.P. (which is the owner of most of CPV's operating projects), with a maturity of two years after completion of the acquisition. The loan bears interest at a rate of 4.5% per annum, and is secured by a pledge of shares of a holding company that owns the rights in the Three Rivers project and rights under a management agreement for the project. The CPV acquisition agreement provided that CPV may reduce its interest in the Three River's project to 10% and this was done shortly following the CPV acquisition and as a result, the loan was reduced from $95 million to $54 million.

OPC Bonds (Series B)

In April 2020, OPC issued NIS400 million (approximately $113 million) of bonds (Series B), which were listed on the Tel Aviv Stock Exchange. The bonds bear annual interest at the rate of 2.75% and are repayable every six months, commencing on September 30, 2020 (on March 31 and September 30 of every calendar year) through September 30, 2028. In addition, an unequal portion of principal is repayable every six months. The principal and interest are linked to an increase in the Israeli consumer product index of March 2020 (as published on April 15, 2020). The bonds have received a rating of A3 from Midroog and A- from S&P Global Ratings Maalot Ltd.

In October 2020, OPC issued NIS 584 million ($171 million) of Series B bonds. The offering was an extension of the existing Series B bonds previously issued by OPC. The proceeds of the additional Series B issuance were used to redeem OPC's Series A bonds (NIS 310 million ($90 million)) and in part to fund the CPV acquisition (approximately NIS 250 million (approximately $78 million)). The outstanding principal amount (net of expenses) as of December 31, 2020 is NIS 980 million (approximately $305 million).

The bonds are unsecured and the trust deed includes limitations on OPC's ability to impose a floating lien on its assets and rights in favor of a third party.

The trust deed contains customary clauses for calling for the immediate redemption of the bonds, including events of default, insolvency, liquidation proceedings, receivership, stay of proceedings and creditors' arrangements, certain types of restructuring, material downturn in the position of OPC. The bondholders' right to call for immediate redemption also arises upon: (1) the occurrence of certain events of loss of control by Kenon; (2) the call for immediate repayment of other debts (or guarantees) of OPC or of a consolidated subsidiary in certain predefined minimum amounts; (3) a sale of one or more assets of the company which constitutes more than 50% of the value of company's assets, in less than 12 consecutive months, or a change in the area of operation of OPC such that OPC's main area of activity is not in the energy sector, including electricity generation in power plants and with renewable energy sources; (4) a rating being discontinued over a certain period of time; (5) the company breaching its covenant obligations under the deed of trust and executes an extraordinary transaction with the controlling shareholders (as these terms are defined under the Israeli Companies Law-1999); (6) the company's financial reports containing a going concern notice addressing the company itself, for two consecutive quarters; and (7) a suspension of trading for a certain time period if the bonds are listed for trade on the main list of the stock exchange.

The trust deed includes an undertaking by OPC to comply with covenants on the basis of its stand-alone financial statements: coverage ratio between net financial debt deducting financial debt of projects yet to produce EBITDA, and adjusted EBITDA of no more than 13, minimum equity of NIS 250 million (approximately $71 million) and an equity-to-balance sheet ratio of at least 17%.

The trust deed also includes an undertaking by OPC to monitor the rating by a rating agency.

Furthermore, restrictions are imposed on distributions and payment of management fees to the controlling shareholder, including compliance with certain covenants and certain legal restrictions.

The terms of the bonds also provide for the possible raising of the interest rate in certain cases of lowering the rating and in certain cases of breach of financial covenants. The ability of OPC to expand the series of the bonds has been limited under certain circumstances, including maintaining the rating of the bonds at its level shortly prior to the expansion of the series and the lack of breach.

Additionally, should OPC raise additional bonds that are not secured (and as long as they are not secured), such bonds will not have preference over the bonds (Series B) upon liquidation. Should OPC raise additional bonds that are secured, these will not have preference over the bonds (Series B) upon liquidation, except with respect to the security.

United States

Each CPV project company has arranged senior debt under similar, single asset, non-recourse, project financing structures. At financial closing, debt and equity capital is committed in an amount sufficient to fund the project's projected capital costs during construction, along with revolving ancillary credit facilities. The ancillary credit facilities are provided by a subset of the project's lenders and are comprised of letter of credit (LC) facilities, which support collateral obligations under the financing arrangements and commercial arrangements, and a working capital revolver facility, which supports the project's ancillary credit needs. The senior credit facilities are generally structured such that subject to certain conditions precedent, they convert from construction facilities to long-term facilities (term loans) with maturity dates generally tied to the term of the commercial agreements anchoring projected operating cash flows. For the gas-fired projects, the tenors generally span the construction period plus 5-7 years after commercial operations (a "mini-perm" financing). The mini-perms are repaid based on the combination of scheduled amortization and result-based metrics, which in the aggregate, result in a partial repayment profile with a balance at maturity that must be refinanced or repaid. CPV's practice is to opportunistically refinance the credit facilities depending on market conditions, and in all cases prior to the scheduled maturity. The credit facilities in place during construction are sourced from consortiums of international financiers (~ 10-20 in each gas fired project, fewer for renewables projects with lower capital needs) and executed in the "Term Loan A" market, which is substantially comprised of commercial banks, investment banks, institutional lenders, insurance companies, international funds, and equipment supplier credit affiliates. CPV has executed refinancings for its gas-fired projects in both the Term Loan A market and Term Loan B market, which includes mainly institutional lenders, international funds, and a number of commercial banks (the "Term Loan B" market).

While the credit facility terms and conditions have certain provisions specific to the project being financed, an overwhelming majority of the standard key terms and conditions (first lien security, covenants, events of default, equity cure rights, distribution restrictions, reserve requirements, etc.) are similar across the CPV project Term Loan A financings, while the Term Loan B market refinancing terms are slightly less restrictive. In each market and often within each financing, lenders to CPV's projects have funded either on a credit spread over London Inter-Bank Offered Rate ("LIBOR")/Base Rate basis or on a fixed rate basis. To minimize exposure to potential interest rate risk, CPV executes interest rate hedges at each project level ranging from 70%-85% of projected notional term loan balances over a range of construction plus 3-7 years for the mini-perms, and longer for the renewable projects. Under the interest rate swaps, the project companies pay the major financial institutions fixed rate interest and receive variable interest payments to hedge the term loans. For the LIBOR-based loans, the credit agreements and interest rate swap arrangements include market-standard provisions to accommodate the eventual replacement of LIBOR as a reference rate.

The table below sets forth summaries of the key commercial terms of the senior credit facilities associated with each CPV project financing. The term loan commitment amounts are referenced as of the date noted and once drawn and repaid, may not be drawn again. The events of default consist of customary events of default, including, among others: breach of commitments and representations having a material adverse effect, failure of equity contributing party to fund during construction, nonpayment events, failure to adhere to certain covenants, various insolvency events, termination of the project's activities or of significant parties in the project (as defined in the agreement), various events in connection with its regulatory status and maintenance of government approvals, certain changes in ownership of the project company, certain events in connection with the project, existence of legal proceedings in connection with the project, and the project not having the right to receive payments for its capacity and electricity – all of this in accordance with and subject to the terms, definitions and cure periods as stated in the relevant credit agreement.

Project	Financial Closing Date	Total Commitment (approximately in $ millions)	Total Outstanding/ Issued (approximately in $ millions) as of Dec. 31, 2020	Maturity Date	Annual interest	Covenants
Fairview	March 24, 2017	710	621[1]	June 30, 2025[2]	LIBOR plus margin of 2.50%–2.75% (subject to replacement base interest rate)	Dividends are subject to the project company meeting conditions, including compliance with a minimum debt service coverage ratio of 1.2 during the 4 quarters that preceded the distribution, compliance with reserve requirements (pursuant to the terms of the financing agreement), compliance with the debt balances target defined in the agreement, and that no ground for repayment or breach event exists (as defined in the financing agreement).
Towantic	March 11, 2016	753	589[3]	June 30, 2025[2]	LIBOR plus margin of 3.25%–3.75% (subject to replacement base interest rate)	Similar to Fairview (see above)
CPV Maryland	August 8, 2014	550	360[4]	March 31, 2022[2]	LIBOR plus margin in the range of 4.25% (subject to replacement base interest rate)	Similar to Fairview (see above)
CPV Shore	Sept. 20, 2013	565	430[5]	Dec. 27, 2025 (Term Loan) Dec. 27, 2023 (Ancillary Facilities)[2]	Term Loan: LIBOR plus margin of 3.75% (subject to replacement base interest rate) Ancillaries: 3.00% margin	Historic rolling 4 quarter debt service coverage ratio of 1:1. CPV is currently in compliance with this covenant Dividends are subject to, among others, certain reserve requirements, and having no existing default or event of default.
CPV Valley	June 12, 2015	680	595[6]	June 30, 2023	LIBOR plus margin of 3.50%–3.75% (subject to replacement base interest rate)	Dividends are subject to the project company meeting conditions, including compliance with a minimum debt service coverage ratio of 1.2 during the 4 quarters that preceded the distribution, compliance with reserve requirements (pursuant to the terms of the financing agreement), compliance with requirements for receipt of a certain permit, compliance with the debt balances target defined in the agreement, and that no ground for repayment or breach event exists (as defined in the financing agreement).
CPV Keenan II	Feb. 2, 2010	151	83[7]	Dec. 31, 2028 (Term Loan) Dec. 30, 2021 (Ancillaries)[8]	Term Loan: LIBOR + margin 2.25%–2.75% (subject to replacement base interest rate) Ancillaries: LIBOR + margin 1.00% (subject to replacement base interest rate)	Similar to Fairview, with the exception of the debt balances target provision (see above)
CPV Three Rivers	Aug. 21, 2020	875	340[8]	June 30, 2028[2]	LIBOR plus margin of 3.50%–4.00% (subject to replacement base interest rate)	Similar to Fairview (see above)

1. Consisting of Term Loan (Variable): $485M, Term Loan (Fixed, 5.78%): $112M, Ancillary Facilities (Working Capital Loan: $0; Letters of Credit/LC Loans: approximately $24M).
2. The rate and scope of repayment of loan principal varies until final repayment, in accordance with integration of amortization and cash sweep repayment mechanisms ("mini perm" financing)
3. Consisting of Term Loan (Variable): $555M, Ancillary Facilities (Working Capital Loan: $0; Letters of Credit/LC Loans: $34.5M).
4. Consisting of Term Loan (Variable): $315M, Ancillary Facilities (Working Capital Loan: $0; Letters of Credit/LC Loans: $46M (of which approximately $15M was withdrawn re: debt service reserve as of December 31, 2020)).
5. Consisting of Term Loan (Variable): $372M, Ancillary Facilities (Working Capital Loan: $0; Letters of Credit/LC Loans: $57M).
6. Consisting of Term Loan (Variable): $487M, Ancillary Facilities (Working Capital Loan: $10M; Letters of Credit/LC Loans: $108 M (of which approximately $31M was withdrawn re: debt service reserve as of December 31, 2020))). CPV Valley is currently in negotiations to seek certain concessions on the ancillary facilities in exchange for a $10M aggregate capital commitment from the project sponsors ($5M from CPV). The concessions would waive the annual, mandatory full repayment of the working capital loans through June 29, 2022 and release $5M million of working capital capacity that is currently restricted due to the Title V permit matter discussed elsewhere.
7. Consisting of Term Loan (Variable): $69M, Ancillary Facilities (Working Capital Loan: $0; Letters of Credit/LC Loans: $14M). the amortization schedule of the term loan is based on the December 2030 maturity date, however with a 100% cash sweep mechanism starting March 2027, so that the term loan is expected to be repaid in full by the December 2028 maturity date.
8. Consisting of: Term Loan (Variable): $176M, Term Loan (Fixed, 4.5%): $100M; Ancillary Facilities (Working Capital Loan: 0; Letters of Credit/LC Loans: $64.4M).

Qoros' Liquidity and Capital Resources

Qoros' cash and cash equivalents was RMB10 million (approximately $2 million) as of December 31, 2020, compared to approximately RMB105 million (approximately $15 million) as of December 31, 2019. Qoros' principal sources of liquidity are cash flows from car sales, cash inflows received from financing activities, including long-term loans, short-term facilities and capital contributions (in the form of equity contributions or shareholder loans). Qoros' RMB3 billion syndicated credit facility, RMB1.2 billion syndicated credit facility and its RMB700 million credit facility are no longer available for drawing, and Qoros may require additional financing, including the renewal or refinancing of its working capital facilities, to fund its development and operations.

Qoros has historically relied upon shareholder funding as well as bank facilities supported by guarantees and pledges from its shareholders to fund its development and operations.

As of December 31, 2020, Qoros had external loans and borrowings of RMB3.3 billion (approximately $512 million) and loans and other advances from parties related to the Majority Shareholder of RMB5.3 million (approximately $809 million). As of December 31, 2020, Qoros had total current liabilities of RMB9.4 billion (approximately $1.4 billion) largely made up of external loans and borrowings and loans and other advances from parties related to the Majority Shareholder, trade and other payables, and current assets of RMB3.1 billion (approximately $470 million). Qoros uses a portion of its liquidity to make debt service payments. Qoros is required to make amortizing principal payments on its RMB3 billion, RMB1.2 billion and RMB700 million facilities but has limited cash flows. Qoros deferred the amortizing principal payments on its RMB1.2 billion facility in the aggregate amount of RMB180 million (approximately $28 million) that were due on various dates in 2020 to December 2020, and is currently pursuing deferrals of all future payments for its other facilities. All of Qoros' debt is classified as current as a result of a failure to comply with certain covenants and related cross defaults.

Until Qoros achieves significantly higher levels of sales, Qoros will continue to need additional financing from shareholders or third parties to meet its operating expenses (including accounts payable) and debt service requirements. If Qoros is not able to raise additional financing as required, it may be unable to continue operations, and Kenon may be required to make payments under its back-to-back guarantees to Chery in respect of Qoros' bank debt and pledges over Qoros shares by Quantum (Kenon's subsidiary which owns Kenon's interest in Qoros) may be enforced.

Alternatively, the Majority Shareholder in Qoros (or its related entities), Chery or other investors, may choose to make additional investments in Qoros (without a corresponding Kenon investment) which may result in a dilution of Kenon's interest. For information on the risks related to Qoros' liquidity, see "*Item 3.D Risk Factors—Risks Related to Our Interest in Qoros—Qoros depends on funding to further its development and, until it achieves significant sales levels, to meet its operating expenses, financing expenses, and capital expenditures.*"

Material Indebtedness

As of December 31, 2020, Qoros had total loans and borrowings, excluding related party indebtedness, of RMB3.3 billion (approximately $512 million), primarily consisting of current loans and borrowings. Set forth below is a discussion of Qoros' material indebtedness. Qoros also has loans outstanding to the Majority Shareholder in Qoros as discussed below.

RMB3 Billion Syndicated Credit Facility

On July 23, 2012, Qoros entered into a consortium financing agreement with a syndicate of banks for the ability to draw down loans, in either RMB or USD, up to an aggregate maximum principal amount of RMB3 billion. The RMB loans bear interest at the 5-year interest rate quoted by the People's Bank of China from time to time and the USD loans bear interest at LIBOR + 4.8% per annum. Outstanding loans are repayable within ten years from July 27, 2012, the first draw down date. Qoros is required to make principal amortizing payments, with substantially all such payments scheduled between 2019 and 2022, and is currently seeking deferral of all upcoming payments.

Qoros' RMB/USD dual currency fixed rate credit facility is secured by Qoros' manufacturing facility, the land use right for the premises on which such manufacturing facility is located, and its equipment, and properties, and several guarantees, including a joint, but not several, guarantee from each of Chery and Changshu Port. Loans under this facility are severally guaranteed by (i) Changshu Port for up to 50% of amounts outstanding under this loan, or up to RMB1.5 billion, plus related interest and fees and (ii) Chery for up to 50% of amounts outstanding under this loan, or up to RMB1.5 billion, plus related interest and fees. Kenon has outstanding back-to-back guarantees to Chery of approximately $9 million in respect of Chery's guarantee of this facility.

Qoros' syndicated credit facility contains financial, affirmative and negative covenants, events of default or mandatory prepayments for contractual breaches, including certain changes of control, and for material mergers and divestments, among other provisions. Qoros' debt-to-asset ratio is currently higher, and its current ratio is lower, than the allowable ratios set forth in the terms of the syndicated credit facility, and in 2016, the lenders under this credit facility waived compliance with the financial covenants through the first half of 2020. The waiver has not been extended and Qoros' debt-to-asset ratio continues to exceed, and its current ratio continues to be less than, the permitted ratios. Qoros' syndicated lenders have not revised such covenants and could accelerate the repayment of borrowings due under Qoros' RMB3 billion syndicated credit facility. Such a default results in a cross default enabling the lenders to require immediate payment under Qoros' RMB 1.2 billion and RMB 700 million facilities (described below).

As of December 31, 2020, the aggregate amount outstanding on this loan was approximately RMB1.2 billion (approximately $191 million).

RMB1.2 Billion Syndicated Credit Facility

In July 2014, Qoros entered into a consortium financing agreement with a syndicate of banks for the ability to draw loans, in either RMB or USD, up to an aggregate maximum principal amount of RMB1.2 billion for the research and development of C-platform derivative models. The RMB loans bear interest at the 5-year interest rate quoted by the People's Bank of China from time to time plus 10.0% of such quoted rate and the USD loans bear interest at LIBOR + 5.0% of such rate per annum. Outstanding loans are repayable within ten years from August 19, 2014, the first draw down date. Qoros has been required to make amortizing payments every six months starting in 2017. Qoros deferred amortizing principal payments on its RMB1.2 billion facility in the aggregate amount of RMB180 million (approximately $28 million) that were scheduled for various dates in 2020 to December 2020. Repayments are currently up to date.

Up to 50% of the indebtedness incurred under this facility is secured by Quantum's pledge of substantially all of its shares in Qoros, including dividends deriving therefrom. The pledge agreement under which Quantum has pledged its equity interest in Qoros includes provisions setting forth, among other things, (i) minimum ratios relating to the value of Quantum's pledged securities, (ii) Quantum's ability to replace the pledge of its equity interest in Qoros with a pledge of cash collateral or to pledge cash collateral instead of pledging additional shares, representing up to 100% of Quantum's equity interest in Qoros, and (iii) the events (e.g., Qoros' default under the syndicated facility) that entitle the Chinese bank to enforce its lien on Quantum's equity interest. In the event that the value of Qoros' equity decreases and Quantum's shares of Qoros' equity is not sufficient to cover its proportionate stake of the pledge, Quantum has the option to provide additional collateral to secure the RMB1.2 billion facility. However, in the event that Quantum does not provide such additional collateral, the lenders under the facility may be entitled to sell some or all of Quantum's shares in Qoros.

Under the investment agreement pursuant to which the Majority Shareholder in Qoros acquired a 51% stake in Qoros, the majority shareholder was required to assume its pro rata share of Qoros' shareholders' guarantees and pledge obligations. The Majority Shareholder in Qoros has not assumed its pro rata share of Kenon's pledge obligations but it has provided a back guarantee to Kenon for its pro rata share of the pledge obligations under this facility.

The syndicated loan agreement includes covenants (including financial covenants) and events of default and acceleration provisions.

As discussed above under *"—Qoros' Liquidity and Capital Resources—Material Indebtedness—RMB3 Billion Syndicated Credit Facility"*, Qoros is currently not in compliance with certain financial covenants in its RMB 3 billion credit facility and previous waivers in respect of such non-compliance have not been extended and as a result the lenders under this facility could accelerate the repayment of borrowings due under the RMB3 billion facility. Such a default results in a cross default enabling the lenders to require immediate payment under the RMB 1.2 billion facility.

As of December 31, 2020, the aggregate principal amount outstanding on this loan was approximately RMB0.75 billion (approximately $115 million).

RMB700 Million Syndicated Credit Facility

In May 2015, Qoros entered into a RMB700 million facility with a bank consortium. The loan agreement covers a period of 102 months starting in May 2015, and is secured by a guarantee by Chery and a pledge over Qoros' 90 vehicle patents. The RMB loan bears the 5-year interest rate quoted by the People's Bank of China +10%, and the USD loan bears interest of LIBOR + 3.5% per annum. Qoros has been making principal repayments under this facility since the beginning of 2018, and is currently to seeking deferral of all upcoming payments. The facility includes covenants and event of default provisions.

As discussed above under "*—Qoros' Liquidity and Capital Resources—Material Indebtedness—RMB3 Billion Syndicated Credit Facility*", Qoros is currently not in compliance with certain financial covenants in its RMB 3 billion credit facility and previous waivers in respect of such non-compliance have not been extended and as a result the lenders under this facility could accelerate the repayment of borrowings due under the RMB3 billion facility. Such a default results in a cross default, enabling the lenders to require immediate payment under the RMB700 million facility.

The RMB700 million is guaranteed by Chery. Kenon has an outstanding back-to-back guarantee to Chery of approximately $8 million in respect of this facility.

As of December 31, 2020, the aggregate principal amount outstanding on this loan is RMB440 million (approximately $67 million).

Shareholder Loans and Working Capital Facilities

Qoros has taken loans and other advances from parties related to the Majority Shareholder with outstanding balances as at December 31, 2020 of RMB5.3 billion (approximately $809 million).

Qoros is party to various short-term and working capital facilities.

ZIM's Liquidity and Capital Resources

ZIM operates in the capital-intensive container shipping industry. Its principal sources of liquidity are cash inflows received from operating activities, generally in the form of income from voyages and related services and cash inflows received from investing activities, generally in the form of proceeds received from the sale of tangible assets. ZIM's principal needs for liquidity are operating expenses, expenditures related to debt service and capital expenditures. ZIM's long-term capital needs generally result from its need to fund its growth strategy. ZIM's ability to generate cash from operations depends on future operating performance which is dependent, to some extent, on general economic, financial, legislative, regulatory and other factors, many of which are beyond its control, as well as the other factors discussed in "*Risk factors—Risks Related to our Interest in ZIM.*"

ZIM's cash and cash equivalents were $570 million, $183 million, $186 million as of December 31, 2020, 2019 and 2018, respectively. In addition, ZIM's short-term bank deposits were $56 million, $57 million, $66 million as of December 31, 2020, 2019 and 2018, respectively, which mainly consist of pledged bank deposits, corresponding with the related short-term bank credit.

ZIM is party to a number of debt instruments which require it to comply with certain financial and non-financial covenants. In June 2020, further to an early full repayment to a certain group of creditors (Tranche A), certain financial covenants were removed and no longer apply.

Set forth below is a summary of the financial covenants and limitations, as currently applicable.

- *Minimum liquidity*. ZIM is required to maintain a monthly minimum liquidity of at least $125 million. As of December 31, 2020, ZIM's liquidity was $572 million.
- Other non-financial covenants and limitations such as restrictions on dividend distribution and incurrence of debt and various reporting obligations, and other negative covenants and limitations in the indentures governing ZIM's outstanding notes.

ZIM reported that as of December 31, 2020, it is in compliance with all of its covenants.

In October 2020, ZIM repurchased Tranche C notes with an aggregate face value of $58 million out of $360 million, for total consideration (including related costs) of $47 million. In December 2020, ZIM amended the indenture to permit it to pay dividends to its shareholders in accordance with its dividend policy, among other covenant changes.

ZIM's total outstanding indebtedness as of December 31, 2020 consisted of $1,361 million in long-term debt and $501 million in current installments of long-term debt and short-term borrowings (not including early repayments ZIM expects to pay and any additional early repayment ZIM may be required to further pay, in accordance with the excess cash provisions of its notes).

The weighted average interest rate paid per annum as of December 31, 2020 under all of ZIM's indebtedness was 9%.

For further information on the risks related to ZIM's liquidity, see "*Item 3.D Risk Factors—Risks Related to Our Other Businesses—Risks Related to our Interest in ZIM— ZIM is leveraged. Its leverage may make it difficult for ZIM to operate its business, and ZIM may be unable to meet related obligations, which could adversely affect its business, financial condition, results of operations and liquidity*."

C. Research and Development, Patents and Licenses, Etc.

For a description of Qoros' research and development activities see "*Item 3.D Risk Factors—Risks Related to Our Interest in Qoros—Qoros faces certain risks relating to its business*," "*Item 4.B Business Overview—Our Businesses—Qoros—Qoros' Description of Operations*" and "*Item 5.A Operating Results— Share In Losses of Associated Companies, Net of Tax—Qoros.*"

D. Trend Information

The following key trends contain forward-looking statements and should be read in conjunction with "*Special Note Regarding Forward-Looking Statements*" and "*Item 3.D Risk Factors*." For further information on the recent developments of Kenon and our businesses, see "*Item 5. Operating and Financial Review and Prospects—Recent Developments.*"

Trend Information

OPC

Israel—In January 2021, the EA published the electricity tariffs for 2021, which included a decrease of the EA's generation component tariff by approximately 5.7%. This decrease in the EA generation component is expected to have a negative impact on OPC's profits in 2021 compared with 2020. For further information, see "*Item. 5. Operating and Financial Review and Prospects—Material Factors Affecting Results of Operations—OPC—Sales—EA Tariffs*."

United States— The price of natural gas is significant in determination of the electricity price in many of the regions in which the CPV projects operate. The natural gas prices are driven by many variables, including demand in the industrial, residential and electricity sectors, productivity of the natural gas supply basins, natural gas production costs, changes in the pipeline infrastructure, international trade and the financial profile and the hedge profile of natural gas customers and producers. In 2020, the average natural gas prices in Henry Hub were 21% lower compared with 2019. In the existing production mix, the higher the natural gas prices will be, the higher the energy margins of the CPV Group are expected to be. This impact is partly offset by CPV's hedge plan, which is designed to reduce changes in CPV's gross margin resulting from changes in the commodity prices.

The price of the electricity is a main factor in CPV's profitability. Many variables, such as the price of various fuels, the weather, an increase in load and unit availability, act together to impact the final electricity price and the company's profits. The following table summarizes average electricity prices of 24x7 in each of the main markets in which CPV's projects operated in the years 2020 and 2019. The electricity prices declined in 2020 compared with 2019, due to, among others, low lower natural gas prices and lower demand due to the weather and the impact of the COVID-19 crisis.

Region	2020	2019
ISO-NE Mass Hub	$23.31/MWh	$31.22/MWh
NY-ISO Zone G	$20.32/MWh	$26.87/MWh
PJM West	$20.95/MWh	$26.69/MWh
PJM AD Hub	$20.95/MWh	$26.77/MWh

The average 24x7 power prices are based on day-ahead settlement prices as published by the respective ISOs.

ZIM

Total global container shipping demand totaled approximately 216 million TEUs in 2019 (including inland transportation) according to Drewry Container Forecaster, or Drewry, as of December 2020. Global container demand has seen steady and resilient growth equaling a 5.9% CAGR since 2000, driven by multiple factors. These include economic drivers such as GDP growth and industrial production, as well as other non-economic drivers such as geopolitics, containerization, consumer preferences and population growth. This was the first year in which demand declined since 1998. Following the Global Financial Crisis in 2008, demand for container shipping showed resiliency and increased every year from 2010 to 2019. During this period, containerization was a significant driver of growth, as goods that were once shipped via standard cargo transferred to container ships. Underlying macroeconomic growth has also required that more goods be shipped overall, further increasing demand for container ships.

According to Drewry, demand is expected to rebound from the COVID-19 crisis and achieve an approximately 6.3% CAGR from 2020 to 2024. Demand growth already began to rebound by the end of Q3 2020 across the East-West trades, driven by the tapering of lockdown measures in Far East Asia, improving consumer spending and growing global e-commerce demand.

Qoros

Qoros sold approximately 700 cars in Q1 2021 as compared to approximately 500 cars in Q1 2020. In 2021, Qoros' manufacturing plant was shut down as a result of engine and semiconductor supply shortages and has yet to resume production.

See also "*—Material Factors Affecting Results of Operation*."

E. Off-Balance Sheet Arrangements

Neither Kenon nor any of its subsidiaries are party to off-balance sheet arrangements.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth Kenon's contractual obligations (including future interest payments) and commercial commitments as of December 31, 2020, which consist of OPC's contractual obligations (including future interest payments) and commercial commitments:

	Payments Due by Period[1,2]				
	Total	Less than One Year	One to Two Years	Two to Five Years	More than Five Years
			($ millions)		
Kenon's consolidated contractual obligations					
Trade Payables	93	93	—	—	—
Other payables	24	24	—	—	—
Bonds	350	14	14	90	232
Lease liabilities	22	14	1	2	5
Loans	799	65	63	260	411
Interest SWAP contracts	41	6	6	14	15
Derivative instruments	34	32	2	—	—
Total contractual obligations and commitments	$ 1,363	248	86	366	663

1. Excludes Kenon's back-to-back guarantees to Chery as well as obligations under agreement with capital provider relating to Peru BIT claim and guarantee of indemnity obligations under the sale agreement for the Inkia Business. For further information on other commitments, see Note 19 to our financial statements included in this annual report.

2. In January 2021, an entity in which OPC holds a 70% interest, completed the acquisition of CPV. This table does not include any obligations of CPV.

G. Safe Harbor

See "*Special Note Regarding Forward-Looking Statements*."

ITEM 6. **Directors, Senior Management and Employees**

A. Directors and Senior Management

Board of Directors

The following table sets forth information regarding our board of directors:

Name	Age	Function	Original Appointment Date	Current Term Begins	Current Term Expires
Antoine Bonnier	38	Board Member	2016	2020	2021
Laurence N. Charney	74	Chairman of the Audit Committee, Compensation Committee Member, Board Member	2014	2020	2021
Barak Cohen	39	Board Member	2018	2020	2021
Cyril Pierre-Jean Ducau	42	Chairman of the Board, Nominating and Corporate Governance Committee Chairman	2014	2020	2021
N. Scott Fine	64	Audit Committee Member, Compensation Committee Chairman, Board Member	2014	2020	2021
Bill Foo	63	Board Member, Nominating and Corporate Governance Committee Member	2017	2020	2021
Aviad Kaufman	50	Compensation Committee Member, Board Member, Nominating and Corporate Governance Committee Member	2015	2020	2021
Arunava Sen	60	Board Member, Audit Committee Member	2017	2020	2021

Our constitution provides that, unless otherwise determined by a general meeting, the minimum number of directors is five and the maximum number is 12.

Senior Management

Name	Age	Position
Robert L. Rosen	48	Chief Executive Officer
Mark Hasson	45	Chief Financial Officer

Biographies

Directors

Antoine Bonnier. Mr. Bonnier is currently a Managing Director of Quantum Pacific (UK) LLP and serves as a member of the board of directors of Club Atletico de Madrid SAD and of OPC, each of which may be associated with the same ultimate beneficiary, Mr. Idan Ofer. Mr. Bonnier was previously a member of the investment team of Quantum Pacific Advisory Limited from 2011 to 2012. Prior to joining Quantum Pacific Advisory Limited in 2011, Mr. Bonnier was an Associate in the Investment Banking Division of Morgan Stanley & Co. During his tenure there, from 2005 to 2011, he held various positions in the Capital Markets and Mergers and Acquisitions teams in London, Paris and Dubai. Mr. Bonnier graduated from ESCP Europe Business School and holds a Master of Science in Management.

Laurence N. Charney. Mr. Charney currently serves as the chairman of our audit committee. Mr. Charney retired from Ernst & Young LLP in June 2007, where, over the course of his more than 37-year career, he served as Senior Audit Partner, Practice Leader and Senior Advisor. Since his retirement from Ernst & Young, Mr. Charney has served as a business strategist and financial advisor to boards, senior management and investors of early stage ventures, private businesses and small to mid-cap public corporations across the consumer products, energy, high-tech/software, media/entertainment, and non-profit sectors. His most recent directorships also include board tenure with Marvel Entertainment, Inc. (through December 2009), Pacific Drilling S.A. (through November 19, 2018) and TG Therapeutics, Inc. (from March 2012 through the current date). Mr. Charney is a graduate of Hofstra University with a Bachelor’s degree in Business Administration (Accounting), and has also completed an Executive Master’s program at Columbia University. Mr. Charney maintains active membership with the American Institute of Certified Public Accountants and the New York State Society of Certified Public Accountants.

Barak Cohen. Mr. Cohen is a Managing Director at Quantum Pacific (UK) LLP and a board member of Qoros, each of which may be associated with the same ultimate beneficiary, Mr. Idan Ofer. In September 2018, Mr. Cohen was appointed to the board of directors of Kenon, having served as Co-CEO of Kenon till that time. Prior to serving as Kenon's Co-CEO, Mr. Cohen served as Kenon's Vice President of Business Development and Investor Relations from 2015 to September 2017. Prior to joining Kenon in 2015, Mr. Cohen worked in various capacities at Israel Corporation since 2008 most recently as Israel Corporation's Senior Director of Business Development and Investor Relations. Prior to joining Israel Corporation, Mr. Cohen held positions at Lehman Brothers (UK) and Ernst & Young (Israel). Mr. Cohen holds Bachelor's degrees in Economics, summa cum laude, and Accounting & Management, magna cum laude, both from Tel Aviv University.

Cyril Pierre-Jean Ducau. Mr. Ducau is the Chief Executive Officer of Ansonia and the Chief Executive Officer of Eastern Pacific Shipping Pte Ltd. He is a member of the board of directors of Ansonia and IC Power, as well as other private companies, each of which may be associated with the same ultimate beneficiary, Mr. Idan Ofer. He was previously Head of Business Development of Quantum Pacific Advisory Limited in London from 2008 to 2012 and acted as Director and Chairman of Pacific Drilling SA between 2011 and 2018. Prior to joining Quantum Pacific Advisory Limited, Mr. Ducau was Vice President in the Investment Banking Division of Morgan Stanley & Co. International Ltd. in London and, during his tenure there from 2000 to 2008, he held various positions in the Capital Markets, Leveraged Finance and Mergers and Acquisitions teams. Prior to that, Mr. Ducau gained experience in consultancy working for Arthur D. Little in Munich and investment management with Credit Agricole UI Private Equity in Paris. Mr. Ducau graduated from ESCP Europe Business School (Paris, Oxford, Berlin) and holds a Master of Science in business administration and a Diplom Kaufmann.

N. Scott Fine. Mr. Fine is the Chief Executive Officer and Chairman of Cyclo Therapeutics Inc., a biotechnology company focused on developing novel therapeutics based on cyclodextrin technologies. Mr. Fine has been involved in investment banking for over 35 years, working on a multitude of debt and equity financings, buy and sell side mergers and acquisitions, strategic advisory work and corporate restructurings. Much of his time has been focused on transactions in the healthcare and consumer products area, including time with The Tempo Group of Jakarta, Indonesia. Mr. Fine was the lead investment banker on the IPO of Keurig Green Mountain Coffee Roasters and Central European Distribution Corporation, or CEDC, a multi-billion-dollar alcohol company. He was also involved in an Equity Strategic Alliance between Research Medical and the Tempo Group. Mr. Fine continued his involvement with CEDC, serving as a director from 1996 until 2014, during which time he led the CEDC Board's successful efforts in 2013 to restructure the company through a pre-packaged Chapter 11 process whereby CEDC was acquired by the Russian Standard alcohol group. He also served as sole director of Better Place Inc. from 2013 until 2015. In that role, Mr. Fine successfully managed the global wind down of the company in a timely and efficient manner which was approved by both the Delaware and Israeli courts. Mr. Fine devotes time to several non-profit organizations, including through his service on the Board of Trustees for the IWM American Air Museum in Britain. He and his wife, Cathy are also the Executive Producers of "The Concert for Newtown" with Peter Yarrow of Peter, Paul, and Mary. Mr. Fine has been a guest lecturer at Ohio State University's Moritz School of Law.

Bill Foo. Dr. Bill Foo is a director and corporate advisor of several private, listed and non-profit entities, including Mewah International Inc., CDL Hospitality Trusts, Tung Lok Restaurants (2000) Ltd., M&C REIT Management Ltd and chairing the Salvation Army and Heartware Network Youth Charity organizations. In May 2017, Dr. Foo was appointed to the board of directors of Kenon, having served as a director of IC Power between November 2015 and January 2018. Prior to his retirement, Dr. Foo worked in financial services for over 30 years, including serving as CEO of ANZ Singapore and South East Asia Head of Investment Banking for Schroders. Dr. Foo has also worked in various positions at Citibank and Bank of America and has been a director of several listed and government-related entities, including International Enterprise Singapore (Trade Agency), where he chaired the Audit Committee for several years. Dr. Foo has a Master's Degree in Business Administration from McGill University and a Bachelor of Business Administration from Concordia University and an honorary Doctor of Commerce from James Cook University Australia.

Aviad Kaufman. Mr. Kaufman is the Chief Executive Officer of Quantum Pacific (UK) LLP, the chairman of IC, a board member of Israel Chemicals Ltd., and other private companies, each of which may be associated with the same ultimate beneficiary, Mr. Idan Ofer. From 2008 until 2017, Mr. Kaufman served as Chief Financial Officer of Quantum Pacific (UK) LLP (and its predecessor Quantum Pacific Advisory Limited). From 2002 until 2007, Mr. Kaufman served as Director of International Taxation and fulfilled different senior corporate finance roles at Amdocs Ltd. Previously, Mr. Kaufman held various consultancy positions with KPMG. Mr. Kaufman is a certified public accountant and holds a Bachelor's degree in Accounting and Economics from the Hebrew University in Jerusalem (with distinction), and a Master's of Business Administration in Finance from Tel Aviv University.

Arunava Sen. Mr. Sen is CEO and Managing Director of Coromandel Advisors Pte Ltd, a Singapore-based company that provides strategic and transactional advice to global investors in the infrastructure and clean energy sectors. In May 2017, Mr. Sen was appointed to the board of directors of Kenon, having served as a director of IC Power between November 2015 and January 2018. Between August 2010 and February 2015, Mr. Sen was CEO and Managing Director of Lanco Power International Pte Ltd, a Singapore-registered company focused on the development of power projects globally. Previously, Mr. Sen held several senior roles at Globeleq Ltd, a Houston-based power investment company, including COO, CEO—Latin America and CEO—Asia. In 1999, Mr. Sen cofounded and was COO of Hart Energy International, a Houston-based company that developed and invested in power businesses in Latin America and the Caribbean. Mr. Sen currently serves as a member of the investment committee of Armstrong Asset Management Pte Ltd. A qualified Chartered Accountant, Mr. Sen holds a B.Com. degree from the University of Calcutta and an M.S. degree in Finance from The American University in Washington, DC.

Senior Management

Robert Rosen. Mr. Rosen has served as CEO of Kenon since September 2018. Between September 2017 and September 2018, he served as Co-CEO of Kenon. Prior to becoming CEO, Mr. Rosen served as General Counsel of Kenon upon joining Kenon in 2014. Prior to joining Kenon in 2014, Mr. Rosen spent 15 years in private practice with top tier law firms, including Linklaters LLP and Milbank LLP. Mr. Rosen is admitted to the Bar in the State of New York, holds a Bachelor's degree with honors from Boston University and a JD and MBA, both from the University of Pittsburgh, where he graduated with high honors.

Mark Hasson. Mr. Hasson has served as Chief Financial Officer at Kenon since October 2017. Prior to this role, Mr. Hasson served as Vice President of Finance at Kenon. Prior to joining Kenon in 2017, Mr. Hasson served in various senior finance positions in Singapore and Australia. He holds a Bachelor's degree in Finance and Accounting from the University of Cape Town in South Africa and is a Chartered Accountant (Institute of Chartered Accountants in England and Wales).

B. Compensation

We pay our directors compensation for serving as directors, including per meeting fees.

For the year ended December 31, 2020, the aggregate compensation accrued (comprising remuneration and the aggregate fair market value of equity awards granted) for our directors and executive officers was approximately $2 million.

For further information on Kenon's Share Incentive Plan 2014 and Share Option Plan 2014, see "*Item 6.E Share Ownership*."

C. Board Practices

As a foreign private issuer, we are permitted to follow certain home country corporate governance practices instead of those otherwise required under the NYSE's rules for domestic U.S. issuers, provided that we disclose which requirements we are not following and describe the equivalent home country requirement.

We have elected to apply the corporate governance rules of the NYSE that are applicable to U.S. domestic registrants that are not "controlled" companies, except in the case of our nominating and governance committee, as one of the members of our nominating and corporate governance committee is non-independent under NYSE standards.

Board of Directors

Our constitution gives our board of directors general powers to manage our business. The board of directors, which consists of eight directors, oversees and provides policy guidance on our strategic and business planning processes, oversees the conduct of our business by senior management and is principally responsible for the succession planning for our key executives. Cyril Pierre-Jean Ducau serves as our Chairman.

Director Independence

Pursuant to the NYSE's listing standards, listed companies are required to have a majority of independent directors. Under the NYSE's listing standards, (i) a director employed by us or that has, or had, certain relationships with us during the last three years, cannot be deemed to be an independent director, and (ii) directors will qualify as independent only if our board of directors affirmatively determines that they have no material relationship with us, either directly or as a partner, shareholder or officer of an organization that has a relationship with us. Ownership of a significant amount of our shares, by itself, does not constitute a material relationship.

Although we are permitted to follow home country practice in lieu of the requirement to have a board of directors comprised of a majority of independent directors, we have determined that we are in compliance with this requirement and that a majority of our board of directors is independent according to the NYSE's listing standards. Our board of directors has affirmatively determined that each of Antoine Bonnier, Arunava Sen, Aviad Kaufman, Bill Foo, Laurence N. Charney and N. Scott Fine, representing six of our eight directors, are currently "independent directors" as defined under the applicable rules and regulations of the NYSE.

Election and Removal of Directors

See "*Item 10.B Constitution*."

Service Contracts

None of our board members have service contracts with us or any of our businesses providing for benefits upon termination of employment.

Indemnifications and Limitations on Liability

For information on the indemnification and limitations on liability of our directors, see "*Item 10.B Constitution*."

Committees of our Board of Directors

We have established three committees, which report regularly to our board of directors on matters relating to the specific areas of risk the committees oversee: the audit committee, the nominating and corporate governance committee, and the compensation committee. Although we are permitted to follow home country practices with respect to our establishment of the nominating and corporate governance and compensation committees, we have determined that we are in compliance with the NYSE's requirements in these respects, except that one of the members of our nominating and corporate governance committee is non-independent under NYSE standards.

Audit Committee

We have established an audit committee to review and discuss with management significant financial, legal and regulatory risks and the steps management takes to monitor, control and report such exposures; our audit committee also oversees the periodic enterprise-wide risk evaluations conducted by management. Specifically, our audit committee oversees the process concerning:

- the quality and integrity of our financial statements and internal controls;
- the compensation, qualifications, evaluation and independence of, and making a recommendation to our board for recommendation to the annual general meeting for appointment of, our independent registered public accounting firm;

- the performance of our internal audit function;
- our compliance with legal and regulatory requirements; and
- review of related party transactions.

The members of our audit committee, Laurence N. Charney, N. Scott Fine and Arunava Sen, are independent directors. Our board of directors has determined that Laurence N. Charney is an audit committee financial expert, as defined under the applicable rules of the SEC, and that each of our audit committee members has the requisite financial sophistication as defined under the applicable rules and regulations of each of the SEC and the NYSE. Our audit committee operates under a written charter that satisfies the applicable standards of each of the SEC and the NYSE.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee oversees the management of risks associated with board governance, director independence and conflicts of interest. Specifically, our nominating and corporate governance committee is responsible for identifying qualified candidates to become directors, recommending to the board of directors candidates for all directorships, overseeing the annual evaluation of the board of directors and its committees and taking a leadership role in shaping our corporate governance.

Our nominating and corporate governance committee considers candidates for director who are recommended by its members, by other board members and members of our management, as well as those identified by any third-party search firms retained by it to assist in identifying and evaluating possible candidates. The nominating and corporate governance committee also considers recommendations for director candidates submitted by our shareholders. The nominating and corporate governance committee evaluates and recommends to the board of directors qualified candidates for election, re-election or appointment to the board, as applicable.

When evaluating director candidates, the nominating and corporate governance committee seeks to ensure that the board of directors has the requisite skills, experience and expertise and that its members consist of persons with appropriately diverse and independent backgrounds. The nominating and corporate governance committee considers all aspects of a candidate's qualifications in the context of our needs, including: personal and professional integrity, ethics and values; experience and expertise as an officer in corporate management; experience in the industry of any of our portfolio businesses and international business and familiarity with our operations; experience as a board member of another publicly traded company; practical and mature business judgment; the extent to which a candidate would fill a present need on the board of directors; and the other ongoing commitments and obligations of the candidate. The nominating and corporate governance committee does not have any minimum criteria for director candidates. Consideration of new director candidates will typically involve a series of internal discussions, review of information concerning candidates and interviews with selected candidates.

As a foreign private issuer, we are permitted to follow home country practice in lieu of the requirement to have a nominating and corporate governance committee comprised entirely of independent directors. One of the members of our nominating and corporate governance committee is not deemed to be independent under NYSE standards and accordingly we rely on the NYSE exemption for foreign private issuers.

The members of our nominating and corporate governance committee are Cyril Pierre-Jean Ducau, Bill Foo and Aviad Kaufman. Our nominating and corporate governance committee operates under a written charter that satisfies the applicable standards of the NYSE for foreign private issuers.

Compensation Committee

Our compensation committee assists our board in reviewing and approving the compensation structure of our directors and officers, including all forms of compensation to be provided to our directors and officers. The compensation committee is responsible for, among other things:

- reviewing and determining the compensation package for our Chief Executive Officer and other senior executives;

- reviewing and making recommendations to our board with respect to the compensation of our non-employee directors;
- reviewing and approving corporate goals and objectives relevant to the compensation of our Chief Executive Officer and other senior executives, including evaluating their performance in light of such goals and objectives; and
- reviewing periodically and approving and administering stock options plans, long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans for all employees, including reviewing and approving the granting of options and other incentive awards.

As a foreign private issuer, we are permitted to follow home country practice in lieu of the requirement to have a compensation committee comprised entirely of independent directors. Nonetheless, we have determined that all of the members of our compensation committee, Laurence N. Charney, N. Scott Fine and Aviad Kaufman are independent directors as defined under the applicable rules of the NYSE. Our compensation committee operates under a written charter that satisfies the applicable standards of the NYSE.

Code of Ethics and Ethical Guidelines

Our board of directors has adopted a code of ethics that describes our commitment to, and requirements in connection with, ethical issues relevant to business practices and personal conduct.

D. Employees

As of December 31, 2020, 2019 and 2018 we, and our consolidated subsidiaries, employed 124, 116 and 114 individuals, respectively, as follows:

	Number of Employees as of December 31,		
Company	**2020**	**2019**	**2018**
OPC[1]	116	96	92
Primus[2]	—	12	13
Kenon	8	8	9
Total	124	116	114

(1) In January 2021, an entity in which OPC holds a 70% interest, completed the acquisition of CPV. This table does not include CPV's employees.
(2) In August 2020, Primus sold substantially all of its assets for $1.6 million.

OPC

As of December 31, 2020, OPC employed 116 employees (excluding CPV employees, as the acquisition of CPV was completed in January 2021). For further information on OPC's employees, see "*Item 4.B Business Overview—Our Businesses—OPC—OPC's Description of Operations—Employees*."

ZIM

As of December 31, 2020, ZIM employed approximately 5,145 employees (including employees of its subsidiaries), consisting of 3,794 full-time employees and 1,351 contractors.

A significant number of ZIM's Israeli employees are unionized and ZIM is party to numerous collective agreements with respect to its employees. For further information on the risks related to ZIM's unionized employees, see "*Item 3.D Risk Factors—Risks Related to the Industries in Which Our Businesses Operate—Our businesses may be adversely affected by work stoppages, union negotiations, labor disputes and other matters associated with our labor force*."

E. Share Ownership

Interests of our Directors and our Employees

Kenon has established the Share Incentive Plan 2014 and the Share Option Plan 2014 for its directors and management. The Share Incentive Plan 2014 and the Share Option Plan 2014 provide grants of Kenon's shares, and stock options in respect of Kenon's shares, respectively, to management and directors of Kenon, or to officers of Kenon's subsidiaries or associated companies, pursuant to awards, which may be granted by Kenon from time to time. The total number of shares underlying awards which may be granted under the Share Incentive Plan 2014 or delivered pursuant to the exercise of options granted under the Share Option Plan 2014 shall not, in the aggregate, exceed 3% of the total issued shares (excluding treasury shares) of Kenon. Kenon granted awards of shares to directors and certain members of its management under the Share Incentive Plan 2014 in 2020, with a value of $0.4 million.

Equity Awards to Certain Executive Officers—Subsidiaries and Associated Companies

Kenon's subsidiaries and associated companies may, from time to time, adopt equity compensation arrangements for officers and directors of the relevant entity. Kenon expects any such arrangements to be on customary terms and within customary limits (in terms of dilution).

ITEM 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table sets forth information regarding the beneficial ownership of our ordinary shares as of April 16, 2021, by each person or entity beneficially owning 5% or more of our ordinary shares, based upon the 53,879,117 ordinary shares outstanding as of such date, which represents our entire issued and outstanding share capital as of such date. The information set out below is based on public filings with the SEC as of April 16, 2021.

To our knowledge, as of April 16, 2021, we had 8 shareholders of record in the United States: one holding approximately 99% of our outstanding ordinary shares and the others holding less than 1% of our outstanding ordinary shares. Such numbers are not representative of the portion of our shares held in the United States nor are they representative of the number of beneficial holders residing in the United States, since the holder of record of approximately 99% of our outstanding ordinary shares (which includes the ordinary shares held by the TASE for trading on the TASE) is one U.S. nominee company, CEDE & Co, which holds all of our shares traded on the NYSE and the TASE indirectly.

All of our ordinary shares have the same voting rights.

Beneficial Owner (Name/Address)	Ordinary Shares Owned	Percentage of Ordinary Shares
Ansonia Holdings Singapore B.V.[1]	31,156,869	58.0%
Clal Insurance Enterprises Holdings Ltd.[2]	5,616,814	10.4%
Harel Insurance Investments & Financial Services Ltd. [3]	2,950,827	5.5%
Menora Mivtachim Holdings Ltd. [4]	1,839,921	3.42%
Laurence N. Charney	43,952[5]	*[6]
Bill Foo	10,884[5]	*[6]
Arunava Sen	10,884[5]	*[6]
Directors and Executive Officers[7]	—	*[6]

1) Based solely on the Schedule 13-D/A (Amendment No. 4) filed by Ansonia Holdings Singapore B.V. with the SEC on January 25, 2017. A discretionary trust, in which Mr. Idan Ofer is the beneficiary, indirectly holds 100% of Ansonia Holdings Singapore B.V.

2) Based solely upon the Schedule 13-G/A (Amendment No. 3) filed by Clal Insurance Enterprises Holdings Ltd. ("Clal") with the SEC on February 16, 2021. According to the Schedule 13-G/A, of the 5,616,814 ordinary shares reported on the Schedule 13-G/A, (i) 5,474,136 ordinary shares are held for members of the public through, among others, provident funds and/or pension funds and/or insurance policies, which are managed by Clal's subsidiaries., which subsidiaries operate under independent management and make independent voting and investment decisions; and (ii) 142,678 ordinary shares are beneficially held for Clal's own account.

3) Based solely upon the Schedule 13-G/A, filed by Harel Insurance Investments & Financial Services Ltd. ("Harel") with the SEC on January 27, 2021. According to the Schedule 13-G/A all of the ordinary shares reported are held for members of the public through, among others, provident funds and/or mutual funds and/or pension funds and/or insurance policies and/or exchange traded funds, which are managed by subsidiaries of Harel, which subsidiaries operate under independent management and make independent voting and investment decisions.

4) Based solely upon the Schedule 13-G/A (Amendment No. 3) filed by Menora Mivtachim Holdings Ltd. ("Menora") with the SEC on February 11, 2021. According to the Schedule 13-G/A (i) the ordinary shares reported are beneficially owned by Menora and by entities that are its direct or indirect, wholly-owned or majority-owned, subsidiaries; and (ii) the economic interest or beneficial ownership in a portion of the ordinary shares reported (including the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities) is held for the benefit of insurance policy holders or the members of provident funds or pension funds, as the case may be. According to the Schedule 13-G/A, of the 1,839,921 ordinary shares reported, (i)1,515,996 ordinary shares are held by Menora Mivtachim Pensions and Gemel Ltd; (ii) 285,928 ordinary shares are held by Menora Mivtachim Insurance Ltd.; (iii) 19,755 ordinary shares are held by Menora Mivtachim Vehistadrut Hamehandesim Nihul Kupot Gemel Ltd, (iv) 13,911 ordinary shares are held by Shomera Insurance Company Ltd. and (v) 4,311 ordinary shares are held by Menora.

5) Based solely on Exhibit 99.3 to the Form 6-K furnished by Kenon with the SEC on May 14, 2020.

6) Owns less than 1% of Kenon's ordinary shares.

7) Excludes shares held by Laurence N. Charney, Bill Foo and Arunava Sen.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that such person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

We are not aware of any arrangement that may, at a subsequent date, result in a change of our control.

B. Related Party Transactions

Kenon

Pursuant to its charter, the audit committee must review and approve all related party transactions. The audit committee has a written policy with respect to the approval of related party transactions. In addition, we have undertaken that, for so long as we are listed on the NYSE, to the extent that we or our subsidiaries will enter into transactions with related parties, such transactions will be considered and approved by us or our wholly-owned subsidiaries in a manner that is consistent with customary practices followed by companies incorporated in Delaware and shall be reviewed in accordance with the requirements of Delaware law.

We are party to several related party transactions with certain of our affiliates. Set forth below is a summary of these transactions. For further information, see Note 29 to our financial statements included in this annual report.

OPC

Sales of Electricity and Gas

OPC-Rotem sells electricity through PPAs to some entities that are considered to be related parties, including the ORL Group. OPC-Rotem recorded revenues from related parties in the amount of $80 million in the year ended December 31, 2020.

OPC-Rotem and OPC-Hadera Financing Agreements

OPC-Rotem and OPC-Hadera have entered into financing agreements for the financing of their power plant projects, see "*Item 5.B Liquidity and Capital Resources—OPC's Liquidity and Capital Resources—OPC's Material Indebtedness—OPC-Hadera Financing Agreement*" and "*Item 5.B Liquidity and Capital Resources—OPC's Liquidity and Capital Resources—OPC's Material Indebtedness—OPC-Rotem Financing Agreement*." One of the lenders under both of these agreements is a financial institution that is an OPC related party.

Short-Term Deposits

As of December 31, 2020, OPC Energy had short-term deposits of NIS 1.1 billion (approximately $0.3 billion) placed with a financial institution that is an OPC related party.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. Financial Information

A. Consolidated Statements and Other Financial Information

For information on the financial statements filed as a part of this annual report, see "*Item 18. Financial Statements*." For information on our legal proceedings, see "*Item 4.B Business Overview*" and Note 20 to our financial statements included in this annual report. For information on our dividend policy, see "*Item 10.B Constitution*."

B. Significant Changes

For information on any significant changes that may have occurred since the date of our annual financial statements, see "*Item 5. Operating and Financial Review and Prospects—Recent Developments*."

ITEM 9. The Offer and Listing

A. Offer and Listing Details.

Kenon's ordinary shares are listed on the TASE (trading symbol: KEN), our primary host market, and the NYSE (trading symbol: KEN), our principal market outside our host market.

B. Plan of Distribution

Not applicable.

C. Markets

Our ordinary shares are listed on each of the NYSE and the TASE under the symbol "KEN."

D. Selling Shareholders

Not applicable.

E. Dilution.

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. Additional Information

A. Share Capital

Not applicable.

B. Constitution

The following description of our constitution is a summary and is qualified by reference to the constitution, a copy of which has been filed with the SEC. Subject to the provisions of the Singapore Companies Act and any other written law and its constitution, the Company has full capacity to carry on or undertake any business or activity, do any act or enter into any transaction.

New Shares

Under Singapore law, new shares may be issued only with the prior approval of our shareholders in a general meeting. General approval may be sought from our shareholders in a general meeting for the issue of shares. Approval, if granted, will lapse at the earliest of:

- the conclusion of the next annual general meeting;
- the expiration of the period within which the next annual general meeting is required by law to be held (i.e., within six months after our financial year end, being December 31); or
- the subsequent revocation or modification of approval by our shareholders acting at a duly convened general meeting.

Our shareholders have provided such general authority to issue new shares until the conclusion of our 2021 annual general meeting. Subject to this and the provisions of the Singapore Companies Act and our constitution, all new shares are under the control of the directors who may allot and issue new shares to such persons on such terms and conditions and with the rights and restrictions as they may think fit to impose.

Preference Shares

Our constitution provides that we may issue shares of a different class with preferential, deferred or other special rights, privileges or conditions as our board of directors may determine. Under the Singapore Companies Act, our preference shareholders will have the right to attend any general meeting insofar as the circumstances set forth below apply and on a poll at such general meeting, to have at least one vote for every preference share held:

- upon any resolution concerning the winding-up of our company under section 160 of the Insolvency, Restructuring and Dissolution Act 2018; and
- upon any resolution which varies the rights attached to such preference shares.

We may, subject to the prior approval in a general meeting of our shareholders, issue preference shares which are, or at our option, subject to redemption provided that such preference shares may not be redeemed out of capital unless:

- all the directors have made a solvency statement in relation to such redemption; and
- we have lodged a copy of the statement with the Singapore Registrar of Companies.

Further, the shares must be fully paid-up before they are redeemed.

Transfer of Ordinary Shares

Subject to applicable securities laws in relevant jurisdictions and our constitution, our ordinary shares are freely transferable. Shares may be transferred by a duly signed instrument of transfer in any usual or common form or in a form acceptable to our directors. The directors may decline to register any transfer unless, among other things, evidence of payment of any stamp duty payable with respect to the transfer is provided together with other evidence of ownership and title as the directors may require. We will replace lost or destroyed certificates for shares upon notice to us and upon, among other things, the applicant furnishing evidence and indemnity as the directors may require and the payment of all applicable fees.

Election and Re-election of Directors

Under our constitution, our shareholders by ordinary resolution, or our board of directors, may appoint any person to be a director as an additional director or to fill a casual vacancy, provided that any person so appointed by our board of directors shall hold office only until the next annual general meeting, and shall then be eligible for re-election.

Our constitution provides that, subject to the Singapore Companies Act, no person other than a director retiring at a general meeting is eligible for appointment as a director at any general meeting, without the recommendation of the Board for election, unless (a) in the case of a member or members who in aggregate hold(s) more than fifty percent of the total number of our issued and paid-up shares (excluding treasury shares), not less than ten days, or (b) in the case of a member or members who in aggregate hold(s) more than five percent of the total number of our issued and paid-up shares (excluding treasury shares), not less than 120 days, before the date of the notice provided to members in connection with the general meeting, a written notice signed by such member or members (other than the person to be proposed for appointment) who (i) are qualified to attend and vote at the meeting for which such notice is given, and (ii) have held shares representing the prescribed threshold in (a) or (b) above, for a continuous period of at least one year prior to the date on which such notice is given, is lodged at our registered office. Such a notice must also include the consent of the person nominated.

Shareholders' Meetings

We are required to hold an annual general meeting each year. Annual general meetings must be held within six months after our financial year end, being December 31. The directors may convene an extraordinary general meeting whenever they think fit and they must do so upon the written request of shareholders representing not less than one-tenth of the paid-up shares as at the date of deposit carries the right to vote at general meetings (disregarding paid-up shares held as treasury shares). In addition, two or more shareholders holding not less than one-tenth of our total number of issued shares (excluding our treasury shares) may call a meeting of our shareholders. The Singapore Companies Act requires not less than:

- 14 days' written notice to be given by Kenon of a general meeting to pass an ordinary resolution; and

- 21 days' written notice to be given by Kenon of a general meeting to pass a special resolution,

to every member and the auditors of Kenon. Our constitution further provides that in computing the notice period, both the day on which the notice is served, or deemed to be served, and the day for which the notice is given shall be excluded.

Unless otherwise required by law or by our constitution, voting at general meetings is by ordinary resolution, requiring the affirmative vote of a simple majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the resolution. An ordinary resolution suffices, for example, for appointments of directors. A special resolution, requiring an affirmative vote of not less than three-fourths of the shares present in person or represented by proxy at the meeting and entitled to vote on the resolution, is necessary for certain matters under Singapore law, such as an alteration of our constitution.

Voting Rights

Voting at any meeting of shareholders is by a show of hands unless a poll is duly demanded before or on the declaration of the result of the show of hands. If voting is by a show of hands, every shareholder who is entitled to vote and who is present in person or by proxy at the meeting has one vote. On a poll, every shareholder who is present in person or by proxy or by attorney, or in the case of a corporation, by a representative, has one vote for every share held by him or which he represents.

Dividends

We have no current plans to pay annual or semi-annual cash dividends. However, as part of our strategy, we may, in the event that we divest a portion of, or our entire equity interest in, any of our businesses, distribute such cash proceeds or declare a distribution-in-kind of shares in our investee companies. Any dividends would be limited by the amount of available distributable reserves, which, under Singapore law, will be assessed on the basis of Kenon's standalone unconsolidated accounts (which will be based upon the SFRS). Under Singapore law, it is also possible to effect a capital reduction exercise to return cash and/or assets to our shareholders. The completion of a capital reduction exercise may require the approval of the Singapore Courts, and we may not be successful in our attempts to obtain such approval.

Additionally, because we are a holding company, our ability to pay cash dividends, or declare a distribution-in-kind of the ordinary shares of any of our businesses, may be limited by restrictions on our ability to obtain sufficient funds through dividends from our businesses, including restrictions under the terms of the agreements governing the indebtedness of our businesses. Subject to the foregoing, the payment of cash dividends in the future, if any, will be at the discretion of our board of directors and will depend upon such factors as earnings levels, capital requirements, contractual restrictions, our overall financial condition, available distributable reserves and any other factors deemed relevant by our board of directors. Generally, a final dividend is declared out of profits disclosed by the accounts presented to the annual general meeting, and requires approval of our shareholders. However, our board of directors can declare interim dividends without approval of our shareholders.

Bonus Issues

In a general meeting, our shareholders may, upon the recommendation of the directors, capitalize any reserves or profits and distribute them as fully paid bonus shares to the shareholders in proportion to their shareholdings.

Takeovers

The Singapore Code on Take-overs and Mergers, the Singapore Companies Act and the Securities and Futures Act, Chapter 289 of Singapore regulate, among other things, the acquisition of ordinary shares of Singapore-incorporated public companies. Any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with such person, in 30% or more of our voting shares, or, if such person holds, either on his own or together with parties acting in concert with such person, between 30% and 50% (both amounts inclusive) of our voting shares, and if such person (or parties acting in concert with such person) acquires additional voting shares representing more than 1% of our voting shares in any six-month period, must, except with the consent of the Securities Industry Council in Singapore, extend a mandatory takeover offer for the remaining voting shares in accordance with the provisions of the Singapore Code on Take-overs and Mergers.

"Parties acting in concert" comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They include:

- a company and its related companies, the associated companies of any of the company and its related companies, companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

- a company and its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);

- a company and its pension funds and employee share schemes;

- a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis but only in respect of the investment account which such person manages;

- a financial or other professional adviser, including a stockbroker, and its clients in respect of shares held by the adviser and persons controlling, controlled by or under the same control as the adviser;
- directors of a company (including their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;
- partners; and
- an individual and such person's close relatives, related trusts, any person who is accustomed to act in accordance with such person's instructions and companies controlled by the individual, such person's close relatives, related trusts or any person who is accustomed to act in accordance with such person's instructions and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

Subject to certain exceptions, a mandatory takeover offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror during the offer period and within the six months preceding the acquisition of shares that triggered the mandatory offer obligation.

Under the Singapore Code on Take-overs and Mergers, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer. These legal requirements may impede or delay a takeover of our company by a third-party.

In October 2014, the Securities Industry Council of Singapore waived application of the Singapore Code on Take-overs and Mergers to Kenon, subject to certain conditions. Pursuant to the waiver, for as long as Kenon is not listed on a securities exchange in Singapore, and except in the case of a tender offer (within the meaning of U.S. securities laws) where the offeror relies on a Tier 1 exemption to avoid full compliance with U.S. tender offer regulations, the Singapore Code on Take-overs and Mergers shall not apply to Kenon.

Insofar as the Singapore Code on Take-overs and Mergers applies to Kenon, the Singapore Code on Take-overs and Mergers generally provides that the board of directors of Kenon should bring the offer to the shareholders of Kenon in accordance with the Singapore Code on Take-overs and Mergers and refrain from an action which will deny the shareholders from the possibility to decide on the offer.

Liquidation or Other Return of Capital

On a winding-up or other return of capital, subject to any special rights attaching to any other class of shares, holders of ordinary shares will be entitled to participate in any surplus assets in proportion to their shareholdings.

Limitations on Rights to Hold or Vote Ordinary Shares

Except as discussed above under "—*Takeovers*," there are no limitations imposed by the laws of Singapore or by our constitution on the right of non-resident shareholders to hold or vote ordinary shares.

Limitations of Liability and Indemnification Matters

Our constitution currently provides that, subject to the provisions of the Singapore Companies Act and every other act applicable to Kenon, every director, secretary or other officer of our company or our subsidiaries and affiliates shall be entitled to be indemnified by our company against all costs, charges, losses, expenses and liabilities incurred by him or her in the execution and discharge of his or her duties (and where he serves at our request as a director, officer, employee or agent of any of our subsidiaries or affiliates) or in relation thereto and in particular and without prejudice to the generality of the foregoing, no director, secretary or other officer of our company shall be liable for the acts, receipts, neglects or defaults of any other director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to our company through the insufficiency or deficiency of title to any property acquired by order of the directors for or on behalf of our company or for the insufficiency or deficiency of any security in or upon which any of the moneys of our company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his or her office or in relation thereto unless the same shall happen through his or her own negligence, default, breach of duty or breach of trust.

The limitation of liability and indemnification provisions in our constitution may discourage shareholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our shareholders. A shareholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act of 1933, or the Securities Act, may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable.

Comparison of Shareholder Rights

We are incorporated under the laws of Singapore. The following discussion summarizes material differences between the rights of holders of our ordinary shares and the rights of holders of the common stock of a typical corporation incorporated under the laws of the state of Delaware which result from differences in governing documents and the laws of Singapore and Delaware.

This discussion does not purport to be a complete statement of the rights of holders of our ordinary shares under applicable law in Singapore and our constitution or the rights of holders of the common stock of a typical corporation under applicable Delaware law and a typical certificate of incorporation and bylaws.

Delaware	**Singapore—Kenon Holdings Ltd.**
Board of Directors	
A typical certificate of incorporation and bylaws would provide that the number of directors on the board of directors will be fixed from time to time by a vote of the majority of the authorized directors. Under Delaware law, a board of directors can be divided into classes and cumulative voting in the election of directors is only permitted if expressly authorized in a corporation's certificate of incorporation.	The constitution of companies will typically state the minimum and maximum number of directors as well as provide that the number of directors may be increased or reduced by shareholders via ordinary resolution passed at a general meeting, provided that the number of directors following such increase or reduction is within the maximum and minimum number of directors provided in the constitution and the Singapore Companies Act, respectively. Our constitution provides that, unless otherwise determined by a general meeting, the minimum number of directors is five and the maximum number is 12.
Limitation on Personal Liability of Directors	
A typical certificate of incorporation provides for the elimination of personal monetary liability of directors for breach of fiduciary duties as directors to the fullest extent permissible under the laws of Delaware, except for liability (i) for any breach of a director's loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law (relating to the liability of directors for unlawful payment of a dividend or an unlawful stock purchase or redemption) or (iv) for any transaction from which the director derived an improper personal benefit. A typical certificate of incorporation would also provide that if the Delaware General Corporation Law is amended so as to allow further elimination of, or limitations on, director liability, then the liability of directors will be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law as so amended.	Pursuant to the Singapore Companies Act, any provision (whether in the constitution, contract or otherwise) purporting to exempt a director (to any extent) from any liability attaching in connection with any negligence, default, breach of duty or breach of trust in relation to Kenon will be void except as permitted under the Singapore Companies Act. Nevertheless, a director can be released by the shareholders of Kenon for breaches of duty to Kenon, except in the case of fraud, illegality, insolvency and oppression or disregard of minority interests. Our constitution currently provides that, subject to the provisions of the Singapore Companies Act and every other act for the time being in force concerning companies and affecting Kenon, every director, auditor, secretary or other officer of Kenon and its subsidiaries and affiliates shall be entitled to be indemnified by Kenon against all liabilities incurred by him in the execution and discharge of his duties and where he serves at the request of Kenon as a director, officer, employee or agent of any subsidiary or affiliate of Kenon or in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of Kenon, and in which judgment is given in his favor (or the proceedings otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted, or in connection with an application under statute in respect of such act or omission in which relief is granted to him by the court.

Interested Shareholders

Section 203 of the Delaware General Corporation Law generally prohibits a Delaware corporation from engaging in specified corporate transactions (such as mergers, stock and asset sales, and loans) with an “interested stockholder” for three years following the time that the stockholder becomes an interested stockholder. Subject to specified exceptions, an “interested stockholder” is a person or group that owns 15% or more of the corporation’s outstanding voting stock (including any rights to acquire stock pursuant to an option, warrant, agreement, arrangement or understanding, or upon the exercise of conversion or exchange rights, and stock with respect to which the person has voting rights only), or is an affiliate or associate of the corporation and was the owner of 15% or more of the voting stock at any time within the previous three years.

A Delaware corporation may elect to “opt out” of, and not be governed by, Section 203 through a provision in either its original certificate of incorporation, or an amendment to its original certificate or bylaws that was approved by majority stockholder vote. With a limited exception, this amendment would not become effective until 12 months following its adoption.

There are no comparable provisions in Singapore with respect to public companies which are not listed on the Singapore Exchange Securities Trading Limited.

Removal of Directors

A typical certificate of incorporation and bylaws provide that, subject to the rights of holders of any preferred stock, directors may be removed at any time by the affirmative vote of the holders of at least a majority, or in some instances a supermajority, of the voting power of all of the then outstanding shares entitled to vote generally in the election of directors, voting together as a single class. A certificate of incorporation could also provide that such a right is only exercisable when a director is being removed for cause (removal of a director only for cause is the default rule in the case of a classified board).

According to the Singapore Companies Act, directors of a public company may be removed before expiration of their term of office with or without cause by ordinary resolution (i.e., a resolution which is passed by a simple majority of those shareholders present and voting in person or by proxy). Notice of the intention to move such a resolution has to be given to Kenon not less than 28 days before the meeting at which it is moved. Kenon shall then give notice of such resolution to its shareholders not less than 14 days before the meeting. Where any director removed in this manner was appointed to represent the interests of any particular class of shareholders or debenture holders, the resolution to remove such director will not take effect until such director’s successor has been appointed.

Our constitution provides that Kenon may by ordinary resolution of which special notice has been given, remove any director before the expiration of his period of office, notwithstanding anything in our constitution or in any agreement between Kenon and such director and appoint another person in place of the director so removed.

Filling Vacancies on the Board of Directors

A typical certificate of incorporation and bylaws provide that, subject to the rights of the holders of any preferred stock, any vacancy, whether arising through death, resignation, retirement, disqualification, removal, an increase in the number of directors or any other reason, may be filled by a majority vote of the remaining directors, even if such directors remaining in office constitute less than a quorum, or by the sole remaining director. Any newly elected director usually holds office for the remainder of the full term expiring at the annual meeting of stockholders at which the term of the class of directors to which the newly elected director has been elected expires.

The constitution of a Singapore company typically provides that the directors have the power to appoint any person to be a director, either to fill a vacancy or as an addition to the existing directors, but so that the total number of directors will not at any time exceed the maximum number fixed in the constitution. Any newly elected director shall hold office until the next following annual general meeting, where such director will then be eligible for re-election. Our constitution provides that the shareholders may by ordinary resolution, or the directors may, appoint any person to be a director as an additional director or to fill a vacancy provided that any person so appointed by the directors will only hold office until the next annual general meeting, and will then be eligible for re-election.

Amendment of Governing Documents

Under the Delaware General Corporation Law, amendments to a corporation's certificate of incorporation require the approval of stockholders holding a majority of the outstanding shares entitled to vote on the amendment. If a class vote on the amendment is required by the Delaware General Corporation Law, a majority of the outstanding stock of the class is required, unless a greater proportion is specified in the certificate of incorporation or by other provisions of the Delaware General Corporation Law. Under the Delaware General Corporation Law, the board of directors may amend bylaws if so authorized in the charter. The stockholders of a Delaware corporation also have the power to amend bylaws.

Our constitution may be altered by special resolution (i.e., a resolution passed by at least a three-fourths majority of the shares entitled to vote, present in person or by proxy at a meeting for which not less than 21 days' written notice is given). The board of directors has no right to amend the constitution.

Meetings of Shareholders

Annual and Special Meetings

Typical bylaws provide that annual meetings of stockholders are to be held on a date and at a time fixed by the board of directors. Under the Delaware General Corporation Law, a special meeting of stockholders may be called by the board of directors or by any other person authorized to do so in the certificate of incorporation or the bylaws.

Quorum Requirements

Under the Delaware General Corporation Law, a corporation's certificate of incorporation or bylaws can specify the number of shares which constitute the quorum required to conduct business at a meeting, provided that in no event shall a quorum consist of less than one-third of the shares entitled to vote at a meeting.

Annual General Meetings

All companies are required to hold an annual general meeting once every calendar year. The first annual general meeting was required to be held within 18 months of Kenon's incorporation and subsequently, annual general meetings must be held within six months after Kenon's financial year end.

Extraordinary General Meetings

Any general meeting other than the annual general meeting is called an "extraordinary general meeting." Two or more members (shareholders) holding not less than 10% of the total number of issued shares (excluding treasury shares) may call an extraordinary general meeting. In addition, the constitution usually also provides that general meetings may be convened in accordance with the Singapore Companies Act by the directors.

Notwithstanding anything in the constitution, the directors are required to convene a general meeting if required to do so by requisition (i.e., written notice to directors requiring that a meeting be called) by shareholder(s) holding not less than 10% of the total number of paid-up shares of Kenon carrying voting rights.

Our constitution provides that the directors may, whenever they think fit, convene an extraordinary general meeting.

Quorum Requirements

Our constitution provides that shareholders entitled to vote holding 33 and 1/3 percent of our issued and paid-up shares, present in person or by proxy at a meeting, shall be a quorum. In the event a quorum is not present, the meeting may be adjourned for one week.

Indemnification of Officers, Directors and Employers

Under the Delaware General Corporation Law, subject to specified limitations in the case of derivative suits brought by a corporation's stockholders in its name, a corporation may indemnify any person who is made a party to any third-party action, suit or proceeding on account of being a director, officer, employee or agent of the corporation (or was serving at the request of the corporation in such capacity for another corporation, partnership, joint venture, trust or other enterprise) against expenses, including attorney's fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding through, among other things, a majority vote of a quorum consisting of directors who were not parties to the suit or proceeding, if the person:

- acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation or, in some circumstances, at least not opposed to its best interests; and

- in a criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Delaware corporate law permits indemnification by a corporation under similar circumstances for expenses (including attorneys' fees) actually and reasonably incurred by such persons in connection with the defense or settlement of a derivative action or suit, except that no indemnification may be made in respect of any claim, issue or matter as to which the person is adjudged to be liable to the corporation unless the Delaware Court of Chancery or the court in which the action or suit was brought determines upon application that the person is fairly and reasonably entitled to indemnity for the expenses which the court deems to be proper.

To the extent a director, officer, employee or agent is successful in the defense of such an action, suit or proceeding, the corporation is required by Delaware corporate law to indemnify such person for expenses (including attorneys' fees) actually and reasonably incurred thereby. Expenses (including attorneys' fees) incurred by such persons in defending any action, suit or proceeding may be paid in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of that person to repay the amount if it is ultimately determined that that person is not entitled to be so indemnified.

The Singapore Companies Act specifically provides that Kenon is allowed to:

- purchase and maintain for any officer insurance against any liability attaching to such officer in respect of any negligence, default, breach of duty or breach of trust in relation to Kenon;

- indemnify such officer against liability incurred by a director to a person other than Kenon except when the indemnity is against (i) any liability of the director to pay a fine in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising); or (ii) any liability incurred by the officer (1) in defending criminal proceedings in which he is convicted, (2) in defending civil proceedings brought by Kenon or a related company of Kenon in which judgment is given against him or (3) in connection with an application for relief under specified sections of the Singapore Companies Act in which the court refuses to grant him relief.

- indemnify any auditor against any liability incurred or to be incurred by such auditor in defending any proceedings (whether civil or criminal) in which judgment is given in such auditor's favor or in which such auditor is acquitted; or

- indemnify any auditor against any liability incurred by such auditor in connection with any application under specified sections of the Singapore Companies Act in which relief is granted to such auditor by a court.

In cases where, inter alia, an officer is sued by Kenon the Singapore Companies Act gives the court the power to relieve directors either wholly or partially from the consequences of their negligence, default, breach of duty or breach of trust. However, Singapore case law has indicated that such relief will not be granted to a director who has benefited as a result of his or her breach of trust. In order for relief to be obtained, it must be shown that (i) the director acted reasonably; (ii) the director acted honestly; and (iii) it is fair, having regard to all the circumstances of the case including those connected with such director's appointment, to excuse the director.

Our constitution currently provides that, subject to the provisions of the Singapore Companies Act and every other act for the time being in force concerning companies and affecting Kenon, every director, auditor, secretary or other officer of Kenon and its subsidiaries and affiliates shall be entitled to be indemnified by Kenon against all liabilities incurred by him in the execution and discharge of his duties and where he serves at the request of Kenon as a director, officer, employee or agent of any subsidiary or affiliate of Kenon or in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of Kenon, and in which judgment is given in his favor (or the proceedings otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted, or in connection with an application under statute in respect of such act or omission in which relief is granted to him by the court.

Shareholder Approval of Business Combinations

Generally, under the Delaware General Corporation Law, completion of a merger, consolidation, or the sale, lease or exchange of substantially all of a corporation's assets or dissolution requires approval by the board of directors and by a majority (unless the certificate of incorporation requires a higher percentage) of outstanding stock of the corporation entitled to vote.

The Delaware General Corporation Law also requires a special vote of stockholders in connection with a business combination with an "interested stockholder" as defined in section 203 of the Delaware General Corporation Law. For further information on such provisions, see "—*Interested Shareholders*" above.

The Singapore Companies Act mandates that specified corporate actions require approval by the shareholders in a general meeting, notably:

- notwithstanding anything in Kenon's constitution, directors are not permitted to carry into effect any proposals for disposing of the whole or substantially the whole of Kenon's undertaking or property unless those proposals have been approved by shareholders in a general meeting;

- subject to the constitution of each amalgamating company, an amalgamation proposal must be approved by the shareholders of each amalgamating company via special resolution at a general meeting; and

- notwithstanding anything in Kenon's constitution, the directors may not, without the prior approval of shareholders, issue shares, including shares being issued in connection with corporate actions.

Shareholder Action Without a Meeting

Under the Delaware General Corporation Law, unless otherwise provided in a corporation's certificate of incorporation, any action that may be taken at a meeting of stockholders may be taken without a meeting, without prior notice and without a vote if the holders of outstanding stock, having not less than the minimum number of votes that would be necessary to authorize such action, consent in writing. It is not uncommon for a corporation's certificate of incorporation to prohibit such action.

There are no equivalent provisions under the Singapore Companies Act in respect of passing shareholders' resolutions by written means that apply to public companies listed on a securities exchange.

Shareholder Suits

Under the Delaware General Corporation Law, a stockholder may bring a derivative action on behalf of the corporation to enforce the rights of the corporation. An individual also may commence a class action suit on behalf of himself or herself and other similarly situated stockholders where the requirements for maintaining a class action under the Delaware General Corporation Law have been met. A person may institute and maintain such a suit only if such person was a stockholder at the time of the transaction which is the subject of the suit or his or her shares thereafter devolved upon him or her by operation of law. Additionally, under Delaware case law, the plaintiff generally must be a stockholder not only at the time of the transaction which is the subject of the suit, but also through the duration of the derivative suit. Delaware Law also requires that the derivative plaintiff make a demand on the directors of the corporation to assert the corporate claim before the suit may be prosecuted by the derivative plaintiff, unless such demand would be futile.

Derivative actions

The Singapore Companies Act has a provision which provides a mechanism enabling any registered shareholder to apply to the court for leave to bring a derivative action on behalf of the company.

In addition to registered shareholders, courts are given the discretion to allow such persons as they deem proper to apply as well (e.g., beneficial owners of shares or individual directors).

This provision of the Singapore Companies Act is primarily used by minority shareholders to bring an action in the name and on behalf of the company or intervene in an action to which the company is a party for the purpose of prosecuting, defending or discontinuing the action on behalf of the company.

Class actions

The concept of class action suits, which allows individual shareholders to bring an action seeking to represent the class or classes of shareholders, generally does not exist in Singapore. However, it is possible as a matter of procedure for a number of shareholders to lead an action and establish liability on behalf of themselves and other shareholders who join in or who are made parties to the action.

Further, there are certain circumstances in which shareholders may file and prove their claims for compensation in the event that Kenon has been convicted of a criminal offense or has a court order for the payment of a civil penalty made against it.

Additionally, for as long as Kenon is listed in the U.S. or in Israel, Kenon has undertaken not to claim that it is not subject to any derivative/class action that may be filed against it in the U.S. or Israel, as applicable, solely on the basis that it is a Singapore company.

Dividends or Other Distributions; Repurchases and Redemptions

The Delaware General Corporation Law permits a corporation to declare and pay dividends out of statutory surplus or, if there is no surplus, out of net profits for the fiscal year in which the dividend is declared and/or for the preceding fiscal year as long as the amount of capital of the corporation following the declaration and payment of the dividend is not less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets.

Under the Delaware General Corporation Law, any corporation may purchase or redeem its own shares, except that generally it may not purchase or redeem these shares if the capital of the corporation is impaired at the time or would become impaired as a result of the redemption. A corporation may, however, purchase or redeem out of capital shares that are entitled upon any distribution of its assets to a preference over another class or series of its shares if the shares are to be retired and the capital reduced.

The Singapore Companies Act provides that no dividends can be paid to shareholders except out of profits.

The Singapore Companies Act does not provide a definition on when profits are deemed to be available for the purpose of paying dividends and this is accordingly governed by case law. Our constitution provides that no dividend can be paid otherwise than out of profits of Kenon.

Acquisition of a company's own shares

The Singapore Companies Act generally prohibits a company from acquiring its own shares subject to certain exceptions. Any contract or transaction by which a company acquires or transfers its own shares is void. However, provided that it is expressly permitted to do so by its constitution and subject to the special conditions of each permitted acquisition contained in the Singapore Companies Act, Kenon may:

- redeem redeemable preference shares (the redemption of these shares will not reduce the capital of Kenon). Preference shares may be redeemed out of capital if all the directors make a solvency statement in relation to such redemption in accordance with the Singapore Companies Act;
- whether listed (on an approved exchange in Singapore or any securities exchange outside Singapore) or not, make an off-market purchase of its own shares in accordance with an equal access scheme authorized in advance at a general meeting;
- whether listed on a securities exchange (in Singapore or outside Singapore) or not, make a selective off-market purchase of its own shares in accordance with an agreement authorized in advance at a general meeting by a special resolution where persons whose shares are to be acquired and their associated persons have abstained from voting; and
- whether listed (on an approved exchange in Singapore or any securities exchange outside Singapore) or not, make an acquisition of its own shares under a contingent purchase contract which has been authorized in advance at a general meeting by a special resolution.

Kenon may also purchase its own shares by an order of a Singapore court.

The total number of ordinary shares that may be acquired by Kenon in a relevant period may not exceed 20% of the total number of ordinary shares in that class as of the date of the resolution pursuant to the relevant share repurchase provisions under the Singapore Companies Act. Where, however, Kenon has reduced its share capital by a special resolution or a Singapore court made an order to such effect, the total number of ordinary shares shall be taken to be the total number of ordinary shares in that class as altered by the special resolution or the order of the court. Payment must be made out of Kenon's distributable profits or capital, provided that Kenon is solvent. Such payment may include any expenses (including brokerage or commission) incurred directly in the purchase or acquisition by Kenon of its ordinary shares.

Financial assistance for the acquisition of shares

Kenon may not give financial assistance to any person whether directly or indirectly for the purpose of:

- the acquisition or proposed acquisition of shares in Kenon or units of such shares; or
- the acquisition or proposed acquisition of shares in its holding company or ultimate holding company, as the case may be, or units of such shares.

Financial assistance may take the form of a loan, the giving of a guarantee, the provision of security, the release of an obligation, the release of a debt or otherwise.

However, Kenon may provide financial assistance for the acquisition of its shares or shares in its holding company if it complies with the requirements (including, where applicable, approval by the board of directors or by the passing of a special resolution by its shareholders) set out in the Singapore Companies Act. Our constitution provides that subject to the provisions of the Singapore Companies Act, we may purchase or otherwise acquire our own shares upon such terms and subject to such conditions as we may deem fit. These shares may be held as treasury shares or cancelled as provided in the Singapore Companies Act or dealt with in such manner as may be permitted under the Singapore Companies Act. On cancellation of the shares, the rights and privileges attached to those shares will expire.

Transactions with Officers and Directors

Under the Delaware General Corporation Law, some contracts or transactions in which one or more of a corporation's directors has an interest are not void or voidable because of such interest provided that some conditions, such as obtaining the required approval and fulfilling the requirements of good faith and full disclosure, are met. Under the Delaware General Corporation Law, either (a) the stockholders or the board of directors must approve in good faith any such contract or transaction after full disclosure of the material facts or (b) the contract or transaction must have been "fair" as to the corporation at the time it was approved. If board approval is sought, the contract or transaction must be approved in good faith by a majority of disinterested directors after full disclosure of material facts, even though less than a majority of a quorum.

Under the Singapore Companies Act, the chief executive officer and directors are not prohibited from dealing with Kenon, but where they have an interest in a transaction with Kenon, that interest must be disclosed to the board of directors. In particular, the chief executive officer and every director who is in any way, whether directly or indirectly, interested in a transaction or proposed transaction with Kenon must, as soon as practicable after the relevant facts have come to such officer or director's knowledge, declare the nature of such officer or director's interest at a board of directors' meeting or send a written notice to Kenon containing details on the nature, character and extent of his interest in the transaction or proposed transaction with Kenon.

In addition, a director or chief executive officer who holds any office or possesses any property which, directly or indirectly, duties or interests might be created in conflict with such officer's duties or interests as director or chief executive officer, is required to declare the fact and the nature, character and extent of the conflict at a meeting of directors or send a written notice to Kenon containing details on the nature, character and extent of the conflict.

The Singapore Companies Act extends the scope of this statutory duty of a director or chief executive officer to disclose any interests by pronouncing that an interest of a member of the director's or, as the case may be, the chief executive officer's family (including spouse, son, adopted son, step-son, daughter, adopted daughter and step-daughter) will be treated as an interest of the director.

There is however no requirement for disclosure where the interest of the director or chief executive officer (as the case may be) consists only of being a member or creditor of a corporation which is interested in the proposed transaction with Kenon if the interest may properly be regarded as immaterial. Where the proposed transaction relates to any loan to Kenon, no disclosure need be made where the director or chief executive officer has only guaranteed or joined in guaranteeing the repayment of such loan, unless the constitution provides otherwise.

Further, where the proposed transaction is to be made with or for the benefit of a related corporation (i.e. the holding company, subsidiary or subsidiary of a common holding company) no disclosure need be made of the fact that the director or chief executive officer is also a director or chief executive officer of that corporation, unless the constitution provides otherwise.

Subject to specified exceptions, including a loan to a director for expenditure in defending criminal or civil proceedings, etc. or in connection with an investigation, or an action proposed to be taken by a regulatory authority in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to Kenon, the Singapore Companies Act prohibits Kenon from: (i) making a loan or quasi-loan to its directors or to directors of a related corporation (each, a "relevant director"); (ii) giving a guarantee or security in connection with a loan or quasi-loan made to a relevant director by any other person; (iii) entering into a credit transaction as creditor for the benefit of a relevant director; (iv) giving a guarantee or security in connection with such credit transaction entered into by any person for the benefit of a relevant director; (v) taking part in an arrangement where another person enters into any of the transactions in (i) to (iv) above or (vi) below and such person obtains a benefit from Kenon or a related corporation; or (vi) arranging for the assignment to Kenon or assumption by Kenon of any rights, obligations or liabilities under a transaction in (i) to (v) above. Kenon is also prohibited from entering into the transactions in (i) to (vi) above with or for the benefit of a relevant director's spouse or children (whether adopted or naturally or step-children).

Dissenters’ Rights

Delaware	Singapore
Under the Delaware General Corporation Law, a stockholder of a corporation participating in some types of major corporate transactions may, under varying circumstances, be entitled to appraisal rights pursuant to which the stockholder may receive cash in the amount of the fair market value of his or her shares in lieu of the consideration he or she would otherwise receive in the transaction.	There are no equivalent provisions under the Singapore Companies Act.

Cumulative Voting

Delaware	Singapore
Under the Delaware General Corporation Law, a corporation may adopt in its bylaws that its directors shall be elected by cumulative voting. When directors are elected by cumulative voting, a stockholder has the number of votes equal to the number of shares held by such stockholder times the number of directors nominated for election. The stockholder may cast all of such votes for one director or among the directors in any proportion.	There is no equivalent provision under the Singapore Companies Act in respect of companies incorporated in Singapore.

Anti-Takeover Measures

Delaware	Singapore
Under the Delaware General Corporation Law, the certificate of incorporation of a corporation may give the board the right to issue new classes of preferred stock with voting, conversion, dividend distribution, and other rights to be determined by the board at the time of issuance, which could prevent a takeover attempt and thereby preclude shareholders from realizing a potential premium over the market value of their shares In addition, Delaware law does not prohibit a corporation from adopting a stockholder rights plan, or "poison pill," which could prevent a takeover attempt and also preclude shareholders from realizing a potential premium over the market value of their shares.	The constitution of a Singapore company typically provides that the company may allot and issue new shares of a different class with preferential, deferred, qualified or other special rights as its board of directors may determine with the prior approval of the company's shareholders in a general meeting. Our constitution provides that our shareholders may grant to our board the general authority to issue such preference shares until the next general meeting. For further information, see "*Item 3.D Risk Factors—Risks Relating to Our Ordinary Shares—Our directors have general authority to allot and issue new shares on terms and conditions and with any preferences, rights or restrictions as may be determined by our board of directors in its sole discretion, which may dilute our existing shareholders. We may also issue securities that have rights and privileges that are more favorable than the rights and privileges accorded to our existing shareholders*" and "*—Preference Shares.*" Singapore law does not generally prohibit a corporation from adopting "poison pill" arrangements which could prevent a takeover attempt and also preclude shareholders from realizing a potential premium over the market value of their shares. However, under the Singapore Code on Take-overs and Mergers, if, in the course of an offer, or even before the date of the offer announcement, the board of the offeree company has reason to believe that a bona fide offer is imminent, the board must not, except pursuant to a contract entered into earlier, take any action, without the approval of shareholders at a general meeting, on the affairs of the offeree company that could effectively result in any bona fide offer being frustrated or the shareholders being denied an opportunity to decide on its merits. For further information on the Singapore Code on Take-overs and Mergers, see "*—Takeovers*."

C. Material Contracts

For information concerning our material contracts, see "*Item 4. Information on the Company" and "Item 5. Operating and Financial Review and Prospects*."

D. Exchange Controls

There are currently no exchange control restrictions in effect in Singapore.

E. Taxation

The following summary of the United States federal income tax and Singapore tax consequences of ownership of our ordinary shares is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this annual report. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of our ordinary shares. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of our ordinary shares. Each prospective holder is urged to consult its tax adviser as to the particular tax consequences to such holder of the ownership and disposition of our ordinary shares, including the applicability and effect of any other tax laws or tax treaties, of pending or proposed changes in applicable tax laws as of the date of this annual report, and of any actual changes in applicable tax laws after such date.

U.S. Federal Income Tax Considerations

The following summarizes U.S. federal income tax considerations of owning and disposing of our ordinary shares. This summary applies only to U.S. Holders that hold our ordinary shares as capital assets (generally, property held for investment) and that have the U.S. Dollar as their functional currency.

This summary is based on the Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations promulgated thereunder and on judicial and administrative interpretations of the Code and the Treasury regulations, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. This summary does not purport to be a complete description of the consequences of the transactions described in this annual report, nor does it address the application of estate, gift or other non-income federal tax laws or any state, local or foreign tax laws. Moreover, this summary does not address all the tax consequences that may be relevant to holders of our ordinary shares in light of their particular circumstances, including the alternative minimum tax, the Medicare tax on certain investment income and special rules that apply to certain holders such as (but not limited to):

- persons that are not U.S. Holders;
- persons that are subject to alternative minimum taxes;
- insurance companies;
- tax-exempt entities;
- financial institutions;
- broker-dealers;
- persons that hold our ordinary shares through partnerships (or other entities classified as partnerships for U.S. federal income tax purposes);
- pass-through entities;
- persons that actually or constructively own 10% or more of the total combined voting power of all classes of our voting stock or 10% or more of the total value of shares of all classes of our stock;
- traders in securities that elect to apply a mark-to-market method of accounting, holders that hold our ordinary shares as part of a “hedge,” “straddle,” “conversion,” or other risk reduction transaction for U.S. federal income tax purposes; and
- individuals who receive our ordinary shares upon the exercise of compensatory options or otherwise as compensation.

Moreover, no advance rulings have been or will be sought from the U.S. Internal Revenue Service, or IRS, regarding any matter discussed in this annual report, and counsel to Kenon has not rendered any opinion with respect to any of the U.S. federal income tax consequences relating to the transactions addressed herein. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax aspects set forth below.

HOLDERS AND PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL, NON-U.S. AND OTHER TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF OUR ORDINARY SHARES.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of our ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or other entity taxable as a partnership for U.S. federal income tax purposes) holds our ordinary shares, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding our ordinary shares, you should consult your tax advisor.

Taxation of Dividends and Other Distributions on the Ordinary Shares

The gross amount of any distribution made to a U.S. Holder with respect to our ordinary shares, including the amount of any non-U.S. taxes withheld from the distribution, generally will be includible in income on the day on which the distribution is actually or constructively received by a U.S. Holder as dividend income to the extent the distribution is paid out of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. A distribution in excess of our current and accumulated earnings and profits (as determined for U.S. federal income tax purposes), including the amount of any non-U.S. taxes withheld from the distribution, will be treated as a non-taxable return of capital to the extent of the U.S. Holder's adjusted basis in our ordinary shares and as a capital gain to the extent it exceeds the U.S. Holder's basis. We do not expect to maintain calculations of our earnings and profits under U.S. federal income tax principles; therefore, U.S. Holders should expect that distributions generally will be treated as dividends for U.S. federal income tax purposes. Such dividends will not be eligible for the dividends-received deduction generally allowed to U.S. corporations.

Distributions treated as dividends that are received by individuals and other non-corporate U.S. Holders from "qualified foreign corporations" generally qualify for a reduced maximum tax rate so long as certain holding period and other requirements are met. Dividends paid on our ordinary shares, should qualify for the reduced rate if we are treated as a "qualified foreign corporation." For this purpose, a qualified foreign corporation means any foreign corporation provided that: (i) the corporation was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a PFIC (as discussed below), (ii) certain holding period requirements are met and (iii) either (A) the corporation is eligible for the benefits of a comprehensive income tax treaty with the United States that the IRS has approved for the purposes of the qualified dividend rules or (B) the stock with respect to which such dividend was paid is readily tradable on an established securities market in the United States. The United States does not currently have a comprehensive income tax treaty with Singapore. However, the ordinary shares should be considered to be readily tradable on established securities markets in the United States if they are listed on the NYSE. Therefore, we expect that our ordinary shares should generally be considered to be readily tradable on an established securities market in the United States, and we expect that dividends with respect to such ordinary shares should qualify for the reduced rate. U.S. Holders are encouraged to consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to our ordinary shares.

Dividends on our ordinary shares received by a U.S. Holder will generally be treated as foreign source income for U.S. foreign tax credit purposes. The rules with respect to foreign tax credits are complex and U.S. Holders should consult their tax advisors regarding the availability of the foreign tax credit in their particular circumstances.

Taxation of Dispositions of the Ordinary Shares

A U.S. Holder will recognize gain or loss on the sale or other taxable disposition of our ordinary shares in an amount equal to the difference between the amount realized on such sale or other taxable disposition and such U.S. Holder's adjusted tax basis in our ordinary shares. Such gain or loss generally will be long-term capital gain (taxable at a reduced rate for non-corporate U.S. Holders) or loss if, on the date of sale or disposition, such ordinary shares were held by such U.S. Holder for more than one year. The deductibility of capital losses is subject to significant limitations. Any gain or loss recognized by a U.S. Holder generally will be treated as U.S. source gain or loss, as the case may be, for foreign tax credit purposes.

The amount realized on a sale or other taxable disposition of our ordinary shares in exchange for foreign currency generally will equal the U.S. Dollar value of the foreign currency at the spot exchange rate in effect on the date of sale or other taxable disposition or, if the ordinary shares are traded on an established securities market (such as the NYSE or the TASE), in the case of a cash method or electing accrual method U.S. Holder of our ordinary shares, the settlement date. A U.S. Holder will have a tax basis in the foreign currency received equal to the U.S. Dollar amount realized. Any gain or loss realized by a U.S. Holder on a subsequent conversion or other disposition of the foreign currency will be foreign currency gain or loss, which is treated as U.S. source ordinary income or loss for foreign tax credit purposes.

Passive Foreign Investment Company

In general, a non-U.S. corporation will be classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for any taxable year in which either (i) 75% or more of its gross income consists of certain types of "passive" income or (ii) 50% or more of the fair market value (determined on the basis of a quarterly average) of its assets produce or are held for the production of passive income. For this purpose, cash is categorized as a passive asset and our unbooked intangibles will be taken into account and generally treated as non-passive assets. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the shares.

We do not believe that we were a PFIC for the taxable year ended December 31, 2020, but we may be a PFIC for our current, and any future, taxable year. Our status as a PFIC in any year depends on our assets and activities in that year. The sale of the Inkia Business, the investment in Qoros by the Majority Shareholder in Qoros in 2018 (which reduced our equity interest in Qoros to 24%), the sale of half of our then remaining interest in Qoros to the Majority Shareholder in Qoros in April 2020 (which reduced our equity interest in Qoros to 12%) and the expected sale of all of our remaining interest in Qoros to the Majority Shareholder in Qoros in April 2021 (which will eliminate our equity interest in Qoros) each may increase the value of our assets that produce, or are held for the production of, passive income and/or our passive income and result in us becoming a PFIC for our current, and any future, taxable year. Similarly, after ZIM completed its initial public offering in February 2021 (which reduced our equity interest in ZIM to 28%), any further reduction in our equity interest to or below 25% may increase the value of our assets that produce, or are held for the production of, passive income and/or our passive income and result in us becoming a PFIC for our current, and any future, taxable year. The determination of PFIC status, however, is factual in nature and generally cannot be made until the close of the taxable year, and there can be no assurance that we will not be considered a PFIC for any taxable year.

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ordinary shares, the U.S. Holder will generally be subject to imputed interest taxes, characterization of any gain from the sale or exchange of our ordinary shares as ordinary income, and other disadvantageous tax treatment with respect to our ordinary shares unless the U.S. Holder makes a mark-to-market election (as described below). Further, if we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ordinary shares and any of our non-U.S. subsidiaries is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of each such non-U.S. subsidiary classified as a PFIC (each such subsidiary, a lower tier PFIC) for purposes of the application of these rules. U.S. Holders should consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" in a PFIC may make a mark-to-market election. A mark-to-market election may be made with respect to our ordinary shares, provided they are actively traded, defined for this purpose as being traded on a "qualified exchange," other than in de minimis quantities, on at least 15 days during each calendar quarter. We anticipate that our ordinary shares should qualify as being actively traded, but no assurances may be given in this regard. If a U.S. Holder of our ordinary shares makes this election, the U.S. Holder will generally (i) include as income for each taxable year the excess, if any, of the fair market value of our ordinary shares held at the end of the taxable year over the adjusted tax basis of such ordinary shares and (ii) deduct as a loss the excess, if any, of the adjusted tax basis of our ordinary shares over the fair market value of such ordinary shares held at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in our ordinary shares would be adjusted to reflect any income or loss resulting from the mark-to-market election. In addition, any gain such U.S. Holder recognizes upon the sale or other taxable disposition of our ordinary shares will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. If a U.S. Holder makes a mark-to-market election in respect of a corporation classified as a PFIC and such corporation ceases to be classified as a PFIC, the U.S. Holder will not be required to take into account the gain or loss described above during any period that such corporation is not classified as a PFIC. In the case of a U.S. Holder who has held our ordinary shares during any taxable year in respect of which we were classified as a PFIC and continues to hold such ordinary shares (or any portion thereof) and has not previously made a mark-to-market election, and who is considering making a mark-to-market election, special tax rules may apply relating to purging the PFIC taint of such ordinary shares. Because a mark-to-market election cannot technically be made for any lower-tier PFICs that we may own, a U.S. Holder may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

We do not intend to provide the information necessary for U.S. Holders of our ordinary shares to make qualified electing fund elections, which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If a U.S. Holder owns our ordinary shares during any taxable year that we are a PFIC, such U.S. Holder may be subject to certain reporting obligations with respect to our ordinary shares, including reporting on IRS Form 8621.

Each U.S. Holder should consult its tax adviser concerning the U.S. federal income tax consequences of purchasing, holding, and disposing of our ordinary shares, including the possibility of making a mark-to-market election, if we are or become classified as a PFIC.

Material Singapore Tax Considerations

The following discussion is a summary of Singapore income tax, goods and services tax, or GST, stamp duty and estate duty considerations relevant to the acquisition, ownership and disposition of our ordinary shares by an investor who is not tax resident or domiciled in Singapore and who does not carry on business or otherwise have a presence in Singapore. The statements made herein regarding taxation are general in nature and based upon certain aspects of the current tax laws of Singapore and administrative guidelines issued by the relevant authorities in force as of the date hereof and are subject to any changes in such laws or administrative guidelines or the interpretation of such laws or guidelines occurring after such date, which changes could be made on a retrospective basis. The statements made herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to acquire, own or dispose of our ordinary shares and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective shareholders are advised to consult their tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of our ordinary shares, taking into account their own particular circumstances. The statements below are based upon the assumption that Kenon is tax resident in Singapore for Singapore income tax purposes. It is emphasized that neither Kenon nor any other persons involved in this annual report accepts responsibility for any tax effects or liabilities resulting from the acquisition, holding or disposal of our ordinary shares.

Income Taxation Under Singapore Law

Dividends or Other Distributions with Respect to Ordinary Shares

Under the one-tier corporate tax system which currently applies to all Singapore tax resident companies, tax on corporate profits is final, and dividends paid by a Singapore tax resident company are not subject to withholding tax and will be tax exempt in the hands of a shareholder, whether or not the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

Capital Gains upon Disposition of Ordinary Shares

Under current Singapore tax laws, there is no tax on capital gains. There are no specific laws or regulations which deal with the characterization of whether a gain is income or capital in nature. Gains arising from the disposal of our ordinary shares may be construed to be of an income nature and subject to Singapore income tax, if they arise from activities which the Inland Revenue Authority of Singapore regards as the carrying on of a trade or business in Singapore. However, under Singapore tax laws and subject to certain exceptions, any gains derived by a divesting company from its disposal of ordinary shares in an investee company between June 1, 2012 and December 31, 2027 are generally not taxable if immediately prior to the date of the relevant disposal, the investing company has held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months (“safe harbor rule”).

Goods and Services Tax

The issue or transfer of ownership of our ordinary shares should be exempt from Singapore GST. Hence, the holders would not incur any GST on the subscription or subsequent transfer of the shares.

Stamp Duty

Where our ordinary shares evidenced in certificated forms are acquired in Singapore, stamp duty is payable on the instrument of their transfer at the rate of 0.2% of the consideration for or market value of our ordinary shares, whichever is higher.

Where an instrument of transfer is executed outside Singapore or no instrument of transfer is executed, no stamp duty is payable on the acquisition of our ordinary shares. However, stamp duty may be payable if the instrument of transfer is executed outside Singapore and is received in Singapore. The stamp duty is borne by the purchaser unless there is an agreement to the contrary.

On the basis that any transfer instruments in respect of our ordinary shares traded on the NYSE and the TASE are executed outside Singapore through our transfer agent and share registrar in the United States for registration in our branch share register maintained in the United States (without any transfer instruments being received in Singapore), no stamp duty should be payable in Singapore on such transfers.

Tax Treaties Regarding Withholding Taxes

There is no comprehensive avoidance of double taxation agreement between the United States and Singapore which applies to withholding taxes on dividends or capital gains.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

Our SEC filings are available to you on the SEC's website at http://www.sec.gov. This site contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The information on that website is not part of this report. We also make available on our website free of charge, our annual reports on Form 20-F and the text of our reports on Form 6-K, including any amendments to these reports, as well as certain other SEC filings, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. We maintain a corporate website at http://www.kenon-holdings.com. Information contained on, or that can be accessed through, our website does not constitute a part of this annual report on Form 20-F. We have included our website address in this annual report solely as an inactive textual reference.

As a foreign private issuer, we will be exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors and principal shareholders will be exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file annual, quarterly and current reports and financial statements with the SEC as frequently or as promptly as United States companies whose securities are registered under the Exchange Act. However, for so long as we are listed on the NYSE, or any other U.S. exchange, and are registered with the SEC, we will file with the SEC, within 120 days after the end of each fiscal year, or such applicable time as required by the SEC, an annual report on Form 20-F containing financial statements audited by an independent registered public accounting firm. We also submit to the SEC on Form 6-K the interim financial information that we publish.

I. Subsidiary Information

Not applicable.

ITEM 11. Quantitative and Qualitative Disclosures about Market Risk

Our multinational operations expose us to a variety of market risks, which embody the potential for changes in the fair value of the financial instruments or the cash flows deriving from them. Our risk management policies and those of each of our businesses seek to limit the adverse effects of these market risks on the financial performance of each of our businesses and, consequently, on our consolidated financial performance. Each of our businesses bear responsibility for the establishment and oversight of their financial risk management framework and have adopted individualized risk management policies to address those risks specific to their operations.

Our primary market risk exposures are to:

- currency risk, as a result of changes in the rates of exchange of various foreign currencies (in particular, the Euro and the New Israeli Shekel) in relation to the U.S. Dollar, our functional currency and the currency against which we measure our exposure;
- index risk, as a result of changes in the Consumer Price Index;
- interest rate risk, as a result of changes in the market interest rates affecting certain of our businesses' issuance of debt and related financial instruments; and
- price risk, as a result of changes in market prices, such as the price of certain commodities (e.g., natural gas and heavy fuel oil).

For further information on our market risks and the sensitivity analyses of these risks, see Note 30—Financial Instruments to our financial statements included in this annual report.

ITEM 12. Description of Securities Other than Equity Securities

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Not applicable.

PART II

ITEM 13. Defaults, Dividend Arrearages and Delinquencies

None.

ITEM 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

ITEM 15. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this annual report, as required by Rule 13a-15(b) under the Exchange Act. Based upon this evaluation, our management, with the participation of our chief executive officer and chief financial officer, has concluded that, as of the end of the period covered by this annual report, our disclosure controls and procedures were effective in ensuring that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in by the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate "internal control over financial reporting," as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. These rules define internal control over financial reporting as a process designed by, or under the supervision of, a company's chief executive officer and chief financial officer and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Our management has assessed the design and operating effectiveness of our internal control over financial reporting as of December 31, 2020. This assessment was performed under the direction and supervision of our chief executive officer and chief financial officer, and based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, management concluded that as of December 31, 2020, our internal control over financial reporting was effective.

The effectiveness of our internal control over financial reporting as of December 31, 2020 has been audited by our independent registered public accounting firm and their report thereon is included elsewhere in this annual report.

Changes in Internal Control over Financial Reporting

During the year ended December 31, 2020, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Disclosure Controls and Procedures in Internal Control over Financial Reporting

It should be noted that any system of controls, however well-designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Projections regarding the effectiveness of a system of controls in future periods are subject to the risk that such controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the policies or procedures.

ITEM 16. [RESERVED]

ITEM 16A. Audit Committee Financial Expert

Our board of directors has determined that Mr. Laurence N. Charney is an "audit committee financial expert" as defined in Item 16A of Form 20-F under the Exchange Act. Our board of directors has also determined that Mr. Laurence N. Charney satisfies the NYSE's listed company "independence" requirements.

ITEM 16B. Code of Ethics

We have adopted a Code of Ethics that applies to all our employees, officers and directors, including our chief executive officer and our chief financial officer. Our Code of Conduct is available on our website at www.kenon-holdings.com.

ITEM 16C. Principal Accountant Fees and Services

KPMG LLP, a member firm of KPMG International, is our independent registered public accounting firm for the audits of the years ending December 31, 2020 and 2019.

Our audit committee charter requires that all audit and non-audit services provided by our independent auditors are pre-approved by our audit committee. In particular, pursuant to our audit committee charter, the chairman of the audit committee shall pre-approve all audit services to be provided to Kenon, whether provided by our independent registered public accounting firm or other firms, and all other services (review, attest and non-audit) to be provided to Kenon by the independent registered public accounting firm. Any decision of the chairman of the audit committee to pre-approve audit or non-audit services shall be presented to the audit committee.

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by KPMG LLP, and other member firms within the KPMG network, for the years ended December 31, 2020 and 2019.

	Year ended December 31,	
	2020	**2019**
	(in thousands of USD)	
Audit Fees[1]	3,052	3,426
Audit-Related Fees	25	71
Tax Fees[2]	1,351	841
All Other Fees	77	42
Total	**4,505**	**4,380**

1) Includes fees billed or accrued for professional services rendered by the principal accountant, and member firms in their respective network, for the audit of our annual financial statements, and those of our consolidated subsidiaries, as well as additional services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements, except for those not required by statute or regulation.

2) Tax fees consist of fees for professional services rendered during the fiscal year by the principal accountant mainly for tax compliance and assistance with tax audits and appeals.

ITEM 16D. **Exemptions from the Listing Standards for Audit Committees**

None.

ITEM 16E. **Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

None.

ITEM 16F. **Change in Registrant's Certifying Accountant**

None.

ITEM 16G. **Corporate Governance**

There are no significant differences between Kenon's corporate governance practices and those followed by domestic companies under the listing standards of the NYSE. As a foreign private issuer, we are permitted to follow home country practice in lieu of the requirement to have a nominating and corporate governance committee comprised entirely of independent directors. One of the members of our nominating and corporate governance committee is non-independent under NYSE standards and accordingly we rely on the NYSE exemption for foreign private issuers in this respect.

ITEM 16H. **Mine Safety Disclosure**

Not applicable.

PART III

ITEM 17. **Financial Statements**

Not applicable.

ITEM 18. **Financial Statements**

The financial statements and the related notes required by this Item 18 are included in this annual report beginning on page F-1. See Exhibit 15.4 of this annual report on Form 20-F for the consolidated financial statements of ZIM, incorporated by reference in this annual report on Form 20-F.

ITEM 19. Exhibits

Index to Exhibits

Exhibit Number	Description of Document
1.1	Kenon Holdings Ltd.'s Constitution (Incorporated by reference to Exhibit 1.1 to Amendment No. 1 to Kenon's Registration Statement on Form 20-F, filed on December 19, 2014)
2.1	Form of Specimen Share Certificate for Kenon Holdings Ltd.'s Ordinary Shares (Incorporated by reference to Exhibit 2.1 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2014, filed on March 31, 2015)
2.2	Registration Rights Agreement, dated as of January 7, 2015, between Kenon Holdings Ltd. and Millenium Investments Elad Ltd. (Incorporated by reference to Exhibit 99.7 to Kenon's Report on Form 6-K, furnished to the SEC on January 8, 2015)
2.3	Description of Securities registered under Section 12 of the Exchange Act (Incorporated by reference to Exhibit 2.3 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed on April 30, 2020)
4.1	Sale, Separation and Distribution Agreement, dated as of January 7, 2015, between Israel Corporation Ltd. and Kenon Holdings Ltd. (Incorporated by reference to Exhibit 99.2 to Kenon's Report on Form 6-K, furnished to the SEC on January 8, 2015)
4.2	Gas Sale and Purchase Agreement, dated as of November 25, 2012, among Noble Energy Mediterranean Ltd., Delek Drilling Limited Partnership, Isramco Negev 2 Limited Partnership, Avner Oil Exploration Limited Partnership, Dor Gas Exploration Limited Partnership, and O.P.C. Rotem Ltd. (Incorporated by reference to Exhibit 10.8 to Amendment No. 1 to IC Power Pte. Ltd.'s Form F-1, filed on November 2, 2015) [1]
4.3	Facility Agreement, dated as of January 2, 2011, among O.P.C. Rotem Ltd., as borrower, Bank Leumi Le-Israel B.M., as arranger and agent, Bank Leumi Le-Israel Trust Company Ltd., as security trustee, and the senior lenders named therein (Incorporated by reference to Exhibit 4.10 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2014, filed on March 31, 2015)
4.4	Guarantee Contract, dated as of June 9, 2015, between Kenon Holdings Ltd. and Chery Automobile Co. Ltd. (Incorporated by reference to Exhibit 4.12 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on April 22, 2016)
4.5	Guarantee Contract, dated as of November 5, 2015, between Kenon Holdings Ltd. and Chery Automobile Co. Ltd. (Incorporated by reference to Exhibit 4.13 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on April 22, 2016)
4.6	Release Agreement, dated December 21, 2016, between Kenon Holdings Ltd. and Chery Automobile Co. Ltd. (Incorporated by reference to Exhibit 4.21 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on April 19, 2017)

Exhibit Number	Description of Document
4.7	Equity Pledge Contract, dated December 21, 2016, between Quantum (2007) LLC, as Pledgor, and Chery Automobile Co. Ltd., as Pledgee (Incorporated by reference to Exhibit 4.22 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on April 19, 2017)
4.8	Further Release and Cash Support Agreement, dated March 9, 2017, between Kenon Holdings Ltd. and Chery Automobile Co. Ltd. (Incorporated by reference to Exhibit 4.23 to Amendment No. 1 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on April 21, 2017)
4.9	The Second Equity Pledge Contract in relation to 700 Million Loan, dated March 9, 2017, between Quantum (2007) LLC, as Pledgor, and Chery Automobile Co. Ltd., as Pledgee (Incorporated by reference to Exhibit 4.24 to Amendment No. 1 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on April 21, 2017)
4.10*	Purchase and Sale Agreement, dated as of October 9, 2020, by and among GIP II CPV Intermediate Holdings Partnership, L.P., GIP II CPV Intermediate Holdings Partnership 2, L.P., CPV Power Holdings GP, LLC, CPV Group LP and OPC US Inc.[2]
4.11	Senior Facilities Agreement, dated as of July 4, 2016, among Advanced Integrated Energy Ltd., as borrower, Israel Discount Bank Ltd. and Harel Insurance Company Ltd, as arrangers, Israel Discount Bank Ltd. as senior agent and security agent, and certain other entities, as senior lenders (Incorporated by reference to Exhibit 4.16 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2018, filed on April 8, 2019)[2]
4.12	Share Purchase Agreement, dated November 24, 2017, among Inkia Energy, Ltd., IC Power Distribution Holdings, PTE. LTD., Nautilus Inkia Holdings LLC, Nautilus Distribution Holdings LLC and Nautilus Isthmus Holdings LLC (Incorporated by reference to Exhibit 4.14 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed on April 9, 2018)
4.13	Amended and Restated Pledge Agreement, dated February 15, 2018, between Kenon Holdings Ltd. and Nautilus Inkia Holdings LLC (Incorporated by reference to Exhibit 4.16 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed on April 9, 2018)
4.14	Qoros Automobile Company Limited Investment Agreement, dated May 23, 2017, as amended, among Hangzhou Chengmao Investment Co., Ltd., Wuhu Chery Automobile Investment Company Limited, Quantum (2007) LLC and Qoros Automobile Company Limited (Incorporated by reference to Exhibit 4.17 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed on April 9, 2018)
4.15	Joint Venture Contract, dated as of December 20, 2017, among Wuhu Chery Automobile Investment Co., Ltd., Quantum (2007) LLC and Hangzhou Chengmao Investment Co., Ltd (Incorporated by reference to Exhibit 4.18 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed on April 9, 2018)
4.16*	Letter Agreement regarding additional undertakings in connection with the termination of the Deferred Payment Agreement, dated as of October 29, 2020, among Nautilus Inkia Holdings SCS, Nautilus Energy TopCo LLC, and Kenon Holdings Ltd.

Exhibit Number	Description of Document
4.17*	First Amendment to the Amended and Restated Pledge Agreement, dated as of October 29, 2020, among Kenon Holdings Ltd. and Nautilus Inkia Holdings SCS
4.18*	Sale and Purchase Agreemend, dated as of April 13, 2021, by and between Quantum (2007) LLC and Hangzhou Chengmao Investment Co., Ltd.[2]
8.1*	List of subsidiaries of Kenon Holdings Ltd.
12.1*	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
12.2*	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
13.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of KPMG LLP, a member firm of KPMG International
15.2*	Consent of Somekh Chaikin, a member firm of KPMG International
15.3*	Consent of Dixon Hughes Goodman LLP
15.4	Audited consolidated financial statements of ZIM Integrated Shipping Services Ltd as of December 31, 2020 and 2019 and for each of the three years in the three-year period ended December 31, 2020 (Incorporated by reference to pages F-1-F-60 of ZIM Integrated Shipping Services Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2020 (File No: 21759864), filed with the SEC on March 22, 2021)
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

1) Portions of this exhibit have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Exchange Act. Omitted information has been filed separately with the SEC.

2) Portions of this exhibit have been omitted because they are both (i) not material and (ii) would be competitively harmful if publicly disclosed.

Kenon Holdings Ltd. and subsidiaries

Consolidated Financial Statements

As at December 31, 2020 and 2019 and for the three years ended December 31, 2020

Kenon Holdings Ltd.

Consolidated Financial Statements
as at December 31, 2020 and 2019 and for the three years ended December 31, 2020

Contents

	Page
Reports of Independent Registered Public Accounting Firms	F-1 – F-4
Consolidated Statements of Financial Position	F-5 – F-6
Consolidated Statements of Profit & Loss	F-7
Consolidated Statements of Other Comprehensive Income	F-8
Consolidated Statements of Changes in Equity	F-9 – F-11
Consolidated Statements of Cash Flows	F-12 – F-13
Notes to the Consolidated Financial Statements	F-14 – F-108

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone **+65 6213 3388**
Fax **+65 6225 0984**
Internet **www.kpmg.com.sg**

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors

Kenon Holdings Ltd.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of financial position of Kenon Holdings Ltd. and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated statements of profit and loss, other comprehensive income, changes in equity, and cash flows for each of the years in the three year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated April 19, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which they relate.

Evaluation of fair value of the Qoros equity interests

As discussed in Notes 2.D.1, 9.B.b.3 and 30.E.(3) to the consolidated financial statements, the Company completed the sale of half of its 24% interest in Qoros in April 2020. Following the sale, the Company's remaining 12% interest in Qoros (the Qoros equity interests), together with the non-current portion of the put option pertaining to the Qoros equity interests was accounted for on a fair value basis through profit or loss and classified in the balance sheet as a long-term investment. As at December 31, 2020, the fair value of the long-term investment amounted to $235 million, a portion of which related to the fair value of the Qoros equity interests. To estimate the fair value of the Qoros equity interests, the Company utilizes a market comparison technique based on market multiples derived from the quoted prices of companies comparable to Qoros, taking into consideration certain adjustments including the effect of the non-marketability of the Qoros equity interests.

We identified the evaluation of the fair value of the Qoros equity interests as a critical audit matter. A high degree of auditor judgement was needed to evaluate the selection of the comparable companies used in the valuation model and market multiples of the selected comparable companies for the determination of the fair value of the Qoros equity interests.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of the internal control related to the Company's process to evaluate the selection of the comparable companies used in the valuation model to determine the fair value of the Qoros equity interests. We involved valuation professionals with specialized skills and knowledge, who assisted in:

- assessing the selection of comparable companies based on publicly available market data in the same industry; and

- developing an estimate of fair value of the Qoros equity interests utilizing independently selected comparable companies and market multiples, and comparing that to the Company's determined fair value of the Qoros equity interests.

/s/ KPMG LLP

Public Accountants and

Chartered Accountants

We have served as the Company's auditor since 2015.

Singapore

April 19, 2021

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone **+65 6213 3388**
Fax **+65 6225 0984**
Internet **www.kpmg.com.sg**

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Kenon Holdings Ltd:

Opinion on Internal Control Over Financial Reporting

We have audited Kenon Holdings Ltd and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2020 and 2019, the related consolidated statements of profit and loss, other comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated April 19, 2021 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Public Accountants and

Chartered Accountants

Singapore
April 19, 2021

Kenon Holdings Ltd. and subsidiaries
Consolidated Statements of Financial Position as at December 31, 2020 and 2019

		As at December 31,	
		2020	2019
	Note	$ Thousands	
Current assets			
Cash and cash equivalents	5	286,184	147,153
Short-term deposits and restricted cash	6	564,247	33,554
Trade receivables	7	47,948	39,321
Short-term derivative instruments		114	245
Other current assets	8	21,295	39,678
Asset held for sale	9.B.b.3	-	69,592
Total current assets		919,788	329,543
Non-current assets			
Investments in associated companies	9	297,148	119,718
Long-term investment	9.B.b.3	235,218	-
Long-term deposits and restricted cash		71,954	77,350
Long term prepaid expenses	11	44,649	30,185
Long-term derivative instruments	30.D.1	165	2,048
Other non-current assets	12	-	57,717
Deferred payment receivable	13	-	204,299
Deferred taxes, net	25.C.2	7,374	1,516
Property, plant and equipment, net	14	818,561	667,642
Intangible assets, net	15	1,452	1,233
Right-of-use assets, net	18	86,024	17,123
Total non-current assets		1,562,545	1,178,831
Total assets		2,482,333	1,508,374

The accompanying notes are an integral part of the consolidated financial statements.

Kenon Holdings Ltd. and subsidiaries
Consolidated Statements of Financial Position as at December 31, 2020 and 2019, continued

	Note	As at December 31, 2020	2019
		$ Thousands	
Current liabilities			
Current maturities of loans from banks and others	16	46,471	45,605
Trade and other payables	17	128,242	52,258
Short-term derivative instruments	30.D.1	39,131	6,273
Current tax liabilities		9	8
Current maturities of lease liabilities		14,084	861
Total current liabilities		227,937	105,005
Non-current liabilities			
Long-term loans from banks and others	16	575,688	503,647
Debentures	16	296,146	73,006
Deferred taxes, net	25.C.2	94,336	79,563
Non-current tax liabilities		-	29,510
Other non-current liabilities		816	719
Long-term derivative instruments		6,956	-
Long-term lease liabilities		4,446	5,136
Total non-current liabilities		978,388	691,581
Total liabilities		1,206,325	796,586
Equity	20		
Share capital		602,450	602,450
Translation reserve		15,896	17,889
Capital reserve		(11,343)	13,962
Accumulated profit/(loss)		459,820	(10,949)
Equity attributable to owners of the Company		1,066,823	623,352
Non-controlling interests		209,185	88,436
Total equity		1,276,008	711,788
Total liabilities and equity		2,482,333	1,508,374

____________________	____________________	____________________
Cyril Pierre-Jean Ducau	**Robert L. Rosen**	**Mark Hasson**
Chairman of Board of Directors	**CEO**	**CFO**

Approval date of the consolidated financial statements: April 19, 2021

The accompanying notes are an integral part of the consolidated financial statements.

Kenon Holdings Ltd. and subsidiaries
Consolidated Statements of Profit & Loss for the years ended December 31, 2020, 2019 and 2018

	Note	For the year ended December 31,		
		2020	2019	2018
			$ Thousands	
Revenue	21	386,470	373,473	364,012
Cost of sales and services (excluding depreciation and amortization)	22	(282,086)	(256,036)	(259,515)
Depreciation and amortization		(33,135)	(31,141)	(29,809)
Gross profit		71,249	86,296	74,688
Selling, general and administrative expenses	23	(49,957)	(36,436)	(34,644)
Write back of impairment of investment	9.B.a.6	43,505	-	-
Other income		1,721	6,114	2,147
Operating profit		66,518	55,974	42,191
Financing expenses	24	(51,174)	(29,946)	(30,382)
Financing income	24	14,291	17,679	28,592
Financing expenses, net		(36,883)	(12,267)	(1,790)
Net gains/(losses) related to Qoros	9.B.b	309,918	(7,813)	526,824
Share in profit/(losses) of associated companies, net of tax	9.A.2	160,894	(41,430)	(105,257)
Profit/(loss) before income taxes		500,447	(5,536)	461,968
Income taxes	25	(4,698)	(16,675)	(11,499)
Profit/(loss) for the year from continuing operations		495,749	(22,211)	450,469
Gain/(loss) for the year from discontinued operations	27			
-Recovery of retained claims, net		8,476	25,666	4,530
-Other		-	(1,013)	(10,161)
		8,476	24,653	(5,631)
Profit for the year		504,225	2,442	444,838
Attributable to:				
Kenon’s shareholders		507,106	(13,359)	434,213
Non-controlling interests		(2,881)	15,801	10,625
Profit for the year		504,225	2,442	444,838
Basic/diluted profit/(loss) per share attributable to Kenon’s shareholders (in dollars):	26			
Basic/diluted profit/(loss) per share		9.41	(0.25)	8.07
Basic/diluted profit/(loss) per share from continuing operations		9.25	(0.71)	8.17
Basic/diluted profit/(loss) per share from discontinued operations		0.16	0.46	(0.10)

The accompanying notes are an integral part of the consolidated financial statements.

Kenon Holdings Ltd. and subsidiaries
Consolidated Statements of Other Comprehensive Income for the years ended December 31, 2020, 2019 and 2018

	For the year ended December 31,		
	2020	2019	2018
		$ Thousands	
Profit for the year	504,225	2,442	444,838
Items that are or will be subsequently reclassified to profit or loss			
Foreign currency translation differences in respect of foreign operations	36,354	22,523	8,672
Reclassification of foreign currency and capital reserve differences on loss of significant influence	(23,425)	-	(15,073)
Group's share in other comprehensive income of associated companies	1,873	(3,201)	(177)
Effective portion of change in the fair value of cash-flow hedges	(45,322)	(8,309)	491
Change in fair value of derivative financial instruments used for hedging cash flows recorded to the cost of the hedged item	3,067	1,351	-
Change in fair value of derivatives used to hedge cash flows transferred to the statement of profit & loss	6,300	2,743	-
Income taxes in respect of components of other comprehensive income	1,346	252	(104)
Total other comprehensive income for the year	(19,807)	15,359	(6,191)
Total comprehensive income for the year	484,418	17,801	438,647
Attributable to:			
Kenon's shareholders	486,165	(2,353)	432,576
Non-controlling interests	(1,747)	20,154	6,071
Total comprehensive income for the year	484,418	17,801	438,647

The accompanying notes are an integral part of the consolidated financial statements.

Kenon Holdings Ltd. and subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2020, 2019 and 2018

	Note	Attributable to the owners of the Company					Non-controlling interests	Total
		Share Capital	Translation reserve	Capital reserve	Accumulated profit/(loss)	Total		
					$ Thousands			
Balance at January 1, 2020		602,450	17,889	13,962	(10,949)	623,352	88,436	711,788
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Share-based payment transactions		-	-	874	-	874	236	1,110
Dividends declared and paid	20.D	-	-	-	(120,133)	(120,133)	(12,412)	(132,545)
Total contributions by and distributions to owners		-	-	874	(120,133)	(119,259)	(12,176)	(131,435)
Changes in ownership interests in subsidiaries								
Dilution in investment in subsidiary	10.A.h	-	-	-	80,674	80,674	136,170	216,844
Acquisition of non-controlling interests without a change in control		-	-	(4,109)	-	(4,109)	(1,498)	(5,607)
Total changes in ownership interests in subsidiaries		-	-	(4,109)	80,674	76,565	134,672	211,237
Total comprehensive income for the year								
Net profit for the year		-	-	-	507,106	507,106	(2,881)	504,225
Other comprehensive income for the year, net of tax			(1,993)	(22,070)	3,122	(20,941)	1,134	(19,807)
Total comprehensive income for the year		-	(1,993)	(22,070)	510,228	486,165	(1,747)	484,418
Balance at December 31, 2020		**602,450**	**15,896**	**(11,343)**	**459,820**	**1,066,823**	**209,185**	**1,276,008**

The accompanying notes are an integral part of the consolidated financial statements.

Kenon Holdings Ltd. and subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2020, 2019 and 2018

		Attributable to the owners of the Company					Non-controlling interests	Total
	Note	Share Capital	Translation reserve	Capital reserve	Accumulated profit/(loss)	Total		
					$ Thousands			
Balance at January 1, 2019		602,450	802	16,854	28,917	649,023	66,695	715,718
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Share-based payment transactions		-	-	1,222	-	1,222	324	1,546
Dividends declared and paid	20.D	-	-	-	(65,169)	(65,169)	(33,123)	(98,292)
Total contributions by and distributions to owners		-	-	1,222	(65,169)	(63,947)	(32,799)	(96,746)
Changes in ownership interests in subsidiaries								
Sale of subsidiary		-	-	-	-	-	299	299
Dilution in investment in subsidiary	10.A.h	-	-	-	41,863	41,863	34,537	76,400
Acquisition of non-controlling interests without a change in control		-	-	(1,234)	-	(1,234)	(450)	(1,684)
Total changes in ownership interests in subsidiaries		-	-	(1,234)	41,863	40,629	34,386	75,015
Total comprehensive income for the year								
Net profit for the year		-	-	-	(13,359)	(13,359)	15,801	2,442
Other comprehensive income for the year, net of tax		-	17,087	(2,880)	(3,201)	11,006	4,353	15,359
Total comprehensive income for the year		-	17,087	(2,880)	(16,560)	(2,353)	20,154	17,801
Balance at December 31, 2019		**602,450**	**17,889**	**13,962**	**(10,949)**	**623,352**	**88,436**	**711,788**

The accompanying notes are an integral part of the consolidated financial statements.

Kenon Holdings Ltd. and subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2020, 2019 and 2018

		Attributable to the owners of the Company						Non-controlling interests	Total
	Note	Share Capital	Shareholder transaction reserve	Translation reserve	Capital reserve	Accumulated profit/(loss)	Total		
		$ Thousands							
Balance at January 1, 2018		1,267,210	3,540	(1,592)	19,297	(305,337)	983,118	68,229	1,051,347
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Share-based payment transactions		-	-	-	1,411	-	1,411	403	1,814
Cash distribution to owners of the Company	20.A	(664,760)	-	-	-	-	(664,760)	-	(664,760)
Dividend to holders of non-controlling interests in subsidiaries		-	-	-	-	-	-	(8,219)	(8,219)
Dividends declared and paid	20.D	-	-	-	-	(100,118)	(100,118)	-	(100,118)
Transactions with controlling shareholder		-	(3,540)	-	-	-	(3,540)	-	(3,540)
Total contributions by and distributions to owners		(664,760)	(3,540)	-	1,411	(100,118)	(767,007)	(7,816)	(774,823)
Changes in ownership interests in subsidiaries									
Acquisition of non-controlling interests without a change in control		-	-	-	-	336	336	4	340
Acquisition of subsidiary with non-controlling interests		-	-	-	-	-	-	207	207
Total changes in ownership interests in subsidiaries		-	-	-	-	336	336	211	547
Total comprehensive income for the year									
Net profit for the year		-	-	-	-	434,213	434,213	10,625	444,838
Other comprehensive income for the year, net of tax		-	-	2,394	(3,854)	(177)	(1,637)	(4,554)	(6,191)
Total comprehensive income for the year		-	-	2,394	(3,854)	434,036	432,576	6,071	438,647
Balance at December 31, 2018		**602,450**	**-**	**802**	**16,854**	**28,917**	**649,023**	**66,695**	**715,718**

The accompanying notes are an integral part of the consolidated financial statements.

Kenon Holdings Ltd. and subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2020, 2019 and 2018

		For the year ended December 31,		
		2020	**2019**	**2018**
	Note		**$ Thousands**	
Cash flows from operating activities				
Profit for the year		504,225	2,442	444,838
Adjustments:				
Depreciation and amortization		34,171	32,092	30,416
(Write back)/impairment of assets and investments		(43,505)	-	4,812
Financing expenses, net		36,883	12,267	1,790
Share in (profit)/losses of associated companies, net		(160,894)	41,430	105,257
(Gains)/losses on disposal of property, plant and equipment, net		(1,551)	(492)	206
Net change in fair value of derivative financial instruments		-	352	1,002
Net (gains)/losses related to Qoros	9.B.b	(309,918)	7,813	(526,824)
Recovery of retained claims	27	(9,923)	(30,000)	-
Write down of other payables		-	-	489
Share-based payments		1,110	1,546	1,814
Income taxes		6,145	22,022	16,244
		56,743	89,472	80,044
Change in trade and other receivables		(9,669)	4,338	9,192
Change in trade and other payables		45,061	(5,968)	(35,311)
Cash generated from operating activities		92,135	87,842	53,925
Income taxes recovered/(paid), net		61	(2,453)	(1,546)
Net cash provided by operating activities		92,196	85,389	52,379

The accompanying notes are an integral part of the consolidated financial statements.

Kenon Holdings Ltd. and subsidiaries
Consolidated Statements of Cash Flows, continued
For the years ended December 31, 2020, 2019 and 2018

	Note	For the year ended December 31, 2020	2019	2018
		$ Thousands		
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment and intangible assets		546	-	66
Short-term deposits and restricted cash, net		(501,618)	19,554	(28,511)
Investment in long-term deposits, net		6,997	(24,947)	(13,560)
Deferred consideration in respect of sale of subsidiary, net of cash disposed off		407	880	-
Cash paid for asset acquisition, less cash acquired		-	-	(2,344)
Income tax paid		(32,332)	(5,629)	(169,845)
Investment in associates		-	-	(90,154)
Acquisition of property, plant and equipment		(74,456)	(34,141)	(69,314)
Acquisition of intangible assets		(368)	(258)	(132)
(Payment of)/proceeds from realization of long-term deposits		-	(3,138)	18,476
Interest received		709	2,469	12,578
Deferred consideration in respect of acquisition of subsidiary		(13,632)	-	-
Long-term advance deposits and prepaid expenses		(57,591)	-	-
(Payment of)/proceeds from transactions in derivatives, net		(3,963)	(929)	31
Proceeds from deferred payment		217,810	-	-
Proceeds from sale of interest in Qoros	9.B.b.3	219,723	-	259,749
Receipt from recovery of financial guarantee	9.B.b.4.h	6,265	10,963	18,336
Payment of transaction cost for sale of subsidiaries		-	-	(48,759)
Recovery of retained claims		9,923	30,196	-
Net cash used in investing activities		(221,580)	(4,980)	(113,383)
Cash flows from financing activities				
Dividends paid to holders of non-controlling interests		(12,412)	(33,123)	(8,219)
Dividends paid		(120,115)	(65,169)	(100,084)
Capital distribution		-	-	(664,700)
Investments of holders of non-controlling interests in the capital of a subsidiary		32	-	-
Costs paid in advance in respect of taking out of loans		(8,556)	(1,833)	(656)
Payment of early redemption commission with respect to the debentures (Series A)		(11,202)	-	-
Proceeds from issuance of share capital by a subsidiary to non-controlling interests, net of issuance expenses		216,844	76,400	-
Proceeds from long-term loans		73,236	-	33,762
Proceeds from issuance of debentures, net of issuance expenses		280,874	-	-
Repayment of long-term loans and debentures, derivative financial instruments and lease liabilities		(130,210)	(28,235)	(375,756)
Short-term credit from banks and others, net		(134)	139	(77,073)
Acquisition of non-controlling interests		(7,558)	(413)	-
Interest paid		(24,989)	(21,414)	(24,875)
Net cash provided by/(used in) financing activities		255,810	(73,648)	(1,217,601)
Increase/(decrease) in cash and cash equivalents		126,426	6,761	(1,278,605)
Cash and cash equivalents at beginning of the year		147,153	131,123	1,417,388
Effect of exchange rate fluctuations on balances of cash and cash equivalents		12,605	9,269	(7,660)
Cash and cash equivalents at end of the year		286,184	147,153	131,123

The accompanying notes are an integral part of the consolidated financial statements.

Note 1 – Financial Reporting Principles and Accounting Policies

A. The Reporting Entity

Kenon Holdings Ltd. (the "Company" or "Kenon") was incorporated on March 7, 2014 in the Republic of Singapore under the Singapore Companies Act. Our principal place of business is located at 1 Temasek Avenue #36-01, Millenia Tower, Singapore 039192.

The Company is a holding company and was incorporated to receive investments spun-off from their former parent company, Israel Corporation Ltd. ("IC"). The Company serves as the holding company of several businesses (together referred to as the "Group").

Kenon shares are traded on New York Stock Exchange ("NYSE") and on Tel Aviv Stock Exchange ("TASE") (NYSE and TASE: KEN).

B. Definitions

In these consolidated financial statements -

1. Subsidiaries – Companies whose financial statements are fully consolidated with those of Kenon, directly or indirectly.

2. Associates – Companies in which Kenon has significant influence and Kenon's investment is stated, directly or indirectly, on the equity basis.

3. Investee companies – subsidiaries and/or associated companies.

4. Related parties – within the meaning thereof in International Accounting Standard ("IAS") 24 Related Parties.

Note 2 – Basis of Preparation of the Financial Statements

A. Declaration of compliance with International Financial Reporting Standards (IFRS)

The consolidated financial statements were prepared by management of the Group in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved for issuance by the Company's Board of Directors on April 19, 2021.

B. Functional and presentation currency

These consolidated financial statements are presented in US dollars, which is Kenon's functional currency, and have been rounded to the nearest thousands, except where otherwise indicated. The US dollar is the currency that represents the principal economic environment in which Kenon operates.

C. Basis of measurement

The consolidated financial statements were prepared on the historical cost basis, with the exception of the following assets and liabilities:

- Deferred tax assets and liabilities
- Derivative instruments
- Assets and liabilities in respect of employee benefits
- Investments in associated companies
- Long-term investment

For additional information regarding measurement of these assets and liabilities – see Note 3 "Significant Accounting Policies".

D. Use of estimates and judgment

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

1. **Long-term investment**

Following the sale of half of the Group's remaining interest in Qoros (i.e. 12%) as described in Note 9.B.b.3, as at year end, the Group owns a 12% interest in Qoros. The long-term investment is a combination of the Group's remaining 12% interest in Qoros and the non-current portion of the put option (as described in Note 9.B.b.2). The long-term investment is determined using a combination of market comparison technique based on market multiples derived from the quoted prices of comparable companies adjusted for various considerations, and the binomial model. Fair value measurement of the long-term investment takes into account the underlying asset's price volatility. Changes in the economic assumptions and/or valuation technique could give rise to significant changes in the long-term investment.

Note 3 – Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, unless otherwise stated.

A. First-time application of new accounting standards, amendments and interpretations

The Group has adopted a few new standards which are effective from January 1, 2020 but they do not have a material effect on the Group's consolidated financial statements.

B. Basis for consolidation/combination

(1) Business combinations

The Group accounts for all business combinations according to the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and asssets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The acquisition date is the date on which the Group obtains control over an acquiree. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the acquiree and it has the ability to affect those returns through its power over the acquiree. Substantive rights held by the Group and others are taken into account when assessing control.

The Group recognizes goodwill on acquisition according to the fair value of the consideration transferred less the net amount of the fair value of identifiable assets acquired less the fair value of liabilities assumed.

If the Group pays a bargain price for the acquisition (meaning including negative goodwill), it recognizes the resulting gain in profit or loss on the acquisition date.

The Group recognizes contingent consideration at fair value at the acquisition date. The contingent consideration that meets the definition of a financial instrument that is not classified as equity will be measured at fair value through profit or loss; contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity.

Furthermore, goodwill is not adjusted in respect of the utilization of carry-forward tax losses that existed on the date of the business combination.

Costs associated with acquisitions that were incurred by the acquirer in the business combination such as: finder's fees, advisory, legal, valuation and other professional or consulting fees are expensed in the period the services are received.

(2) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date when control ceased. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Company.

Note 3 – Significant Accounting Policies (Cont'd)

(3) Non-Controlling Interest ("NCI")

NCI comprises the equity of a subsidiary that cannot be attributed, directly or indirectly, to the parent company, and they include additional components such as: share-based payments that will be settled with equity instruments of the subsidiaries and options for shares of subsidiaries.

NCIs are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Measurement of non-controlling interests on the date of the business combination

Non-controlling interests, which are instruments that convey a present ownership right and that grant to their holder a share in the net assets in a case of liquidation, are measured on the date of the business combination at fair value or based on their relative share in the identified assets and liabilities of the entity acquired, on the basis of every transaction separately.

Transactions with NCI, while retaining control

Transactions with NCI while retaining control are accounted for as equity transactions. Any difference between the consideration paid or received and the change in NCI is included directly in equity.

Allocation of comprehensive income to the shareholders
Profit or loss and any part of other comprehensive income are allocated to the owners of the Group and the NCI. Total comprehensive income is allocated to the owners of the Group and the NCI even if the result is a negative balance of NCI.

Furthermore, when the holding interest in the subsidiary changes, while retaining control, the Group re-attributes the accumulated amounts that were recognized in other comprehensive income to the owners of the Group and the NCI.

Cash flows deriving from transactions with holders of NCI while retaining control are classified under "financing activities" in the statement of cash flows.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(4) Investments in equity-accounted investees

Associates are entities in which the Group has the ability to exercise significant influence, but not control, over the financial and operating policies. In assessing significant influence, potential voting rights that are currently exercisable or convertible into shares of the investee are taken into account.

Joint-ventures are arrangements in which the Group has joint control, whereby the Group has the rights to assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates and joint-venture are accounted for using the equity method (equity accounted investees) and are recognized initially at cost. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the income and expenses in profit or loss and of other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

The Group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term interests that form part thereof, is reduced to zero. When the Group's share of long-term interests that form a part of the investment in the investee is different from its share in the investee's equity, the Group continues to recognize its share of the investee's losses, after the equity investment was reduced to zero, according to its economic interest in the long-term interests, after the equity interests were reduced to zero. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the entity's net investment in the associate, the recognition of further losses is discontinued except to the extent that the Group has an obligation to support the investee or has made payments on behalf of the investee.

Note 3 – Significant Accounting Policies (Cont'd)

(5) Loss of significant influence

The Group discontinues applying the equity method from the date it loses significant influence in an associate and it accounts for the retained investment as a financial asset, as relevant.

On the date of losing significant influence, the Group measures at fair value any retained interest it has in the former associate. The Group recognizes in profit or loss any difference between the sum of the fair value of the retained interest and any proceeds received from the partial disposal of the investment in the associate or joint venture, and the carrying amount of the investment on that date.

Amounts recognized in equity through other comprehensive income with respect to such associates are reclassified to profit or loss or to retained earnings in the same manner that would have been applicable if the associate had itself disposed the related assets or liabilities.

(6) Change in interest held in equity accounted investees while retaining significant influence

When the Group increases its interest in an equity accounted investee while retaining significant influence, it implements the acquisition method only with respect to the additional interest obtained whereas the previous interest remains the same.

When there is a decrease in the interest in an equity accounted investee while retaining significant influence, the Group derecognizes a proportionate part of its investment and recognizes in profit or loss a gain or loss from the sale under other income or other expenses.

Furthermore, on the same date, a proportionate part of the amounts recognized in equity through other comprehensive income with respect to the same equity accounted investee are reclassified to profit or loss or to retained earnings in the same manner that would have been applicable if the associate had itself realized the same assets or liabilities.

(7) Intra-group transactions

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(8) Reorganizations under common control transactions

Common control transactions that involve the setup of a new group company and the combination of entities under common control are recorded using the book values of the parent company.

Note 3 – Significant Accounting Policies (Cont'd)

C. Foreign currency

(1) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary items measured at historical cost would be reported using the exchange rate at the date of the transaction.

Foreign currency differences are generally recognized in profit or loss, except for differences relating to qualifying cash flow hedges to the extent the hedge is effective which are recognized in other comprehensive income.

(2) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into US dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated into US dollars at average exchange rates over the relevant period.

Foreign operation translation differences are recognized in other comprehensive income.

When the foreign operation is a non-wholly-owned subsidiary of the Group, then the relevant proportionate share of the foreign operation translation difference is allocated to the NCI.

When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as a part of the gain or loss on disposal.

Furthermore, when the Group's interest in a subsidiary that includes a foreign operation changes, while retaining control in the subsidiary, a proportionate part of the cumulative amount of the translation difference that was recognized in other comprehensive income is reattributed to NCI.

When the Group disposes of only part of its investment in an associate that includes a foreign operation, while retaining significant influence, the proportionate part of the cumulative amount of the translation difference is reclassified to profit or loss.

Generally, foreign currency differences from a monetary item receivable from or payable to a foreign operation, including foreign operations that are subsidiaries, are recognized in profit or loss in the consolidated financial statements.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and are presented within equity in the translation reserve.

D. Cash and Cash Equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and are subject to an insignificant risk of changes in their fair value.

Note 3 – Significant Accounting Policies (Cont'd)

E. Financial Instruments

a) <u>Classification and measurement of financial assets and financial liabilities</u>

Initial recognition and measurement

The Group initially recognizes trade receivables on the date that they are originated. All other financial assets and financial liabilities are initially recognized on the date on which the Group becomes a party to the contractual provisions of the instrument. As a rule, a financial asset, other than a trade receivable without a significant financing component, or a financial liability, is initially measured at fair value with the addition, for a financial asset or a financial liability, that are not presented at fair value through profit or loss, of transaction costs that can be directly attributed to the acquisition or the issuance of the financial asset or the financial liability. Trade receivables that do not contain a significant financing component are initially measured at the transaction price. Trade receivables originating in contract assets are initially measured at the carrying amount of the contract assets on the date of reclassification from contract assets to receivables.

Financial assets - classification and subsequent measurement

On initial recognition, financial assets are classified as measured at amortized cost; fair value through other comprehensive income; or fair value through profit or loss. As at reporting date, the Group only holds financial assets measured at amortized cost and fair value through profit or loss.

Financial assets are not reclassified in subsequent periods, unless, and only to the extent that the Group changes its business model for the management of financial assets, in which case the affected financial assets are reclassified at the beginning of the reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets the two following cumulative conditions and is not designated for measurement at fair value through profit or loss:

- The objective of the entity's business model is to hold the financial asset to collect the contractual cash flows; and

- The contractual terms of the financial asset create entitlement on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group has balances of trade and other receivables and deposits that are held under a business model the objective of which is collection of the contractual cash flows. The contractual cash flows in respect of such financial assets comprise solely payments of principal and interest that reflects consideration for the time-value of the money and the credit risk. Accordingly, such financial assets are measured at amortized cost.

Note 3 – Significant Accounting Policies (Cont'd)

b) <u>Subsequent measurement</u>

In subsequent periods, these assets are measured at amortized cost, using the effective interest method and net of impairment losses. Interest income, currency exchange gains or losses and impairment are recognized in profit or loss. Any gains or losses on derecognition are also recognized in profit or loss.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. In subsequent periods, these assets are measured at fair value. Net gains and losses are recognized in profit or loss.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

• the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

• how the performance of the portfolio is evaluated and reported to the Group's management;

• the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

• how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

• the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Note 3 – Significant Accounting Policies (Cont'd)

Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities – Initial classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss. Financial liabilities are classified as measured at fair value through profit or loss if it is held for trading or it is designated as such on initial recognition, and are measured at fair value, and any net gains and losses, including any interest expenses, are recognized in profit or loss. Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are measured at amortized cost in subsequent periods, using the effective interest method. Interest expenses and currency exchange gains and losses are recognized in profit or loss. Any gains or losses on derecognition are also recognized in profit or loss.

Derecognition of financial liabilities

Financial liabilities are derecognized when the contractual obligation of the Group expires or when it is discharged or canceled. Additionally, a significant amendment of the terms of an existing financial liability, or an exchange of debt instruments having substantially different terms, between an existing borrower and lender, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability at fair value.

The difference between the carrying amount of the extinguished financial liability and the consideration paid (including any other non-cash assets transferred or liabilities assumed), is recognized in profit or loss.

Offset

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Note 3 – Significant Accounting Policies (Cont'd)

c) Impairment

Financial assets, contract assets and receivables on a lease

The Group creates a provision for expected credit losses in respect of:

- Contract assets (as defined in IFRS 15);
- Financial assets measured at amortized cost;
- Financial guarantees;
- Lease receivables.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables (including lease receivables) and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and financial guarantees. Under the general approach, the loss allowance is measured at an amount equal to the 12-month ECLs at initial recognition.

At each reporting date, the Group assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

In assessing whether the credit risk of a financial asset has significantly increased since initial recognition and in assessing expected credit losses, the Group takes into consideration information that is reasonable and verifiable, relevant and attainable at no excessive cost or effort. Such information comprises quantitative and qualitative information, as well as an analysis, based on the past experience of the Group and the reported credit assessment, and contains forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assumes that the credit risk of a financial asset has increased significantly since initial recognition whenever contractual payments are more than 30 days in arrears.

The Group considers a financial asset to be in default if:

- It is not probable that the borrower will fully meet its payment obligations to the Company, and the Company has no right to perform actions such as the realization of collaterals (if any); or
- The contractual payments in respect of the financial asset are more than 90 days in arrears.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realizing security.

The Group considers a debt instrument as having a low credit risk if its credit risk coincides with the global structured definition of "investment rating".

The credit losses expected over the life of the instrument are expected credit losses arising from all potential default events throughout the life of the financial instrument.

Expected credit losses in a 12-month period are the portion of the expected credit losses arising from potential default events during the period of 12 months from the reporting date.

The maximum period that is taken into account in assessing the expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Note 3 – Significant Accounting Policies (Cont'd)

Measurement of expected credit losses

Expected credit losses represent a probability-weighted estimate of credit losses. Credit losses are measured at the present value of the difference between the cash flows to which the Group is entitled under the contract and the cash flows that the Group expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial asset.

The Group's credit risk exposure for trade receivables and contract asset are set out in Note 30 Financial Instruments.

Financial assets impaired by credit risk

At each reporting date, the Group assesses whether financial assets that are measured at amortized cost and debt instruments that are measured at fair value through other comprehensive income have become impaired by credit risk. A financial asset is impaired by credit risk upon the occurrence of one or more of the events (i.e. significant financial difficulty of the debtor) that adversely affect the future cash flows estimated for such financial asset.

Presentation of impairment

A provision for expected credit losses in respect of a financial asset that is measured at amortized cost is presented as a reduction of the gross carrying amount of the financial asset.

Impairment losses in respect of trade and other receivables, including contract assets and lease receivables, are presented separately in the statements of profit or loss and other comprehensive income. Impairment losses in respect of other financial assets are presented under financing expenses.

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments.

Derivatives are recognized initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Group designates certain derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedge accounting

As of December 31, 2020 and 2019, hedge relationships designated for hedge accounting under IAS 39 qualify for hedge accounting under IFRS 9, and are therefore deemed as continuing hedge relationships.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

Financial guarantees

The Group irrevocably elects on a contract by contract basis, whether to account for a financial guarantee in accordance with IFRS 9 or IFRS 4.

The Group considers a financial guarantee to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor.

When the Group elects to account for financial guarantees in accordance with IFRS 9, they are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of IFRS 15.

When the Group elects to account for financial guarantees in accordance with IFRS 4, a provision is measured in accordance with IAS 37 when the financial guarantees become probable of being exercised.

F. Property, plant and equipment, net

(1) Recognition and measurement

Items of property, plant and equipment comprise mainly power station structures, power distribution facilities and related offices. These items are measured at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

- The cost of materials and direct labor;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- Spare parts, servicing equipment and stand-by equipment;
- When the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalized borrowing costs.

If significant parts of an item of property, plant and equipment items have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss in the year the asset is derecognized.

(2) Subsequent Cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group, and its cost can be measured reliably.

(3) Depreciation

Depreciation is calculated to reduce the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leasehold improvements are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Diesel oil and spare parts are expensed off when they are used or consumed.

The following useful lives shown on an average basis are applied across the Group:

	Years
Roads, buildings and leasehold improvements (*)	3 – 30
Facilities, machinery and equipment	5 – 30
Computers	3
Office furniture and equipment	3 – 16
Others	5 – 15

* The shorter of the lease term and useful life

Depreciation methods, useful lives and residual values are reviewed by management of the Group at each reporting date and adjusted if appropriate.

Note 3 – Significant Accounting Policies (Cont'd)

G. Intangible assets, net

(1) Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment; and any impairment loss is allocated to the carrying amount of the equity investee as a whole.
Software	Software acquired by the Group having a finite useful life is measured at cost less accumulated amortization and any accumulated impairment losses.
Customer relationships	Intangible assets acquired as part of a business combination and are recognized separately from goodwill if the assets are separable or arise from contractual or other legal rights and their fair value can be measured reliably. Customer relationships are measured at cost less accumulated amortization and any accumulated impairment losses.
Other intangible assets	Other intangible assets, including licenses, patents and trademarks, which are acquired by the Group having finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(2) Amortization

Amortization is calculated to charge to expense the cost of intangible assets less their estimated residual values using the straight-line method over their useful lives, and is generally recognized in profit or loss. Goodwill is not amortized.

The estimated useful lives for current and comparative year are as follows:

- Software 3-10 years
- Others 1-33 years

Amortization methods and useful lives are reviewed by management of the Group at each reporting date and adjusted if appropriate.

(3) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill is expensed as incurred.

Note 3 – Significant Accounting Policies (Cont'd)

H. Service Concession arrangements

The Group has examined the characteristics, conditions and terms currently in effect under its electric energy distribution license and the guidelines established by IFRIC 12. On the basis of such analysis, the Group concluded that its license is outside the scope of IFRIC 12, primarily because the grantor does not control any significant residual interest in the infrastructure at the end of the term of the arrangement and the possibility of renewal.

The Group accounts for the assets acquired or constructed in connection with the Concessions in accordance with IAS 16 Property, plant and equipment.

I. Leases

Accounting policy applied commencing from January 1, 2019

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IAS17 Leases and IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16 Leases, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after January 1, 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. For lease contracts that include components that are not lease components, such as services or maintenance which relate to the lease component, the Group elected to treat the lease component separately.

As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognize right-of-use assets and lease liabilities for some leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognized.

Note 3 – Significant Accounting Policies (Cont'd)

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term and leases which end within 12 months from the date of initial application.

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Depreciation of right-of-use asset

Subsequent to the commencement date of the lease, a right-of-use asset is measured using the cost method, less accumulated depreciation and accrued losses from decline in value and is adjusted in respect of re-measurements of the liability in respect of the lease. The depreciation is calculated on the "straight-line" basis over the useful life or the contractual lease period – whichever is shorter.

– Land – 25–49 years.

– Pressure regulation and management system facility – 24 years.

– Offices – 9 years.

Accounting policy applied in periods prior to January 1, 2019

(1) Leased assets

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Asset held under other leases are classified as operating leases and are not recognized in the Group's consolidated statement of financial position.

(2) Lease payments

Payments made under operating leases, other than conditional lease payments, are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate if interest on the remaining balance of the liability.

J. Borrowing costs

Specific and non-specific borrowing costs are capitalized to qualifying assets throughout the period required for completion and construction until they are ready for their intended use. Non-specific borrowing costs are capitalized in the same manner to the same investment in qualifying assets, or portion thereof, which was not financed with specific credit by means of a rate which is the weighted-average cost of the credit sources which were not specifically capitalized. Foreign currency differences from credit in foreign currency are capitalized if they are considered an adjustment of interest costs. Other borrowing costs are expensed as incurred. Income earned on the temporary investment of specific credit received for investing in a qualifying asset is deducted from the borrowing costs eligible for capitalization.

Note 3 – Significant Accounting Policies (Cont'd)

K. Impairment of non-financial assets

At each reporting date, management of the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment, and whenever impairment indicators exist.

For impairment testing, assets are grouped together into smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Goodwill arising from a business combination is allocated to CGUs or group of CGUs that are expected to benefit from these synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an assessment is performed at each reporting date for any indications that these losses have decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

L. Employee benefits

(1) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. The employee benefits are classified, for measurement purposes, as short-term benefits or as other long-term benefits depending on when the Group expects the benefits to be wholly settled.

(2) Bonus plans transactions

The Group's senior executives receive remuneration in the form of share-appreciations rights, which can only be settled in cash (cash-settled transactions). The cost of cash-settled transactions is measured initially at the grant date and is recognized as an expense with a corresponding increase in liabilities over the period that the employees become unconditionally entitled to payment. With respect to grants made to senior executives of OPC Energy Ltd ("OPC"), this benefit is calculated by determining the present value of the settlement (execution) price set forth in the plan. The liability is re-measured at each reporting date and at the settlement date based on the formulas described above. Any changes in the liability are recognized as operating expenses in profit or loss.

(3) Termination Benefits

Severance pay is charged to income statement when there is a clear obligation to pay termination of employees before they reach the customary age of retirement according to a formal, detailed plan, without any reasonable chance of cancellation. The benefits given to employees upon voluntary retirement are charged when the Group proposes a plan to the employees encouraging voluntary retirement, it is expected that the proposal will be accepted and the number of employee acceptances can be estimated reliably.

(4) Defined Benefit Plans

The calculation of defined benefit obligation is performed at the end of each reporting period by a qualified actuary using the projected unit credit method. Remeasurements of the defined benefit liability, which comprise actuarial gains and losses and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. Interest expense and other expenses related to defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Note 3 – Significant Accounting Policies (Cont'd)

(5) Share-based compensation plans

Qualifying employees are awarded grants of the Group's shares under the Group's 2014 Share Incentive Plan. The fair value of the grants are recognized as an employee compensation expense, with a corresponding increase in equity over the service period – the period that the employee must remain employed to receive the benefit of the award. At each balance sheet date, the Group revises its estimates of the number of grants that are expected to vest. It recognises the impact of the revision of original estimates in employee expenses and in a corresponding adjustment to equity over the remaining vesting period.

M. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

N. Revenue recognition

Revenue from electricity

The Group recognizes revenue when the customer obtains control over the promised goods or services. The revenue is measured according to the amount of the consideration to which the Group expects to be entitled in exchange for the goods or services promised to the customer. Revenue from sale of electricity is recognized in the period in which the sale takes place. The Group's revenues include mainly revenue from sale of electricity to private customers and to Israel Electric Company ("IEC").

Identification of the contract

The Group recognizes a contract with a customer only where all of the following conditions are fulfilled:

(A) The parties to the contract have approved the contract (in writing, orally or according to other customary business practices) and they are committed to satisfying their obligations thereunder;

(B) The Group is able to identify the rights of each party in relation to the goods or services that are to be transferred;

(C) The Group is able to identify the payment terms for the goods or services that are to be transferred;

(D) The contract has commercial substance (i.e., the entity's risk, timing and amount of future cash flows are expected to change as a result of the contract); and

(E) It is probable that the consideration to which the Group is entitled to in exchange for the goods or services transferred to the customer will be collected.

For purposes of Paragraph (E) the Group examines, among other things, the percentage of the advance payments received and the spread of the contractual payments, past experience with the customer and the status and existence of sufficient collateral.

Note 3 – Significant Accounting Policies (Cont'd)

Combination of contracts

The Group combines two or more contracts entered into on the same date or on proximate dates with the same customer (or related parties of the customer) and accounts for them as one contract when one or more of the following conditions are met:

(A) Negotiations were held on the contracts as one package with a single commercial purpose;

(B) The amount of the consideration in one contract depends on the price or performance of a different contract; or

(C) The goods or services promised in the contracts (or certain goods or services promised in each one of the contracts) constitute a single performance obligation.

Identification of performance obligations

On the contract's inception date the Group assesses the goods or services promised in the contract with the customer and identifies as a performance obligation any promise to transfer to the customer one of the following:

(A) Goods or services (or a bundle of goods or services) that are distinct; or

(B) A series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

The Group identifies goods or services promised to the customer as being distinct when the customer can benefit from the goods or services on their own or in conjunction with other readily available resources and the Group's promise to transfer the goods or services to the customer is separately identifiable from other promises in the contract. In order to examine whether a promise to transfer goods or services is separately identifiable, the Group examines whether it is providing a significant service of integrating the goods or services with other goods or services promised in the contract into one integrated outcome that is the purpose of the contract.

In the area of sales of electricity, as part of the contracts with customers for sale of electricity, the Group identified one performance obligation in each contract.

Determination of the transaction price

The transaction price is the amount of the consideration to which the Group expects to be entitled in exchange for the goods or services promised to the customer, other than amounts collected for third parties. The Group takes into account the effects of all the following elements when determining the transaction price: variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the customer.

Variable consideration

The transaction price includes fixed amounts and amounts that may change as a result of discounts, credits, price concessions, incentives, penalties, claims and disputes and contract modifications where the consideration in their respect has not yet been agreed to by the parties.

The Group includes the amount of the variable consideration, or part of it, in the transaction price only when it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved. At the end of each reporting period and if necessary, the Group revises the amount of the variable consideration included in the transaction price.

Discharge of performance obligations

Revenue is recognized when the Group discharges a performance obligation by transferring control over promised goods or services to the customer. For sales of electricity, the customer achieves control over the goods upon the generation and, therefore, the Group recognizes revenue at this time, upon transfer of the electricity to the electricity grid.

Contract costs

Incremental costs of obtaining a contract with a customer, such as sales fees to agents, are recognized as an asset when the Group is likely to recover these costs. Costs to obtain a contract that would have been incurred regardless of the contract are recognized as an expense as incurred, unless the customer can be billed for those costs.

Note 3 – Significant Accounting Policies (Cont'd)

Costs incurred to fulfill a contract with a customer and that are not covered by another standard are recognized as an asset when they: relate directly to a contract the Group can specifically identify; they generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and they are expected to be recovered. In any other case the costs are recognized as an expense as incurred.

Capitalized costs are amortized in the statement of income on a systematic basis that is consistent with the pattern of transfer of the goods or services to which the asset relates.

In every reporting period, the Group examines whether the carrying amount of the asset recognized as aforesaid exceeds the consideration the entity expects to receive in exchange for the goods or services to which the asset relates, less the costs directly attributable to the provision of these goods or services that were not recognized as expenses, and if necessary an impairment loss is recognized in the statement of income.

Contract modifications

A contract modification is a change in the scope or price (or both) of a contract that was approved by the parties to the contract. A contract modification can be approved in writing, orally or be implied by customary business practices. A contract modification can take place also when the parties to the contract have a disagreement regarding the scope or price (or both) of the modification or when the parties have approved the modification in scope of the contract but have not yet agreed on the corresponding price modification.

When a contract modification has not yet been approved by the parties, the Group continues to recognize revenues according to the existing contract, while disregarding the contract modification, until the date the contract modification is approved or the contract modification is legally enforceable.

The Group accounts for a contract modification as an adjustment of the existing contract since the remaining goods or services after the contract modification are not distinct and therefore constitute a part of one performance obligation that is partially satisfied on the date of the contract modification. The effect of the modification on the transaction price and on the rate of progress towards full satisfaction of the performance obligation is recognized as an adjustment to revenues (increase or decrease) on the date of the contract modification, meaning on a catch-up basis.

In cases where the contract modification is an increase in the scope of the contract due to addition of goods or services where the contract price increased by a consideration that reflects the independent selling prices of the goods or services added, the Group accounts for the contract modification as a separate contract.

Note 3 – Significant Accounting Policies (Cont'd)

O. Government grants

Government grants related to distribution projects are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recorded at the value of the grant received and any difference between this value and the actual construction cost is recognized in profit or loss of the year in which the asset is released.

Government grants related to distribution assets are deducted from the related assets. They are recognized in statement of income on a systematic basic over the useful life of the related asset reducing the depreciation expense.

P. Deposits received from consumers

Deposits received from consumers, plus interest accrued and less any outstanding debt for past services, are refundable to the users when they cease using the electric energy service rendered by the Group. The Group has classified these deposits as current liabilities since the Group does not have legal rights to defer these payments in a period that exceed a year. However, the Group does not anticipate making significant payments in the next year.

Q. Energy purchase

Costs from energy purchases either acquired in the spot market or from contracts with suppliers are recorded on an accrual basis according to the energy actually delivered. Purchases of electric energy, including those which have not yet been billed as of the reporting date, are recorded based on estimates of the energy supplied at the prices prevailing in the spot market or agreed-upon in the respective purchase agreements, as the case may be.

R. Financing income and expenses

Financing income includes income from interest on amounts invested and gains from exchange rate differences. Interest income is recognized as accrued, using the effective interest method.

Financing expenses include interest on loans received, commitment fees on borrowings, and changes in the fair value of derivatives financial instruments presented at fair value through profit or loss, and exchange rate losses. Borrowing costs, which are not capitalized, are recorded in the income statement using the effective interest method.

In the statements of cash flows, interest received is presented as part of cash flows from investing activities. Dividends received are presented as part of cash flows from operating activities. Interest paid and dividends paid are presented as part of cash flows from financing activities. Accordingly, financing costs that were capitalized to qualifying assets are presented together with interest paid as part of cash flows from financing activities. Gains and losses from exchange rate differences and gains and losses from derivative financial instruments are reported on a net basis as financing income or expenses, based on the fluctuations on the rate of exchange and their position (net gain or loss).

The Group's finance income and finance costs include:

- Interest income;
- Interest expense;
- The net gain or loss on the disposal of held-for-sale financial assets;
- The net gain or loss on financial assets at fair value through profit or loss;
- The foreign currency gain or loss on financial assets and financial liabilities;
- The fair value loss on contingent consideration classified as financial liability;
- Impairment losses recognized on financial assets (other than trade receivables);
- The net gain or loss on hedging instruments that are recognized in profit or loss; and
- The reclassification of net gains previously recognized in OCI.

Interest income or expense is recognized using the effective interest method.

Note 3 – Significant Accounting Policies (Cont'd)

S. Income taxes

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax liability arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and associates where the Group is able to control the timing of the reversal of the temporary differences and it is not probable that they will reverse it in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profit improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Management of the Group regularly reviews its deferred tax assets for recoverability, taking into consideration all available evidence, both positive and negative, including historical pre-tax and taxable income, projected future pre-tax and taxable income and the expected timing of the reversals of existing temporary differences. In arriving at these judgments, the weight given to the potential effect of all positive and negative evidence is commensurate with the extent to which it can be objectively verified.

Management believes the Group's tax positions are in compliance with applicable tax laws and regulations. Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The Group believes that its liabilities for unrecognized tax benefits, including related interest, are adequate in relation to the potential for additional tax assessments. There is a risk, however, that the amounts ultimately paid upon resolution of audits could be materially different from the amounts previously included in our income tax expense and, therefore, could have a material impact on our tax provision, net income and cash flows.

(iii) Uncertain tax positions

A provision for uncertain tax positions, including additional tax and interest expenses, is recognized when it is more probable than not that the Group will have to use its economic resources to pay the obligation.

Note 3 – Significant Accounting Policies (Cont’d)

T. Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary share capital. The basic earnings per share are calculated by dividing income or loss allocable to the Group’s ordinary equity holders by the weighted-average number of ordinary shares outstanding during the period. The diluted earnings per share are determined by adjusting the income or loss allocable to ordinary equity holders and the weighted-average number of ordinary shares outstanding for the effect of all potentially dilutive ordinary shares including options for shares granted to employees.

U. Share capital – ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognized as a deduction from equity.

V. Discontinued operations

A discontinued operation is a component of the Group´s business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographic area of operations,
- Is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to re-sell.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

The changes in each cash flow based on operating, investing and financing activities are reported in Note 27.

Note 3 – Significant Accounting Policies (Cont'd)

W. Operating segment and geographic information

The Company's CEO and CFO are considered to be the Group's chief operating decision maker ("CODM"). Based on the internal financial information provided to the CODM, the Group has determined that it has three reportable segments in 2020, which are OPC, Quantum and ZIM. As at December 31, 2020, ZIM became a reportable segment due to an improvement in its financial performance, and accordingly, comparative information has been restated.

1. **OPC –** OPC Energy Ltd and its subsidiaries operate in the Israeli electricity generation sector, including the initiation, development, construction and operation of power plants and the sale and supply of electricity. They are aggregated to form one reportable segment, taking into consideration the economic characteristics of each individual entities.

2. **Quantum –** Quantum (2007) LLC is a wholly owned subsidiary of Kenon which holds Kenon's interest in Qoros Automotive Co. Ltd. ("Qoros"). Qoros is a China-based automotive company that is jointly-owned by Quantum together with Baoneng Group and Wuhu Chery Automobile Investment Co., Ltd., ("Wuhu Chery").

3. **ZIM** – ZIM Integrated Shipping Services, Ltd., an associated company, is an Israeli global container shipping company.

In addition to the segments detailed above, the Group has other activities, such as investment holding categorized as Others.

The CODM evaluates the operating segments performance based on Adjusted EBITDA. Adjusted EBITDA is defined as the net income (loss) excluding depreciation and amortization, financing income, financing expenses, income taxes and other items.

The CODM evaluates segment assets based on total assets and segment liabilities based on total liabilities.

The accounting policies used in the determination of the segment amounts are the same as those used in the preparation of the Group's consolidated financial statements, Inter-segment pricing is determined based on transaction prices occurring in the ordinary course of business.

In determining the information to be presented on a geographical basis, revenue is based on the geographic location of the customer and non-current assets are based on the geographic location of the assets.

X. Transactions with controlling shareholders

Assets, liabilities and benefits with respect to which a transaction is executed with the controlling shareholders are measured at fair value on the transaction date. The Group records the difference between the fair value and the consideration in equity.

Note 3 – Significant Accounting Policies (Cont'd)

Y. New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2021 and have not been applied in preparing these consolidated financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1),

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

Note 4 – Determination of Fair Value

A. Derivatives and Long-term investment

See Note 30 Financial Instruments.

B. Non-derivative financial liabilities

Non-derivative financial liabilities are measured at their respective fair values, at initial recognition and for disclosure purposes, at each reporting date. Fair value for disclosure purposes, is determined based on the quoted trading price in the market for traded debentures, whereas for non-traded loans, debentures and other financial liabilities is determined by discounting the future cash flows in respect of the principal and interest component using the market interest rate as at the date of the report.

Note 5 – Cash and Cash Equivalents

	As at December 31,	
	2020	2019
	$ Thousands	
Cash in banks	255,750	53,810
Time deposits	30,434	93,343
	286,184	147,153

Note 6 – Short-Term Deposits and Restricted Cash

	As at December 31,	
	2020	2019
	$ Thousands	
Short-term deposits and restricted cash (1)	564,247	33,554

(1) $64 million relates to restricted cash (2019: $34 million). For further information, refer to Notes 16B to 16E and 29D.

Note 7 – Trade Receivables

	As at December 31,	
	2020	2019
	$ Thousands	
Trade receivables	47,948	39,321

Note 8 – Other Current Assets

	As at December 31,	
	2020	2019
	$ Thousands	
Advances to suppliers	876	843
Prepaid expenses	4,061	2,631
Government institutions	3,192	1,879
Indemnification asset (1)	9,047	14,750
Qoros put option (2)	-	15,571
Others	4,119	4,004
	21,295	39,678

(1) Mainly relates to compensation receivable from OPC Hadera contractor as a result of the delay in the construction of the Hadera Power Plant. Please refer to Note 19.B.b for further details.

(2) Refer to Note 9.B.b.2.

Note 9 – Investment in Associated Companies

A. Condensed information regarding significant associated companies

1. Condensed financial information with respect to the statement of financial position

	ZIM		Qoros*
	As at December 31,		
	2020	2019	2019
	$ Thousands		
Principal place of business	International		China
Proportion of ownership interest	32%	32%	24%
Current assets	1,201,628	630,817	570,764
Non-current assets	1,622,613	1,295,277	1,136,740
Current liabilities	(1,151,510)	(926,339)	(1,080,340)
Non-current liabilities	(1,398,276)	(1,252,022)	(503,193)
Non-controlling interests	(7,189)	(5,402)	-
Total net assets/(liabilities) attributable to the Group	267,266	(257,669)	123,971
Share of Group in net assets/(liabilities)	85,525	(82,454)	14,877
Adjustments:			
Write back of assets and investment	43,505	-	-
Currency translation	-	-	20,571
Excess cost	168,118	166,724	-
Book value of investment	297,148	84,270	35,448
Investments in associated companies	297,148	84,270	35,448
Asset held for sale	-	-	69,592

* As a result of the completion of the 12% sale of interest in Qoros in April 2020, Kenon has ceased to classify its remaining interest in Qoros as an investment in associate. Refer to Note Note 9.B.b.3 for further details.

Note 9 – Investment in Associated Companies (Cont'd)

2. Condensed financial information with respect to results of operations

	ZIM			Qoros*		
	For the year ended December 31,					
	2020	2019	2018	2020***	2019	2018
	$ Thousands					
Revenue	3,991,696	3,299,761	3,247,864	23,852	349,832	811,997
(Loss) / income **	517,961	(18,149)	(125,653)	(52,089)	(312,007)	(330,023)
Other comprehensive income **	5,854	(9,999)	(6,057)	(3)	(8)	(23)
Total comprehensive income	523,815	(28,148)	(131,710)	(52,092)	(312,015)	(330,046)
Kenon's share of comprehensive income	167,621	(9,007)	(42,147)	(6,251)	(37,442)	(79,211)
Adjustments	1,394	1,432	13,290	3	386	873
Kenon's share of comprehensive income presented in the books	169,015	(7,575)	(28,857)	(6,248)	(37,056)	(78,338)

* The depreciation and amortization, interest income, interest expense and income tax expenses recorded by Qoros during 2020 were approximately $13 million, $1 million, $18 million and $nil thousand (2019: $172 million, $6 million, $49 million and $33 thousand; 2018: $129 million, $5 million, $42 million and $142 thousand) respectively.

** Excludes portion attributable to non-controlling interest.

*** The 2020 equity accounted results reflect Kenon's share of losses in Qoros until the completion date of the sale, i.e. April 29, 2020.

Note 9 – Investment in Associated Companies (Cont'd)

B. Additional information

a. ZIM

1. The container shipping industry is characterized in recent years by volatility in freight rates, charter rates and bunker prices, accompanied by significant uncertainties in the global trade (including further implications from COVID-19). Current market conditions are impacted positively by increased freight rates and a recovery in trade volumes.

   In view of the aforementioned business environment and in order to constantly improve ZIM's results of operations and liquidity position, ZIM continues to optimize its network by entering into new partnerships and cooperation agreements and by upgrading its customer's offerings, whilst seeking operational excellence and cost efficiencies. In addition, ZIM continues to explore options which may contribute to strengthen its capital and operational structure.

   In 2018, ZIM entered into a strategic operational cooperation with the 2M alliance (the "agreement"). According to the agreement, ZIM and the parties of the 2M alliance (A.P. Moller-Maersk and Mediterranean Shipping Company, two leading shipping liner companies) exchange slots on vessels operating between Asia and the US East Coast. In addition, ZIM charters slots on vessels operated by the 2M alliance, and all parties may offer each other additional slots. The agreement enables ZIM to provide its customers improved port coverage and transit time, while maximizing vessel utilization and generating cost efficiencies. In 2019, this cooperation was extended also to certain lines in the Asia-Mediterranean, Asia-Pacific Northwest and Asia-US gulf trades.

   Subsequent to year end, in February 2021, ZIM announced a strategic agreement with Seaspan, for the long-term charter of up to ten 15,000 liquefied natural gas (LNG) dual-fuel container vessels, to be delivered commencing 2023, in order to serve ZIM's Asia-US East Coast trade.

2. Financial position

   As of December 31, 2020, ZIM's total equity amounted to $274 million (2019: $(252) million) and its working capital amounted to $50 million (2019: $(296) million). During the year ended December 31, 2020, ZIM recorded operating profit of $722 million (2019: $153 million; 2018: $(23) million) and net profit of $524 million (2019: $(13) million; 2018: $(120) million).

3. Notes repurchase

   In June 2020, ZIM completed an early and full repayment of its Tranche A loans of amount $13 million. Following such repayment, certain financial covenants, such as "Total leverage ratio" and "Fixed charge cover ratio", as well as restrictions related to assets previously securing such loans, were removed.

   In September 2020, ZIM launched a tender offer to repurchase, at its own discretion, some of its notes of Tranches C and D (Series 1 and 2 Notes) up to an amount of $60 million (including related costs). In October 2020, ZIM completed the repurchase of Tranche C notes with an aggregated face value of $58 million for a total consideration (including related costs) of $47 million, resulting in a gain from repurchase of debt of $6 million.

   Subsequent to year end, in January 2021, ZIM announced an early repayment of $85 million in respect of its Tranche C notes in March 2021.

   As at December 31, 2020, ZIM complies with its financial covenants (see below). ZIM's liquidity amounts to $572 million (Minimum Liquidity required is $125 million).

4. Initial public offering

   Subsequent to year end, in February 2021, ZIM completed an initial public offering ("IPO") of its shares. Refer to Note 31.3.A for further details.

Note 9 – Investment in Associated Companies (Cont'd)

5. Factoring facility

In 2019, ZIM entered into a revolving arrangement with a financial institution, subject to periodical renewals, for the recurring sale, meeting the criteria of "true sale", of portion of receivables, designated by ZIM. According to this arrangement, an agreed portion of each designated receivable is sold to the financial institution in consideration of cash in the amount of the portion sold (limited to an aggregated amount of $100 million), net of the related fees. The collection of receivables previously sold, enables the recurring utilization of the above-mentioned limit. The true sale of the receivables under this arrangement meets the conditions for derecognition of financial assets as prescribed in IFRS 9. Further to this arrangement, ZIM is required to comply with a minimum balance of cash (as determined in the agreement) in the amount of $125 million, as described above), as well with other requirements customarily applied in such arrangements.

6. Impairment assessment

For the purpose of IAS 36, ZIM, which operates an integrated liner network, has one cash-generating unit ("CGU"), which consists of all of ZIM's operating assets. As at December 31, 2020, ZIM did not identify any impairment indicators in respect of its CGU. The recoverable amount, for the purpose of its annual impairment test for goodwill, was based on fair value less cost of disposal of the CGU, and did not result in an impairment.

Due to an improvement in ZIM's financial performance in 2020, Kenon, independently and separately from ZIM, appointed a third-party to perform a valuation of its 32% equity investment in ZIM in accordance with IAS 28 and IAS 36. For the year ended December 31, 2020, Kenon concluded that the carrying amount of the investment in ZIM is lower than the recoverable amount, and therefore, an impairment reversal was recognized. In 2016, Kenon recognized an impairment loss of $72 million in relation to its carrying value of ZIM. In 2017, Kenon recorded an impairment write-back of $28 million. Based on the valuation was described above, in 2020, Kenon recorded a write back of impairment of $44 million in the consolidated statements of profit and loss, and after accounting for its share of profits in ZIM for the year, resulted in a carrying value in ZIM as at December 31, 2020 of $297 million.

For the purposes of Kenon's impairment assessment of the Group's investment, ZIM is considered one CGU, which consists of all of ZIM's operating assets. The recoverable amount is based on the higher of the value-in-use and the fair value less cost of disposal ("FVLCOD"). The valuation is predominantly based on publicly available information and earnings of ZIM over the 12-month period to December 31, 2020. The valuation approach was based on the equity method, recognizing the cost of investment share of profits in ZIM, and subsequently to assess a maintainable level of earnings to form a view on the appropriate valuation range as at December 31, 2020.

The following data points and benchmarks were considered by the independent valuer:

1) An implied EV/EBITDA range of 5.5x to 6.5x based on LTM EBITDA multiples of comparable companies as of latest publicly available financial information;

2) An estimated sustainable EBITDA computed based on the average EBITDA of the last three years; and

3) Costs of disposal of 2% of EV.

The independent valuer arrived at a range of equity valued between $430 million and $585 million after adjustments for Net Debt. The fair value measurement was categorized as a Level 3 fair value based on the inputs in the valuation technique used.

Note 9 – Investment in Associated Companies (Cont'd)

b. Qoros Automotive Co. Ltd. ("Qoros")

	Note	For the year ended December 31, 2020	2019	2018
			$ Thousands	
Gain on sale of 26% interest in Qoros	9.B.b.2	-	-	504,049
Gain on sale of 12% interest in Qoros	9.B.b.3	152,610	-	-
Fair value gain on long-term investment	9.B.b.3	154,475	-	-
Fair value loss on put option	9.B.b.3	(3,362)	(18,957)	(39,788)
Recovery of financial guarantee	9.B.b.4.h	6,195	11,144	62,563
		309,918	(7,813)	526,824

1. As at December 31, 2020, the Group holds a 12% equity interest in Qoros through a wholly-owned and controlled company, Quantum (2007) LLC ("Quantum"). Chery Automobiles Limited ("Chery"), a Chinese automobile manufacturer, holds a 25% equity interest and the remaining 63% interest is held by an entity related to the Baoneng Group ("New Qoros Investor" or "New Strategic Partner"). See Note 9.B.b.3 for further information.

2. Qoros introduced a New Strategic Partner.

In January 2018, the New Qoros Investor purchased 51% of Qoros from Kenon and Chery for RMB 3.315 billion (approximately $504 million) ("2018 investment"); this was part of an investment structure ("Investment Agreement") to invest a total of approximately RMB 6.63 billion (approximately $1,002 million) by the New Qoros Investor. In connection with this investment, Kenon received total cash proceeds of RMB 1.69 billion ($260 million) from the dilution.

In July 2018, the relevant authorities in China approved the completion of a capital increase in Qoros of RMB 6.5 billion (approximately $932 million) including the conversion of existing shareholder loans owing from Qoros in the principal amount of RMB 944 million (approximately $143 million) to each of Kenon and Chery. Qoros' shareholders (including the New Qoros Investor) invested a total of RMB 6.5 billion (approximately $982 million) in Qoros' equity in proportion to their post-investment equity ownership to finalise the capital increase. The New Qoros Investor has advanced their proportionate share totaling RMB 3.315 billion (approximately $501 million) directly to Qoros. As a result, the New Qoros Investor invested RMB 6.63 billion (approximately $1,002 million) as part of this transaction. In August 2018, Kenon used RMB 0.62 billion (approximately $90 million) of the proceeds it received from the sale of its Qoros interests to partially fund their portion of the investment in Qoros together with the conversion of RMB 0.94 billion (approximately $137 million) of existing shareholder loans. The transaction did not involve any new money invested from Kenon and Kenon has no remaining obligations to Qoros as part of this transaction.

The investment agreement provided Kenon with a put option over its remaining equity interest in Qoros. During the three-year period beginning from the closing of the 2018 investment, Kenon had the right to cause the New Qoros Investor to purchase up to 50% of its remaining interest in Qoros at the time of the 2018 investment for up to RMB1.56 billion (approximately $220 million), subject to adjustments for inflation. The investment agreement further provided that from the third anniversary of the closing until April 2023, Kenon has the right to cause the New Qoros Investor to purchase up to all of its remaining equity interests in Qoros for up to a total of RMB1.56 billion (approximately $220 million), subject to adjustment for inflation. Another company within the Baoneng Group effectively guarantees this put option by also serving as a grantor of the option. The put option requires six months' notice for exercise.

The New Qoros Investor also had an option exercisable within two years from the closing date of the transaction to increase its stake to 67% by investing further directly into Qoros. In January 2020, the option expired.

As a result of the transaction, Kenon recognized a gain on third party investment in Qoros of approximately $504 million for the year ended December 31, 2018. The gain included recognition of Kenon's put option in relation to Qoros which was initially valued at approximately $130 million. It was subsequently reduced by approximately $40 million to approximately $90 million as a result of fair value assessment at December 31, 2018. In 2019, it was further reduced by approximately $19 million to approximately $71 million as a result of the fair value assessment as at December 31, 2019. As at December 31, 2019, the put option was presented in the accompanying balance sheet under other current assets and other non-current assets.

Note 9 – Investment in Associated Companies (Cont'd)

3. In January 2019, Kenon, on behalf of its wholly owned subsidiary Quantum (2007) LLC, announced that it had entered into an agreement to sell half (12%) of its remaining interest (24%) in Qoros to the New Qoros Investor for RMB1,560 million (approximately $220 million) ("2019 Transaction"), which was based on the same post-investment valuation as the initial investment by the New Qoros Investor. As at December 31, 2019, the interest to be sold was classified as asset held for sale. In April 2020, Kenon completed the sale of this half of its remaining interest in Qoros and received payment of RMB1,560 million (approximately $220 million).

   Kenon recognized a gain of approximately $153 million from the sale of its 12% interest in Qoros (previously accounted for as an asset held for sale) and the derecognition of the current portion of the put option pertaining to the 12% interest sold.

   As a result of the sale, Kenon lost significant influence over Qoros and ceased equity accounting. Since April 29, 2020, the remaining 12% interest in Qoros was accounted for on a fair value basis through profit or loss and, together with the non-current portion of the put option pertaining to the remaining 12% interest (see Note 9.B.b.2), was reclassified in the statement of financial position as a long-term investment. Upon reclassification, Kenon immediately recognized a fair value gain of approximately $139 million and the long-term investment was initially measured at a combined fair value of approximately $220 million. As at year end, primarily due to the appreciation of RMB against the USD, the fair value of the long-term investment increased by approximately $15 million to $235 million.

   In 2020 up until the completion date of the sale, the aggregate current and non-current put option value was reduced by approximately $3 million to $68 million as a result of the fair value assessment as at completion date of the sale.

   The sale was not made pursuant to the put option described above in Note 9.B.b.2. As a result of the sale, the New Qoros Investor assumed its pro-rata share of guarantees and equity pledges of Kenon and Chery based on the change to its equity ownership.

Note 9 – Investment in Associated Companies (Cont'd)

4. Financial Guarantees Provision and Releases

a. In July 2012, Chery provided a guarantee to the banks, in the amount of RMB1.5 billion (approximately $242 million), in relation to an agreement with the banks to provide Qoros a loan, in the amount of RMB3 billion (approximately $482 million). In November 2015, Kenon provided back-to-back guarantees to Chery of RMB750 million (approximately $115 million) in respect of this loan thereby committing to pay half of every amount Chery may be required to pay with respect to the guarantee. As a result, if Qoros is unable to comply with the terms of certain of its debt agreements, Kenon may be required to make payments under its guarantees to Chery. The fair value of the guarantee was recorded in the financial statements.

b. On May 12, 2015, Qoros signed a Consortium Loan Agreement with the Export-Import Bank of China, and China Construction Bank Co., LTD, Suzhou Branch, concerning the Project of Research and Development of Hybrid Model ("Loan Agreement"), for an amount of RMB700 million (approximately $108 million) or in USD not exceeding the equivalent to RMB480 million (approximately $78 million) (the "Facility").

c. On June 15, 2015, this Facility was guaranteed by Chery and pledged with Qoros' 90 vehicle patents with an appraisal value of minimum RMB3.1 billion (approximately $500 million). The Loan Agreement's term of 102 months bears a 5-years interest rate quoted by the People's Bank of China in RMB at LIBOR+10%, or in USD at LIBOR+3.50% per annum.

   In relation to the above, Kenon provided back-to-back guarantees to Chery of RMB350 million (approximately $54 million) thereby committing to pay half of every amount Chery may be required to pay with respect to the guarantee. As at December 31, 2016, Qoros had drawn down the Facility of RMB700 million (approximately $108 million) with an interest rate of 5.39%. The fair value of the guarantee was recorded in the financial statements.

d. On July 31, 2014, in order to secure additional funding for Qoros of approximately RMB 1.2 billion (approximately $200 million) IC pledged a portion of its shares (including dividends derived therefrom) in Qoros, in proportion to its share in Qoros's capital, in favor of the Chinese bank providing Qoros with such financing. Simultaneously, the subsidiary of Chery that holds Chery's rights in Qoros also pledged a proportionate part of its rights in Qoros. Such financing agreement includes, inter alia, covenants, events of immediate payment and/or early payment for violations and/or events specified in the agreement. The pledge agreement includes, inter alia, provisions concerning the ratio of securities and the pledging of further securities in certain circumstances, including pledges of up to all of Quantum's shares in Qoros (or cash), provisions regarding events that would entitle the Chinese Bank to enforce the pledge, certain representations and covenants, and provisions regarding the registration and approval of the pledge.

   As part of the reduction of guarantee obligations in Note 9.B.b.4, Kenon pledged approximately 9% of the outstanding shares of Qoros to Chery to secure the amount of the back-to-back guarantee reduction. Chery may also borrow from Kenon up to 5% of Qoros' outstanding shares to meet its pledge obligations under the abovementioned RMB 1.2 billion loan facility.

e. On June 30, 2016, Kenon increased its previously recognized provision of approximately $30 million to approximately $160 million in respect to Kenon's "back-to-back" guarantee obligations to Chery (RMB1,100 million), in respect of guarantees that Chery has given for Qoros' bank debt and has pledged a portion of its interests in Qoros to secure Qoros' bank debt. In addition to the then current liquidity needs of Qoros, its financial position and Kenon's strategic intent, the provision was made due to uncertainty in the Chinese automobile market. As a result, Kenon recognised a $130 million charge to expense for such financial guarantees in its consolidated statement of profit or loss in 2016.

   These back-to-back guarantees consist of (i) a back-to-back guarantee of one-half of the principal amount of Chery's guarantee of RMB1.5 billion with respect to Qoros' RMB3 billion facility, and (ii) a back-to-back guarantee of one-half of the principal amount of Chery's guarantee of Qoros' RMB700 million facility, and interest and fees, if applicable.

Note 9 – Investment in Associated Companies (Cont'd)

f. On December 25, 2016. Kenon agreed to provide a RMB250 million (approximately $36 million) shareholder loan to Qoros, and in relation to this loan, the maximum amount of Kenon's back-to-back guarantee obligations to Chery was reduced by RMB250 million (approximately $40 million). As part of the loan to Qoros, Kenon's back-to-back guarantee obligations to Chery with respect to Chery's guarantee of Qoros' RMB3 billion loan facility with the Export-Import Bank of China ("EXIM Bank") were reduced by one third, and the maximum amount of Kenon's obligations under this back-to-back guarantee (subject to certain obligations to negotiate fees and interest) were reduced from RMB750 million to RMB500 million (approximately $72 million). In addition, Ansonia committed to fund RMB25 million (approximately $4 million) of Kenon's remaining back-to-back guarantee obligations to Chery in certain circumstances ("Ansonia Commitment").

   Chery agreed to make a corresponding RMB250 million (approximately $40 million) loan to Qoros.

   As part of this transaction, Quantum pledged approximately 9% of the outstanding shares of Qoros to Chery to secure the amount of the back-to-back guarantee reduction. Chery may also borrow from Quantum up to 5% of Qoros' outstanding equity to meet its pledge obligations under the Qoros RMB 1.2 billion loan facility with EXIM Bank.

   In order to facilitate Kenon's above mentioned reduction in Kenon's back-to-back guarantee obligations to Chery, an affiliate of Kenon's major shareholder gave certain undertakings to Chery with respect to the released guarantee obligations.

g. On March 10, 2017, Kenon announced that it had agreed to fund up to RMB777 million (approximately $114 million) to Qoros in relation to the full release of its remaining RMB825 million (approximately $125 million) back-to-back guarantee obligations to Chery in two tranches, which released Kenon from commitments to pay any related interest and fees to Chery under the guarantees.

   On March 10, 2017, Kenon transferred RMB388.5 million (approximately $57 million) ("First Tranche Loans") to Qoros in relation to a reduction of RMB425 million (approximately $64 million) of Kenon's back-to-back guarantee obligations to Chery, including related interest and fees; the provision of the Second Tranche Loans was at Kenon's discretion.

   As part of the First Tranche Loans, in relation to 50% reduction of the guarantee, Kenon funded 50% of such loans for Kenon and 50% on behalf of Chery. The proceeds of the First Tranche Loans were used to support Qoros' ordinary course working capital requirements, debt service requirements and investments in new initiatives, such as new-energy vehicles. The transactions enabled Kenon to support Qoros and its fundraising efforts, while reducing its back-to-back guarantee obligations to Chery.

   On April 25, 2017, Kenon funded RMB100 million (approximately $16 million) as part of the remaining provision of RMB388.5 million to Qoros (the "Second Tranche Loans") on similar terms in connection with the remaining RMB425 million reduction in its back-to-back guarantees.

   To the extent that Chery's obligations under its guarantees are reduced, Kenon is entitled to the proportionate return from Chery of the loans provided on Chery's behalf (i.e., up to RMB388.5 million (approximately $57 million) with respect to the First Tranche Loans and the Second Tranche Loans) and the release of the pledges described above.

   Following completion of the transaction with the New Qoros Investor in 2018, the New Qoros Investor was required to assume its pro rata share of guarantees and equity pledges of Kenon and Chery based on the changes to its equity ownership. As a result, Chery returned approximately RMB119 million (approximately $18 million) to Kenon in relation to loans previously provided by Kenon on Chery's behalf (see above).

   Since December 2018, all provisions related to financial guarantees have been released. This was a result of Kenon's assessment that, following the 2019 Transaction, that the likelihood of future cash payments in relation to the guarantees was not probable.

Note 9 – Investment in Associated Companies (Cont'd)

Set forth below is an overview of the movements in provision for financial guarantees provided by Kenon as described above:

Date	Description	Amount ($ million)
June 2016	Provision in respect of Kenon's "back-to-back" guarantee obligations to Chery (See Note 9.B.b.4.e)	160
December 2016	Shareholder loan to Qoros (See Note 9.B.b.4.f)	(36)
March 2017	Transfer of First Tranche Loans (See Note 9.B.b.4.g)	(64)
April 2017	Transfer of Second Tranche Loans (See Note 9.B.b.4.g)	(16)
January 2018	Release of remaining financial guarantees (See Note 9.B.b.4.g)	(44)
December 2018	Year end balance	-

As at December 31, 2020, Quantum has pledged approximately 11% of the equity of Qoros in relation to Qoros' RMB1.2 billion loan facility. Following completion of the sale, in July 2020 the New Qoros Investor provided a counter guarantee to Kenon in respect of the New Qoros Investor's share of bank guarantee obligations in relation to Qoros' RMB1.2 billion loan facility, and Kenon's back-to-back guarantee obligations to Chery were reduced to approximately $23 million.

h. As described above, in connection with the previous reductions in Kenon's back-to-back guarantee obligations to Chery, Kenon provided cash collateral to Chery and the relevant agreements provide that Kenon is entitled to a proportionate return of this cash collateral to the extent that Chery's guarantee obligations are reduced. Kenon therefore received aggregate cash payments of $17 million from Chery in December 2019 and April 2020 following repayments on Qoros' bank loans and corresponding reductions of Chery's obligations under its guarantees, bringing the total cash received from Chery to RMB244 million (approximately $36 million) in connection with these repayments.

i. Qoros' debt-to-asset ratio is currently higher, and its current ratio is lower, than the allowable ratios set forth in the terms of its syndicated credit facility, and in 2016, the lenders under this credit facility waived compliance with the financial covenants through the first half of 2020. The waiver has not been extended and Qoros' debt-to-asset ratio continues to exceed, and its current ratio continues to be less than, the permitted ratios. Qoros' syndicated lenders have not revised such covenants and could accelerate the repayment of borrowings due under Qoros' RMB3 billion syndicated credit facility. Such a default results in a cross default, and enabling the lenders to require immediate payment under, Qoros' RMB 1.2 billion and RMB 700 million facilities.

Note 9 – Investment in Associated Companies (Cont'd)

C. Restrictions

Qoros

Qoros has restrictions with respect to distribution of dividends and sale of assets deriving from legal and regulatory restrictions, restrictions under the joint venture agreement and the Articles of Association and restrictions stemming from credit received.

ZIM

The holders of ordinary shares of ZIM are entitled to receive dividends when declared and are entitled to one vote per share at meetings of ZIM. All shares rank equally with regard to the ZIM's residual assets, except as disclosed below.

In the framework of the process of privatizing ZIM, all the State of Israel's holdings in ZIM (about 48.6%) were acquired by IC pursuant to an agreement from February 5, 2004. As part of the process, ZIM allotted to the State of Israel a special State share so that it could protect the vital interests of the State.

On July 14, 2014 the State of Israel and ZIM reached a settlement agreement (the "Settlement Agreement") that was validated as a judgment by the Supreme Court. The Settlement Agreement provides, inter alia, the following arrangement shall apply: the State's consent is required to any transfer of the shares in ZIM which confers on the holder a holding of 35% and more of the ZIM's share capital. In addition, any transfer of shares which confers on the holders a holding exceeding 24% but not exceeding 35%, shall require prior notice to the State. To the extent the State determines that the transfer involves a potential damage to the State's security or any of its vital interests or if the State did not receive the relevant information in order to formulate a decision regarding the transfer, the State shall be entitled to inform, within 30 days, that it objects to the transfer, and it will be required to reason its objection. In such an event, the transferor shall be entitled to approach a competent court on this matter.

Kenon's ownership of ZIM shares is subject to the terms and conditions of the Special State Share, which restricts Kenon's ability to transfer its equity interest in ZIM to third parties. The terms of the State of Israel's consent of Kenon's and Idan Ofer's status, individually and collectively, as a "Permitted Holder" of ZIM's shares, stipulates, among other things, that Kenon's transfer of the means of control of ZIM is limited if the recipient is required to obtain the State of Israel's consent, or is required to notify the State of Israel of its holding of ZIM shares pursuant to the terms of the Special State Share, unless such consent was obtained by the recipient or the State of Israel did not object to the notice provided by the recipient. In addition, the terms of the consent provide that, if Idan Ofer's ownership interest in Kenon is less than 36% or Idan Ofer ceases to be the controlling shareholder, or sole controlling shareholder of Kenon, then Kenon's rights with respect to its shares in ZIM will be limited to the rights applicable to an ownership of 24% of ZIM, until or unless the State of Israel provides its consent, or does not object to, this decrease in Idan Ofer's ownership or control. Therefore, if Mr. Ofer sells a portion of his interest in Kenon and owns less than 36% of Kenon, or ceases to be Kenon's controlling shareholder, then Kenon's right to vote and receive dividends in respect of its ZIM shares, for example, will be limited to those available to a holder of 24% of ZIM's shares (even if Kenon holds a greater percentage of ZIM's shares). "Control", for the purposes of this consent, is as defined in the State of Israel's consent, with respect to certain provisions. Additionally, the State of Israel may revoke Kenon's permit if there is a material change in the facts upon which the State of Israel's consent was based, or upon a breach of the provisions of the Special State Share by Kenon, Mr. Ofer, or ZIM.

The Special State Share is non-transferable. Except for the rights attached to the said share, it does not confer upon its holder voting rights or any share capital related rights.

In December 2020, ZIM filed a registration statement with the US Securities and Exchange Commission in connection with a proposed initial public offering of its shares. Kenon did not participate in the proposed offering, and agreed to a customary 180-day lock-up period commencing January 27, 2021, during which it will not sell or distribute its ZIM shares. Subsequent to year end, in January 2021, ZIM was successful in the initial public offering of its shares. Refer to Note 31.3.A for further details.

Note 10 – Subsidiaries

A. Investments

1. O.P.C. Energy Ltd.

OPC is engaged in the area of generation and supply of electricity and energy to private customers in Israel and Israel Electric Company ("IEC") and the System Administrator, including initiation, development, construction and operation of power plants and facilities for the generation of energy. As at December 31, 2020, OPC's activities are carried out only in Israel. In October 2020, OPC signed an agreement to acquire the CPV Group (as defined in Note 19.B.f), which is engaged in the area of generation of electricity in the United States (including through the use of renewable energy). The transaction was completed in January 2021. Refer to Note 19.B.f for further details. OPC's electricity generation activities and supply thereof focus on generation of electricity using conventional technology and cogeneration technology, and is in the process of constructing an open-cycle plant using conventional technology (a Peaker plant).

OPC's activities are subject to regulation, including, among other things, the provisions of the Electricity Sector Law, 1996, and the regulations promulgated thereunder, resolutions of the Electricity Authority ("EA"), the provisions of the Law for Promotion of Competition and Reduction of Concentration, 2013, the provisions of the Economic Competition Law, 1998, and the regulations promulgated thereunder, and regulation in connection with licensing of businesses, planning and construction, and environmental quality. The EA is authorized to issue licenses under the Electricity Sector Law (licenses for facilities having a generation capacity in excess of 100 MW also require approval of the Minister of National Infrastructures, Energy and Water), supervise the license holders, determine tariffs and provide benchmarks for the level, nature and quality of the services that are required from a holder of a "Essential Service Provider" license, holder of supply license, holder of a transmission and distribution license, electricity generator and private electricity generator. Accordingly, the EA supervises both IEC and private electricity generators.

OPC's activities are subject to seasonal fluctuations as a result of changes in the official Time of Use of Electricity Tariff ("TAOZ"), which is regulated and published by the EA. The year is broken down into 3 seasons: "summer" (July and August), "winter" (December through February), and "transition" (March through June and Sepember through November) and for each season a different tariff is set. OPC's results are based on the generation component, which is part of the TAOZ, and as a result there is a seasonal effect.

Set forth below are details regarding OPC's material subsidiaries:

	Main location of company's activities	Ownership interest as at December 31	
		2020	**2019**
O.P.C. Rotem Ltd.	Israel	80%	80%
O.P.C. Hadera Ltd.	Israel	100%	100%
Tzomet Energy Ltd.	Israel	100%	95%
O.P.C. Sorek 2 Ltd.	Israel	100%	100%

Note 10 – Subsidiaries (Cont'd)

a. Impact of COVID-19

The COVID-19 outbreak has led to quarantines, cancellation of events and travel, businesses and school shutdowns and restrictions, supply chain interruptions and overall economic and financial market instability.

As a result of the restrictions on international travel as described above, an amendment to the construction of the Tzomet power plant agreement was signed in March 2020, and the completion of the Tzomet power plant is now expected to take place in January 2023. For further details on the amendment, refer to Note 19.B.d.

Similarly, the maintenance work on the Rotem power plant was postponed by a few months as a result of the restrictions in place. Refer to Note 19.B.a for further information.

For details regarding the impact of COVID-19 on the flow of gas from the Karish Tanin reservoir, refer to Note 19.B.e.

The continuity of the construction work on the Rotem power plant and the renovation work at the Hadera power plant could be impacted by the international travel and logistical restrictions due to COVID-19. As at year end, the operations of OPC's active power plants have continued as they are considered "essential enterprises", hence, COVID-19 had not had a significant impact on OPC's results and activities.

b. O.P.C Rotem Ltd. ("OPC Rotem")

OPC Rotem operates the Rotem Power Plant located in the Rotem Plain. Its operations commenced on July 6, 2013, and OPC Rotem has a license which allows it to produce and sell electricity for a period of 30 years from that date. The Rotem power plant operates using conventional technology in an integrated cycle and has generation capacity of about 466 megawatts ("MW"). The remaining 20% is held by Veridis.

c. O.P.C. Hadera Ltd. ("OPC Hadera")

OPC Hadera holds a permanent electricity generation license for the Hadera Power Plant and a supply license, which have a validity of 20 years, and may be extended for an additional 10 years subject to approval. The Hadera Power Plant commenced commercial operations in July 2020, uses cogeneration technology and has an installed capacity of 144 MW. In addition, OPC Hadera owns the Energy Center (boilers and turbines on the premises of Hadera Paper Mills Ltd. ("Hadera Paper"). The Energy Center is operated as a back-up for the supply of steam.

OPC Hadera supplies all the electricity and steam needs of Hadera Paper, which is located adjacent to the Hadera Power Plant, for a period of 25 years, through the Hadera Power Plant and Energy Center, which serves as a back-up for the supply of steam. In addition, the Hadera Power Plant also supplies electricity to private customers and to IEC. During December 2020 and up to January 2021, planned replacement and renovation work was performed in connection with certain components in the gas and steam turbines. Further work is expected to be performed in 2021. During performance of said work, the power plant was and will be operated in a partial manner for a cumulative period of about four months.

Note 10 – Subsidiaries (Cont'd)

d. Tzomet Energy Ltd. ("OPC Tzomet")

OPC Tzomet is in the construction stages of a power plant powered by natural gas using open-cycle conventional technology (a peaker plant) with a capacity of about 396 MW ("Tzomet power plant"). The Tzomet power plant is located near the Plugot Intersection, in the area of Kiryat Gat. As at year end, the investment in the Tzomet power plant amounts to about NIS 694 million (approximately $216 million).

<u>Acquisition of OPC Tzomet</u>

In March 2018, OPC completed the acquisition of 95% of the shares of OPC Tzomet (hereinafter – "95% acquisition"). The total consideration was approximately $23 million, where the final payment of $16 million was made in February 2020, of which $2 million was paid to the previous owners of OPC Tzomet for loan repayment.

In January 2019, OPC signed an agreement with the private shareholders in OPC Tzomet, for which a trustee held the remaining 5% of OPC Tzomet's share capital (hereinafter – "the Sellers"), whereby the Sellers sold their shares in OPC Tzomet to OPC. The aggregate consideration paid by OPC was approximately $8 million.

OPC Tzomet's assets are included within OPC's property, plant and equipment as it is an asset acquisition.

<u>Tariff approval</u>

In April 2019, OPC Tzomet received a conditional license for construction of the Tzomet power plant. The conditional license entered into effect on April 11, 2019 (the date it was signed by the Israeli Minister of Energy), and is conditional on compliance with milestones provided in the license, including reaching commercial operation within 66 months, as well as additional conditions that are customary in licenses of this type.

Peaker power plants receive payment for availability and reimbursement of expenses in respect of electricity generated in accordance with the tariffs provided by the EA. Subject to completion of the construction of the Tzomet Power Plant and receipt of a permanent generation license, all of the plant's capacity will be allotted to the System Administrator in the framework of a fixed availability arrangement and OPC Tzomet will not be permitted to sign agreements for sale of electricity with private customers.

In December 2019, OPC Tzomet received tariff approval from the EA for the power plant. Under the tariff approval, the commercial operation date is expected to be 36 months from the completion of financial closing as described above. Subject to completion of the power plant and receipt of a permanent generation license, OPC Tzomet will be entitled to tariffs in respect of sale of availability and energy to the System Administrator for a period of twelve months commencing from the date of receipt of the permanent generation license. It is noted that the connection study OPC Tzomet received included approval of a reduced availability tariff in 2023, pursuant to the decision of the EA.

Note 10 – Subsidiaries (Cont'd)

Petition filed in the Supreme Court sitting as the High Court of Justice

For details regarding a petition filed in the Supreme Court sitting as the High Court of Justice in connection with the Tzomet project, please refer to Note 19.A.d.

Lease of OPC Tzomet land

In January 2020, Israel Lands Authority ("ILA") approved allotment of an area measuring about 85 dunams for the construction of the Tzomet Power Plant (hereinafter in this Section – the "Land"). ILA signed a development agreement with Kibbutz Netiv Halamed Heh (hereinafter – the "Kibbutz") in connection with the Land, which is valid up to November 5, 2024 (hereinafter – the "Development Agreement"), which after fulfillment of its conditions a lease agreement will be signed for a period of 24 years and 11 months from approval of the transaction, i.e. up to November 4, 2044. In addition, in January 2020, the option agreement signed by OPC Tzomet and the Kibbutz for lease of the Land expired, and as part of its cancellation the parties signed an agreement of principles for establishment of a joint company (Tzomet Netiv Limited Partnership) that will own the rights in the Land upon receipt of approval of ILA for this purpose (hereinafter – the "Joint Company"). In May 2020, the transfer of rights to the Joint Company was completed. The Joint Company was established as a limited partnership, where the composition is as follows i) General Partner of the Tzomet Netiv Limited Partnership holds 1%, in which the Kibbutz and OPC Tzomet hold 26% and 74% respectively, ii) Limited partners hold 99%, where the Kibbutz (26%) and OPC Tzomet (73%) hold rights as limited partners.

As part of the agreement of principles for establishment of the Joint Company, it was provided that the Kibbutz will sell to the Joint Company its rights in the Land, under which a Development Agreement with ILA was signed and paid for an aggregate amount of NIS 30 million (approximately $9 million) ("the Agreement of Principles for Establishment of the Joint Company"). In the Agreement of Principles for Establishment of the Joint Company it was clarified that the Kibbutz acted as a trustee of the Joint Company when it signed the Development Agreement with ILA, and acted as an agent of the Joint Company when it signed the financial specification where the capitalization fees for the Land was approximately NIS 207 million (approximately $60 million) (as detailed below). In February 2020, an updated lease agreement was also signed whereby the Joint Company, as the owner of the Land, will lease the Land to OPC Tzomet, for the benefit of the project.

In January 2020, a financial specification was received from ILA in respect of the capitalization fees, whereby value of the Land (not including development expenses) of about NIS 207 million (approximately $60 million) (not including VAT) was set (hereinafter – "the Initial Assessment"). The Initial Assessment was subject to control procedures. OPC Tzomet, on behalf of the Joint Company, arranged payment of the Initial Assessment in January 2020 at the rate of 75% of amount of the Initial Assessment and provided through OPC, the balance, at the rate of 25% as a bank guarantee in favor of ILA. Subsequent to year end, in January 2021, a final assessment was received from ILA where the value of the usage fees in the land for a period of 25 years, to construct a power plant with a capacity of 396 megawatts was NIS 200 million (approximately $62 million) (the "Final Assessment"). In February 2021, the Joint Company submitted a legal appeal on the amount of the Final Assessment, and it also intends to submit an appraiser's appeal in accordance with ILA's procedures. In March 2021, a reimbursement of NIS 7 million (approximately $2 million), which included linkage differences and interest in respect of the difference between capitalized fees paid and the Final Assessment amount, was received. In addition, the bank guarantee was also reduced by the amount of 25% of said difference.

As at December 31, 2020, the amounts paid in respect of the land was classified in the consolidated statement of financial position under "Right-of-use assets, net". The unpaid balance of the Initial Asssesment of approximately NIS 44 million (approximately $14 million) was classified in the consolidated statement of financial position as at December 31, 2020 as current maturities of lease liabilities.

e. OPC Sorek 2 Ltd. ("OPC Sorek 2")

In May 2020, OPC Sorek 2 signed an agreement with SMS IDE Ltd., which won a tender of the State of Israel for construction, operation, maintenance and transfer of a seawater desalination facility on the "Sorek B" site (the "Sorek B Desalination Facility"), where OPC Sorek 2 will construct, operate and maintain an energy generation facility ("Sorek B Generation Facility) with a generation capacity of up to 99 MW on the premises of the Sorek 2 Desalination Facility, and will supply the energy required for the Sorek B Desalination Facility for a period of 25 years after the operation date of the Sorek B Desalination Facility. At the end of the aforesaid period, ownership of the Sorek B Generation Facility will be transferred to the State of Israel.

Establishment of the Sorek B Generation Facility is contingent on, among other things, completion of the planning and/or licensing processes and receipt of approval with respect to the ability to output electricity from the site, which as at the submission date of the report had not yet been received. In OPC's estimation, the construction of the Sorek B Generation Facility is expected to end in the second half of 2023, and the total cost of the project is expected to be approximately NIS 200 million (approximately $62 million).

f. Setting of tariffs by the EA

In January 2018, the EA published a resolution which took effect on January 15, 2018, regarding update of the tariffs for 2018, whereby the rate of the generation component was raised by 6.7% from NIS 264 per MWh to NIS 281.6 per MWh.

In December 2018, the EA published a decision that entered into effect on January 1, 2019, regarding update of the tariffs for 2019, whereby the rate of the generation component was raised by 3.3% from NIS 281.6 per MWh to NIS 290.9 per MWh.

In December 2019, the EA published a decision that entered into effect on January 1, 2020, regarding update of the tariffs for 2020, whereby the rate of the generation component was reduced by 8% from NIS 290.9 per MWh to NIS 267.8 per MWh.

In December 2020, the EA published a decision that entered into effect on January 1, 2021, regarding update of the tariffs for 2021, whereby the rate of the generation component was reduced by 5.7% from NIS 267.8 per MWh to NIS 252.6 per MWh. A decrease in the generation component is expected to have a negative impact on OPC's profits in 2021 compared to 2020.

g. Dividend

In 2018, OPC Rotem distributed dividends, and OPC's share of the dividends was NIS 116 million (approximately $32 million).

In 2019, OPC Rotem distributed divdends, and OPC's share of the dividends was NIS 190 million (approximately $54 million). In the same year, OPC distributed dividends on aggregate of approximately NIS 236 million (approximately $92 million), and Kenon's share of the dividends were approximately $48 million.

In February 2020, OPC Rotem distributed dividends and OPC's share of the dividend was NIS 170 million (approximately $50 million).

h. Issuance of new shares by OPC

In June 2019, OPC issued 5,179,147 new ordinary shares at a price of NIS 23.17 per share to three external institutional entities. Total cash consideration of approximately NIS 120 million (approximately $33 million) was received. As a result of the share issuance, Kenon registered a decrease of 3% in equity interests of OPC from 76% to 73%. Accordingly, the Group recognised $14 million in non-controlling interests and $19 million in accumulated profits arising from changes in the Group's proportionate share of OPC.

In September 2019, OPC issued 5,849,093 new ordinary shares at a price of NIS 26.5 per share to four external institutional entities. Total cash consideration of approximately NIS 155 million (approximately $44 million) was received. As a result of the share issuance, Kenon registered a decrease of 3% in equity interests of OPC from 73% to 70%. Accordingly, in 2019 the Group recognised $20 million in non-controlling interests and $24 million in accumulated profits arising from changes in the Group's proportionate share of OPC.

In October 2020, OPC published a shelf offer report for issuance of ordinary shares of NIS 0.01 par value each to the public through a uniform offer with a range of quantities by means of a tender on the price per unit and the quantity. Kenon submitted bids for participation in the tender at prices not less than the uniform price determined in the tender, and as part of the issuance it was issued 10,700,200 shares for a consideration of approximately $101 million. A total of 23,022,100 shares were issued to the public. The gross proceeds from the issuance amount to approximately NIS 737 million (approximately $217 million) and the issuance expenses amounted to approximately NIS 5 million (approximately $1 million).

In addition, in October 2020, OPC completed a private offer of 11,713,521 ordinary shares to institutional entities from the Clal group and Phoenix group. The price per ordinary share with respect to each of the offerees was NIS 29.88, which was determined through negotiations between the offerees. The gross proceeds from the issuance amount to approximately NIS 350 million (approximately $103 million) and the issuance expenses amount to approximately NIS 5 million (approximately $1 million).

Following completion of the above share issuances, as at year end Kenon registered a decrease of 8% in equity interest in OPC from 70% to 62%. Accordingly, in 2020 the Group recognised $136 million in non-controlling interests and $182 million in accumulated profits arising from changes in the Group's proportionate share of OPC. Subsequent to year end, OPC issued additional shares. Refer to Note 31.2.A for further details.

2. IC Green Energy Ltd ("IC Green")

In 2020, IC Green acquired the remaining interests of ICG Energy, Inc ("ICGE") (formerly known as Primus Green Energy Inc.), and as at year end, held 100% interest in ICGE (2019: 90.85%). In August 2020, ICGE sold substantially all of its assets to a third party, Bluescape Clean Fuels LLC for $1.6 million. Subsequent to year end, in January 2021, IC Green transferred its interest in ICGE to OPC at zero consideration.

Note 10 – Subsidiaries (Cont'd)

B. The following table summarizes the information relating to the Group's subsidiary in 2020, 2019 and 2018 that has material NCI:

	As at and for the year ended December 31,		
	2020	2019	2018
	OPC Energy Ltd.	OPC Energy Ltd.	OPC Energy Ltd.
		$ Thousands	
NCI percentage *	39.09%	35.31%	32.23%
Current assets	693,913	204,128	184,211
Non-current assets	1,040,400	807,133	720,469
Current liabilities	(221,975)	(100,313)	(77,792)
Non-current liabilities	(980,028)	(663,328)	(624,570)
Net assets	532,310	247,620	202,318
Carrying amount of NCI	208,080	87,435	65,215
Revenue	385,625	373,142	363,262
(Loss)/profit after tax	(12,583)	34,366	26,266
Other comprehensive (loss)/income	(2,979)	15,569	(14,280)
(Loss)/profit attributable to NCI	(2,567)	16,433	11,396
OCI attributable to NCI	(616)	4,353	(4,554)
Cash flows from operating activities	104,898	109,254	85,581
Cash flows from investing activities	(643,942)	(41,123)	(102,080)
Cash flows from financing activites excluding dividends paid to NCI	489,919	(40,539)	(34,474)
Dividends paid to NCI	(12,412)	(13,501)	-
Effect of changes in the exchange rate on cash and cash equivalents	12,566	9,202	(7,570)
Net (decrease)/increase in cash and cash equivalents	(48,971)	23,293	(58,543)

* The NCI percentage represents the effective NCI of the Group.

Note 11 – Long-Term Prepaid Expenses

	As at December 31,	
	2020	2019
	$ Thousands	
Deferred expenses, net (1)	26,776	22,600
Contract costs	5,036	4,721
Others	12,837	2,864
	44,649	30,185

(1) Relates to deferred expenses, net for OPC's connection fees to the gas transmission network and the electricity grid.

Note 12 – Other Non-Current assets

	As at December 31,	
	2020	2019
	$ Thousands	
Qoros put option (1)	-	55,575
Others	-	2,142
	-	57,717

(1) Refer to Note 9.B.b.2.

Note 13 – Deferred Payment Receivable

	As at December 31,	
	2020	2019
	$ Thousands	
Deferred payment receivable	-	204,299

As part of the sale of IC Power's Latin America businesses in December 2017, proceeds from ISQ include a four-year deferred payment obligation accruing 8% interest per annum, payable-in-kind. In October 2020, Kenon received payment in full of approximately $218 million (approximately $188 million net of taxes).

Note 14 – Property, Plant and Equipment, Net

A. Composition

	As at December 31, 2020					
	Balance at beginning of year	Additions*	Disposals	Reclassification	Differences in translation reserves	Balance at end of year
	$ Thousands					
Cost						
Roads, buildings and leasehold improvements	41,952	193	-	26,000	4,077	72,222
Facilities, machinery and equipment	499,948	4,902	(4,170)	208,931	54,217	763,828
Computers	654	179	(63)	-	(7)	763
Office furniture and equipment	1,047	60	(6)	-	31	1,132
Assets under construction	239,934	113,434	-	(234,931)	8,679	127,116
Other	36,255	16,309	(9,565)	-	841	43,840
	819,790	135,077	(13,804)	-	67,838	1,008,901
Accumulated depreciation						
Roads, buildings and leasehold improvements	9,883	2,114	-	-	802	12,799
Facilities, machinery and equipment	140,626	29,341	(4,170)	-	9,836	175,633
Computers	410	140	(63)	-	24	511
Office furniture and equipment	722	29	(6)	-	12	757
Other	507	95	-	-	38	640
	152,148	31,719	(4,239)	-	10,712	190,340
Balance as at December 31, 2020	667,642	103,358	(9,565)	-	57,126	818,561

* Additions in respect of assets under construction are presented net of agreed compensation from the construction contractor. Refer to Note 19.B.b for further details.

Note 14 – Property, Plant and Equipment, Net (Cont'd)

	As at December 31, 2019					
	Balance at beginning of year	Additions*	Disposals	Reclassification**	Differences in translation reserves	Balance at end of year
	$ Thousands					
Cost						
Roads, buildings and leasehold improvements	43,261	199	-	(4,679)	3,171	41,952
Facilities, machinery and equipment	465,627	1,428	(296)	(7,130)	40,319	499,948
Computers	491	145	(23)	-	41	654
Office furniture and equipment	1,026	14	(21)	-	28	1,047
Assets under construction	207,017	14,874	-	-	18,043	239,934
Other	30,701	13,041	(9,999)	-	2,512	36,255
	748,123	29,701	(10,339)	(11,809)	64,114	819,790
Accumulated depreciation						
Roads, buildings and leasehold improvements	8,059	1,544	-	(277)	557	9,883
Facilities, machinery and equipment	103,570	28,903	(319)	(264)	8,736	140,626
Computers	310	108	(23)	-	15	410
Office furniture and equipment	691	44	(22)	-	9	722
Other	405	107	(38)	-	33	507
	113,035	30,706	(402)	(541)	9,350	152,148
Balance as at December 31, 2019	635,088	(1,005)	(9,937)	(11,268)	54,764	667,642

* Additions in respect of assets under construction are presented net of agreed compensation from the construction contractor. Refer to Note 19.B.b for further details.

** Reclassified to Right-of-use assets after initial application of IFRS 16. Refer to Note 18 Right-of-use assets.

B. Net carrying values

	As at December 31,	
	2020	2019
	$ Thousands	
Roads, buildings and leasehold improvements	59,423	32,069
Facilities, machinery and equipment	588,195	359,322
Computers	252	244
Office furniture and equipment	375	325
Assets under construction	127,116	239,934
Other	43,200	35,748
	818,561	667,642

Note 14 – Property, Plant and Equipment, Net (Cont'd)

C. When there is any indication of impairment, the Group's entities perform impairment tests for their long-lived assets using fair values less cost to sell based on independent appraisals or value in use estimations, with assumptions based on past experience and current sector forecasts, described below:

- Discount rate is a post-tax measure based on the characteristics of each CGU.
- Cash flow projections include specific estimates for around five years and a terminal growth rate thereafter. The terminal growth rate is determined based on management's estimate of long-term inflation.
- Existing power purchase agreements (PPAs) signed and existing number of customers.
- The production mix of each country was determined using specifically-developed internal forecast models that consider factors such as prices and availability of commodities, forecast demand of electricity, planned construction or the commissioning of new capacity in the country's various technologies.
- The distribution business profits were determined using specifically-developed internal forecast models that consider factors such as forecasted demand, fuel prices, energy purchases, collection rates, percentage of losses, quality service improvement, among others.
- Fuel prices have been calculated based on existing supply contracts and on estimated future prices including a price differential adjustment specific to every product according to local characteristics.
- Assumptions for energy sale and purchase prices and output of generation facilities are made based on complex specifically-developed internal forecast models for each country.
- Demand – Demand forecast has taken into consideration the most probably economic performance as well as growth forecasts of different sources.
- Technical performance – The forecast takes into consideration that the power plants have an appropriate preventive maintenance that permits their proper functioning and the distribution businesss has the required capital expenditure to expand and perform properly in order to reach the targeted quality levels.

D. The amount of borrowing costs capitalized in 2020 was approximately $9 million (2019: $12 million).

E. Fixed assets purchased on credit in 2020 was approximately $32 million (2019: $11 million).

F. The composition of depreciation expenses from continuing operations is as follows:

	As at December 31,	
	2020	2019
	$ Thousands	
Depreciation included in gross profit	33,135	31,141
Depreciation charged to selling, general and administrative expenses	787	766
	33,922	31,907
Amortization of intangibles charged to selling, general and administrative expenses	249	185
Depreciation and amortization from continuing operations	34,171	32,092

G. Change in estimates of useful life

In 2019, OPC updated the estimate of the balance of the useful life of the various components in the Rotem Power Plant as at October 1, 2019, from a period of 19 years to 24 years. The impact of the change is as follows:

	2019	2020	2021	2022	2023	2024 and after
	$ Thousands					
(Decrease)/increase in depreciation	(956)	(3,753)	(3,753)	(3,753)	(3,753)	16,005

Note 15 – Intangible Assets, Net

A. Composition:

	Goodwill	Software	Others	Total
	$ Thousands			
Cost				
Balance as at January 1, 2020	21,586	1,560	294	23,440
Acquisitions – self development	-	368	-	368
Disposals	-	(3)	-	(3)
Translation differences	10	114	39	163
	21,596	2,039	333	23,968
Amortization				
Balance as at January 1, 2020	21,455	686	66	22,207
Amortization for the year	-	219	30	249
Disposals	-	(3)	-	(3)
Translation differences	-	55	8	63
Balance as at December 31, 2020	21,455	957	104	22,516
Carrying value				
As at January 1, 2020	131	874	228	1,233
As at December 31, 2020	141	1,082	229	1,452

	Goodwill	Software	Others	Total
	$ Thousands			
Cost				
Balance as at January 1, 2019	21,880	1,248	454	23,582
Acquisitions – self development	-	273	-	273
Disposals	(319)	(45)	(210)	(574)
Translation differences	25	84	50	159
	21,586	1,560	294	23,440
Amortization				
Balance as at January 1, 2019	21,545	524	207	22,276
Amortization for the year	-	170	15	185
Disposals	(95)	(45)	(168)	(308)
Translation differences	5	37	12	54
Balance as at December 31, 2019	21,455	686	66	22,207
Carrying value				
As at January 1, 2019	335	724	247	1,306
As at December 31, 2019	131	874	228	1,233

Note 15 – Intangible Assets, Net (Cont'd)

B. The total carrying amounts of intangible assets with a finite useful life and with an indefinite useful life or not yet available for use

	As at December 31,	
	2020	2019
	$ Thousands	
Intangible assets with a finite useful life	1,311	1,102
Intangible assets with an indefinite useful life or not yet available for use	141	131
	1,452	1,233

Note 16 – Loans and Debentures

Following are the contractual conditions of the Group's interest-bearing loans and credit, which are measured based on amortized cost. Additional information regarding the Group's exposure to interest risks, foreign currency and liquidity risk is provided in Note 30, in connection with financial instruments.

	As at December 31	
	2020	2019
	$ Thousands	
Current liabilities		
Current maturities of long-term liabilities:		
Loans from banks and others	39,702	36,630
Non-convertible debentures	6,769	8,841
Others	-	134
	46,471	45,605
Non-current liabilities		
Loans from banks and others	575,688	503,647
Non-convertible debentures	296,146	73,006
	871,834	576,653
Total	918,305	622,258

Note 16 – Loans and Debentures (Cont'd)

A.1 Classification based on currencies and interest rates

	Weighted-average interest rate December 31 2020	As at December 31, 2020	2019
	%	$ Thousands	
Debentures			
In shekels	4.45%	302,915	81,847
Loans from banks and others			
In shekels	4.70%	615,390	540,411
		918,305	622,258

As at December 31, 2020 and December 31, 2019, all loans and debentures relate to liabilities incurred by OPC and its subsidiaries.

A.2 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Financial liabilities (including interest payable)				
	Loans and credit	Debentures	Lease liabilities	Interest SWAP contracts designated for hedging	Total
			$ Thousands		
Balance as at January 1, 2020	540,720	81,847	5,385	4,225	632,177
Changes as a result of cash flows from financing activities					
Payment in respect of derivative financial instruments	-	-	-	(6,105)	(6,105)
Proceeds from issuance of debentures less issuance expenses	-	280,874	-	-	280,874
Receipt of long-term loans from banks	73,236	-	-	-	73,236
Repayment of loans and debentures	(39,067)	(84,487)	-	-	(123,554)
Interest paid	(21,210)	(3,630)	(149)	-	(24,989)
Payment of principal of lease liabilities	-	-	(551)	-	(551)
Costs paid in advance in respect of taking out loans	(8,556)	-	-	-	(8,556)
Net cash provided by/(used in) financing activities	4,403	192,757	(700)	(6,105)	190,355
Effect of changes in foreign exchange rates	42,607	23,795	1,581	749	68,732
Changes in fair value	-	-	-	12,145	12,145
Interest in the period	21,301	5,473	292	-	27,066
Other changes and additions during the year	6,811	829	12,047	-	19,687
Balance as at December 31, 2020	615,842	304,701	18,605	11,014	950,162

Note 16 – Loans and Debentures (Cont'd)

	Financial liabilities (including interest payable)				
	Loans and credit	**Debentures**	**Lease liabilities**	**Interest SWAP contracts designated for hedging**	**Total**
			$ Thousands		
Balance as at January 1, 2019	508,514	78,408	5,282	-	592,204
<u>Changes as a result of cash flows from financing activities</u>					
Payment in respect of derivative financial instruments	-	-	-	(3,257)	(3,257)
Repayment of loans and debentures	(19,377)	(3,256)	-	-	(22,633)
Interest paid	(17,620)	(3,717)	(77)	-	(21,414)
Payment of principal of lease liabilities	-	-	(618)	-	(618)
Costs paid in advance in respect of taking out loans	(1,833)	-	-	-	(1,833)
Total changes from financing cash flows	(38,830)	(6,973)	(695)	(3,257)	(49,755)
Effect of changes in foreign exchange rates	43,109	6,608	608	196	50,521
Changes in fair value	-	-	-	7,286	7,286
Interest in the period	27,466	3,804	108	-	31,378
Other changes and additions during the year	461	-	82	-	543
Balance as at December 31, 2019	540,720	81,847	5,385	4,225	632,177

<u>Long term loans from banks and others</u>

B. OPC Rotem

<u>OPC Rotem's financing agreement</u>

The power plant project of OPC Rotem was financed by the project financing method (hereinafter – "Rotem's Financing Agreement"). Rotem's Financing Agreement was signed with a consortium of lenders led by Bank Leumi Le-Israel Ltd. (hereinafter respectively – "Rotem's Lenders" and "Bank Leumi"). Pursuant to Rotem's Financing Agreement, liens were placed on OPC Rotem's existing and future assets and rights in favor of Harmetik Trust Services (1939) Ltd., (hereinafter – "Harmetik") formerly, The Trust Company of Bank Leumi Ltd., as well as on most of OPC Rotem's bank accounts and on OPC's holdings in OPC Rotem.

The loans (which are linked to the CPI) bear fixed interest rates between 4.9% and 5.4% and are being repaid on a quarterly basis up to 2031, commencing from the fourth quarter of 2013. Rotem's Financing Agreement also provides certain restrictions with respect to distribution of a dividend.

Pursuant to Rotem's Financing Agreement, OPC Rotem is required to keep a Debt Service Reserve during the two-year period following completion of the power plant. The amount of Debt Service Reserve will be equivalent to the following two quarterly debt payments. As at December 31, 2020 and 2019, the amount of the Debt Service Reserve is approximately NIS 74 million (approximately $23 million) and approximately NIS76 million (approximately $22 million) respectively.

OPC Rotem has credit facilities from Bank Leumi of amount NIS 21 million (approximately $7 million), which were provided for OPC Rotem's working capital needs and for provision of bank guarantees. As at December 31, 2020, OPC Rotem had utilized NIS 8 million (approximately $2 million) of said facilities for purposes of bank guarantees and collaterals for forward contracts.

Under an amendment to OPC Rotem's Financing Agreement that was signed in December 2017, OPC Rotem committed to hold a fund of amount NIS 58 million (approximately $16 million), linked to the CPI (hereinafter - the "Owner's Guarantee Fund"). As at December 31, 2019, OPC Rotem completed accruing the Owner's Guarantee Fund, and in February 2020, part of the corporate guarantees provided by OPC and Veridis of approximately NIS 46 million (approximately $13 million) and NIS 12 million (approximately $3 million) were cancelled. These were replaced by bank guarantees from OPC and Veridis of the same amounts in September 2020.

In addition to the bank guarantees described above, corporate guarantees were provided by OPC and Veridis of approximately NIS 12 million (approximately $4 million) and NIS 3 million (approximately $1 million) respectively.

As at December 31, 2020, OPC Rotem and OPC were in compliance with all the covenants in accordance with Rotem's Financing Agreement.

C. OPC Hadera

<u>Hadera's financing agreement</u>

In July 2016, Hadera entered into a financing agreement for the senior debt (hereinafter – "the Hadera Financing Agreement") with a consortium of lenders (hereinafter – "Hadera's Lenders"), headed by Israel Discount Bank Ltd. (hereinafter – "Bank Discount") and Harel Insurance Company Ltd. (hereinafter – "Harel") to finance the construction of the Hadera Power Plant, whereby the lenders undertook to provide Hadera credit frameworks, mostly linked to the CPI, in the amount of NIS 1,006 million (approximately $290 million) in several facilities (some of which are alternates): (1) a long-term credit facility (including a framework for changes in construction and related costs); (2) a working capital facility; (3) a debt service reserves account and a VAT facility; (4) a guarantees facility; and (5) a hedge facility.

Some of the loans in the Hadera Financing Agreement are linked to the CPI and some are unlinked. The loans are to be repaid in quarterly installments up until 2037, commencing from the first quarter of 2020.

In connection with the Hadera Financing Agreement, liens were placed in favor of Bank Discount, as a trustee for the collaterals on behalf of Hadera's Lenders, on some of OPC Hadera's existing and future assets, on the rights of OPC Hadera and on the holdings of OPC in OPC Hadera. Hadera's Financing Agreement includes certain restrictions in respect of distributions and repayment of shareholders' loans, which provide that, among other things, distributions and repayments as stated may be made at the earliest after 12 months from the commercial operation date of the Hadera Power Plant and after at least 3 debt repayments. In addition, OPC Hadera undertook, commencing from the commercial operation date, to provide a debt service reserve in an amount equal to the amount of the debt payments for two successive quarters (as at December 31, 2020 – approximately NIS 29 million (approximately $9 million)), and an owner's guarantee fund of NIS 15 million (approximately $5 million).

In addition, in May 2020, OPC provided a bank guarantee of NIS 50 million (approximately $16 million), which was secured by a deposit in the amount of NIS 25 million (approximately $8 million). Subsequent to year end, in March 2021, the guarantee was cancelled and the deposit was released. In order to secure OPC's liabilities under the Hadera Financing Agreement, OPC Hadera provided to Hadera's Lender a pledged deposit (by means of a shareholders' loan from OPC) of NIS 15 million (approximately $5 million).

Separately, in March 2021, OPC provided a parent company guarantee to Hadera's Lenders whereby, to the extent that OPC Hadera is not able to repay the loan in the first half of 2021 according to the repayment schedule, OPC will transfer money to OPC Hadera in the cumulative amount of NIS 30 million (approximately $9 million) for purposes of the repayment.

As at December 31, 2020, Hadera withdrew a total of NIS 64 million (approximately $20 million) out of the Hadera Financing Agreement. The loans under Hadera's financing agreement are either linked to the CPI or unlinked. The loans bear interest rates between 3.1% and 3.9% on the CPI-linked loans, and between 4.7% and 5.4% on the unlinked loans, and are repaid in quarterly installements up to 2037, commencing from the first quarter of 2020.

As at December 31, 2020, OPC Hadera and OPC were in compliance with all of the covenants pursuant to Hadera's Financing Agreement.

Note 16 – Loans and Debentures (Cont'd)

D. OPC Tzomet

Tzomet's financing agreement

In December 2019, a financing agreement for the senior debt (project financing) was signed between OPC Tzomet and a syndicate of financing entities led by Bank Hapoalim Ltd. (hereinafter – "Bank Hapoalim", and together with the other financing entities hereinafter – "Tzomet's Lenders"), for financing construction of the Tzomet power plant (hereinafter – "Tzomet's Financing Agreement").

As part of Tzomet's Financing Agreement, Tzomet's Lenders undertook to provide OPC Tzomet a long-term loan framework, a standby framework, a working capital framework, a debt service reserve framework, a VAT framework, a third-party guarantees framework and a hedging framework, in the aggregate amount of NIS 1.372 billion (approximately $397 million). Part of the amounts under these frameworks will be linked to the CPI and part of the amounts will be linked to the dollar. The loans accrue interest at the rates provided in Tzomet's Financing Agreement.

As part of Tzomet's Financing Agreement, terms were provided with reference to conversion of interest on the long-term loans from variable interest to CPI-linked interest. Such a conversion will take place in three cases: (a) automatically at the end of 6 years after the signing date of Tzomet's Financing Agreement; (b) at OPC Tzomet's request during the first 6 years commencing from the signing date of Tzomet's Financing Agreement; (c) at Bank Hapoalim's request, in certain cases, during the first 6 years commencing from the signing date of Tzomet's Financing Agreement. In addition, OPC Tzomet has the right to make early repayment of the loans within 6 years after the signing date of Tzomet's Financing Agreement, subject to a one-time reduced payment (and without payment of an early repayment penalty), and provided that up to the time of the early repayment, the loans were not converted into loans bearing fixed interest linked to the CPI. Tzomet's Financing Agreement also includes certain restrictions with respect to distributions and repayment of shareholders' loans.

As at December 31, 2020, OPC Tzomet and OPC were in compliance with all the covenants in accordance with Tzomet's Financing Agreement. The loans are to be repaid quarterly, which will begin shortly before the end of the first or second quarter after the commencement date of the commercial operation up to the date of the final payment, which will take place on the earlier of the end of 19 years from the commencement date of the commercial operation or 23 years from the signing date of Tzomet's Financing Agreement (however not later than December 31, 2042).

As of December 31, 2020 withdrawals totalling NIS 187 million (approximately $58 million) were made from the long-term loans framework. The loans bear annual interest at the rate of prime +0.95%.

OPC Tzomet's equity subscription agreement

In December 2019, an equity subscription agreement (hereinafter – "Tzomet's Equity Subscription Agreement") was signed. As part of the said agreement, the Company undertook certain commitments to the Lenders in connection with OPC Tzomet and its activities, including investment of shareholders' equity in OPC Tzomet of about NIS 293 million (approximately $91 million). As at December 31, 2020, OPC had invested in OPC Tzomet shareholders' equity NIS 208 million (approximately $65 million). The balance of the shareholders' equity is to be provided in increments, and OPC provided a bank guarantee, which as at December 31, 2020, stood at approximately NIS 85 million (approximately $26 million) (linked to the CPI) and which was secured by a deposit of NIS 43 million (approximately $13 million). Subsequent to year end, OPC provided to OPC Tzomet the remaining balance of the required shareholders' equity and accordingly, the bank guarantee was cancelled.

Note 16 – Loans and Debentures (Cont'd)

E. OPC

Short-term loans

In December 2019, the Company signed a framework agreement for taking out short-term credit with a bank, for purposes of payment of the Initial Assessment of OPC Tzomet (as stated in Note 10.A.1.c), up to the end of March 2020 (hereinafter – "the Credit Framework Agreement"). In January 2020, OPC withdrew a loan of NIS 169 million (approximately $53 million) for the purpose of payment of the Initial Assessment as described in Note 10.A.1.d. The Loan was repaid in April 2020.

In March 2020, OPC took a loan from Bank Mizrahi Tafahot Ltd. ("Bank Mizrahi"), a related party of the Group, of amount NIS 50 million (approximately $16 million). The loan bore interest at the annual rate of prime +1.25% and was repaid in May 2020.

Credit framework agreement with Harel Insurance Investments & Financial Services Ltd. ("Harel")

In October 2020, OPC signed a loan facility agreement with Harel in an amount of NIS 400 million (approximately $124 million) (the "Loan Facility"), which may be drawn down within 24 months from the signing date of the agreement, subject to the completion of the acquisition of CPV (as described in Note 19.B.f), which completed in January 2021 (refer to Note 19.B.f for further details). OPC may draw funds under the Loan Facility on a short-term or long-term basis, for a period of up to 36 months. The long-term loans are to be repaid 36 months from the earlier of the date on which the first long-term withdrawal is made, or 24 months from the signing date of the agreement.

The Loan Facility will accrue interest at a rate of Bank of Israel base interest plus a margin between 2.55% and 2.75%, paid on a quarterly basis. The proceeds of the Loan Facility are intended to be used for (i) payment of part of the consideration for the acquisition of the CPV group, providing amounts required for the CPV group to develop its business; and/or (ii) to fund OPC's existing operations.

Should a loan be drawn down, OPC will be subject to various financial covenants, of which non-compliance will trigger the interest rate on the loans to increase by 2%. The Loan Facility provides a number of restrictions, commitments and breach events with respect to OPC and the CPV Group. In order to secure OPC's liabilities to Harel, a lien will be placed in favor of Harel on OPC's direct and indirect rights (as a limited partner in the Partnership), and on certain bank accounts of OPC and the General Partner (as defined in Note 19.B.f).

On-call framework agreement with Bank Mizrahi

In November 2020, OPC signed an on-call framework agreement with Bank Mizrahi of amount NIS 75 million (approximately $23 million). The framework is valid until November 2021. The loans withdrawn will be for a period of 12 months and is subject to an annual interest rate of prime +0.9%. In addition, OPC will be subject to certain financial covenants. As at year end, the framework had not yet been used.

As at December 31, 2020, OPC was in compliance with all its financial covenants.

Note 16 – Loans and Debentures (Cont'd)

Hedge agreement

In June 2019, OPC entered into a hedge agreement with Bank Hapoalim Ltd. for hedge of 80% of the exposure to the CPI with respect to the principal of loans from financial institutions, in exchange for payment of additional interest at the annual rate of between 1.7% and 1.76% (hereinafter – "the CPI Transactions"). OPC chose to designate the CPI Transactions as an "accounting hedge".

In 2020, due to changes in the inflationary expectations and in light of the changes in the projected interest rates, OPC recorded an increase in the liabilities as a result of revaluation of the financial derivative in respect of the CPI Transactions (hereinafter – "the Derivative"), in the amount of about NIS 42 million (approximately $13 million), which was recorded as part of other comprehensive income. As at the date of the report, the fair value of the Derivative amounted to about NIS 48 million (approximately $15 million). OPC deposits collaterals to secure its liabilities to the bank in connection with the Derivative. As at the date of the report, the collateral amounted to about NIS 35 million (approximately $11 million). The value of the Derivative was calculated by means of discounting the linked shekel cash flows expected to be received less the discounted fixed shekel cash flows payable. An adjustment was made to this valuation for the credit risks of the parties.

Series A Debentures

In May 2017, OPC issued debentures (Series A). The par value of the debentures was NIS 320 million (approximately $85 million), bore annual interest at the rate of 4.95% and were repayable, principal and interest, every six months, commencing on June 30, 2018 (on June 30 and December 30 of every calendar year) through December 30, 2030. Under the terms, the interest on the debentures will be reduced by 0.5% in the event of their listing for trade on the main list of the TASE. In August 2017, OPC listed the debentures for trading on the TASE and accordingly, from that date, interest on the debentures (Series A) was reduced by 0.5%, to 4.45% per year.

Subsequent to the additional issuance of Series B debentures in October 2020 as described below, OPC made early redemption of its Series A debentures. As a result of the early redemption, the debt service reserve of approximately NIS 67 million (approximately $19 million) was released. The total amount of full early redemption, in respect of principal, interest and compensation, amounted to approximately NIS 313 million (approximately $92 million). The compensation component of approximately NIS 41 million (approximately $12 million) will be recorded in the consolidated statements of profit & loss in 2020, under Financing expenses.

Series B Debentures

In April 2020, OPC issued debentures (Series B) with a par value of NIS400 million (approximately $113 million), which were listed on the TASE. As a result, approximately $111 million representing the par value, net of issuance cost is recognised as debentures. The debentures are linked to the Israeli consumer price index and bear annual interest at the rate of 2.75%. The principal and interest of the debentures (Series B) are repayable every six months, commencing on March 31, 2021 (on March 31 and September 30 of every calendar year) through September 30, 2028. The debentures were rated A3 by Midroog and A- by S&P Global Ratings Maalot Ltd.

In October 2020, OPC issued additional Series B debentures of par value NIS 556 million (approximately $162 million) (the "Expansion of Series B"). The gross proceeds of the issuance amount to approximately NIS 584 million (approximately $171 million) and the issuance costs were approximately NIS 7 million (approximately $2 million).

A trust certificate was signed between OPC and Reznik Paz Nevo Trusts Ltd. in April 2020, which details customary grounds for calling the debentures for immediate repayment (subject to cure periods), including insolvency events, liquidation proceedings, receivership, a stay of proceedings and creditors' arrangements, certain structural changes, a significant worsening in OPC's financial position, etc. The trust certificate also includes a commitment of OPC to comply with certain financial covenants and restrictions as follows: As at December 31, 2020, OPC's shareholders' equity was NIS 1,671 million (approximately $520 million) (minimum required is NIS 250 million, and for purposes of a distribution, NIS 350 million); the ratio of OPC's shareholders' equity to OPC's total assets was 60% (minimum required is 17%, and for purposes of distribution, 27%); the ratio of the net consolidated financial debt less the financial debt designated for construction of projects that have not yet commenced producing EBITDA and the EBITDA is 2.7 (maximum allowed is 13, and for purposes of a distribution, 11).

Note 17 – Trade and Other Payables

	As at December 31,	
	2020	2019
	$ Thousands	
Trade Payables	92,542	36,007
Accrued expenses and other payables	21,870	6,603
Government institutions	3,144	1,972
Employees and payroll institutions	5,940	4,983
Interest payable	2,314	516
Liability in respect of acquisition of non-controlling interests	-	1,302
Others	2,432	875
	128,242	52,258

Note 18 – Right-Of-Use Assets and Lease Liabilities

A) The Group leases the following items:

i) Land

The leases are typically entered into with government institutions for the construction and operation of OPC's power plants. They typically run for a period of more than 20 years, with an option for renewal.

ii) OPC gas transmission infrastructure

The lease for the gas Pressure Regulation and Measurement Station ("PRMS") relates to the facility at OPC Hadera's power plant. For further details, please refer to Note 19.B.b.

iii) Offices

The leases range from 3 to 10 years, with options to extend.

iv) Low-value items

The total for low-value items on short-term leases are not material. Accordingly, the Group has not recognized right-of-use assets and lease liabilities for these leases.

B) Right-of-use assets

	As at December 31, 2020			
	Balance at beginning of year	Depreciation charge for the year	Adjustments	Balance at end of year
	$ Thousands			
Land	6,853	(2,141)	72,299	77,011
PRMS facility	6,506	(449)	457	6,514
Offices	3,305	(500)	(306)	2,499
Others	459	-	(459)	-
	17,123	(3,090)	71,991	86,024

Note 18 – Right-Of-Use Assets and Lease Liabilities (Cont'd)

	As at December 31, 2019			
	Balance at beginning of year	Depreciation charge for the year	Adjustments	Balance at end of year
	$ Thousands			
Land*	6,537	(263)	579	6,853
PRMS facility*	6,866	(451)	91	6,506
Offices	3,573	(487)	219	3,305
Others	423	-	36	459
	17,399	(1,201)	925	17,123

C) Amounts recognized in the consolidated statements of profit & loss

	As at December 31, 2020	As at December 31, 2019
	$ Thousands	$ Thousands
Interest expenses in respect of lease liability	149	108

D) Amounts recognized in the consolidated statements of cash flows

	As at December 31, 2020	As at December 31, 2019
	$ Thousands	$ Thousands
Total cash outflow for leases	551	618

Note 19 – Contingent Liabilities, Commitments and Concessions

A. Contingent Liabilities

OPC

a. Local Council of Shapir development levies

In December 2019, an arrangement was signed between OPC Tzomet and the Local Council of Shapir, whereby OPC Tzomet received an initial calculation of the development levies in respect of the Tzomet project, in the amount of NIS 28 million (approximately $8 million) (not including VAT) (hereinafter – the "Calculation of the Levies"). In January 2020, the Council sent OPC Tzomet a charge notification in respect of the Calculation of the Levies, in the amount of NIS 37 million (approximately $11 million), of which NIS 13 million (approximately $4 million), which was not in dispute, was paid in December 2019. In March 2020, OPC Tzomet filed an administrative petition against the Council in respect of the amount in dispute, as stated. As part of its response to the petition, it was recognized that an error of about NIS 2 million was made, resulting in an agreement to reduce the bank guarantee deposited by OPC Tzomet in favor of the Council of NIS 21 million (approximately $7 million).

Subsequent to year end, in February 2021, a compromise was reached. The Council agreed to reduce the amount of levies to about NIS 20 million (approximately $6 million). This means that OPC Tzomet will be required to top up an additional NIS 7 million (approximately $2 million), which includes levies in respect of a built-up area of 11,600 square meters which has not yet been built, and OPC Tzomet has the right to construct it with no further levies required. As at year end, a provision based on the compromise formulated was recorded in the consolidated statements of financial position.

b. Oil Refineries Ltd. (now known as "Bazan") gas purchase claim

In January 2018, a request was filed with the Tel Aviv-Jaffa District Court to approve a derivative claim by a shareholder of Bazan against former and current directors of Bazan, Israel Chemicals Ltd., OPC Rotem, OPC Hadera and IC (collectively the "Group Companies"), over: (1) a transaction of the Group Companies for the purchase of natural gas from Tamar Partners, (2) transactions of the Group Companies for the purchase of natural gas from Energean Israel Ltd. ("Energean") and (3) transaction for sale of surplus gas to Bazan.

In August 2018, the Group Companies submitted their response to the claim filed. OPC rejected the contentions appearing in the claim and requested summary dismissal of the claim. Hearings on the proofs have been scheduled for the second half of 2021.

In OPC's estimation, based on advice from its legal advisors, it is more likely than not that the claim will not be accepted by the Court and, accordingly, no provision has been included in the financial statements in respect of the claim as at December 31, 2020.

Note 19 – Contingent Liabilities, Commitments and Concessions (Cont'd)

c. Bazan electricity purchase claim

In November 2017, a request was filed with the Tel Aviv-Jaffa District Court to approve a derivative claim on behalf of Bazan. The request is based on the petitioner's contention that the undertaking in the electricity purchase transaction between Bazan and OPC Rotem is an extraordinary interested party transaction that did not receive the approval of the general assembly of Bazan shareholders on the relevant dates. The respondents to the request include Bazan, OPC Rotem, the Israel Corporation Ltd. and the members of Bazan's Board of Directors at the time of entering into the electricity purchase transaction. The requested remedies include remedies such as an injunction and financial remedies.

In July 2018, OPC Rotem submitted its response to the request. Bazan's request for summary judgement was denied and the hearings on the proofs were scheduled for the second half of 2021.

In OPC Rotem's estimation, it is more likely than not that the request will not be accepted by the court, and accordingly, no provision has been included in the financial statements in respect of the claim as at December 31, 2020.

d. Dalia petition

In December 2019, OPC received a copy of a petition filed in the Supreme Court sitting as the High Court of Justice wherein it was requested to issue a conditional order and an interim order (the "Petition"), which was filed by Or Energy Power (Dalia) Ltd. and Dalia Energy Power Ltd. (collectively the "Petitioners") against the EA, the Plenary Electricity Authority ("Plenary"), the State of Israel – the Ministry of Energy and OPC Tzomet (collectively the "Respondents").

The Petition included, mainly, contentions in connection with decisions and actions of the EA relating to Regulation 914, and with reference to the conditional license of OPC Tzomet which, the Petitioners contended, permit OPC Tzomet to improperly (unlawfully) be covered by this Regulation and as a result, so the Petitioners contended, to block their entry into this Regulation. The Petitioners contended that the conduct of the EA and the Plenary justify intervention by the Court and issuance of a conditional order, as well as an interim order in light of the expiration of Regulation 914 on January 1, 2020, which would permit the Petitioners, so they argue, after acceptance of the Petition, to fully enter into Regulation 914.

The main relief requested by the Petitioners was a request for a conditional order instructing the EA and the Plenary to provide reasons why: (a) the Variable Availability Amendment decision (hereinafter – "the Decision") of the EA should not be cancelled; (b) it should not be determined that the conditional license of OPC Tzomet is void; (c) it should not be determined that OPC Tzomet's connection study from September 2019 is void; (d) it should not be determined that OPC Tzomet is not entitled to be covered by Regulation 914 due to that stated in subsections (b) and (c) above; and to grant any other relief the Court sees fit and to charge for expenses any party that objects to the Petition. In addition, the Petitioners request that since Regulation 914 is expected to expire on January 1, 2020, the Court should rule that until a decision is rendered with respect to the Petition: (a) the validity of Regulation 914 should not expire with respect to the Petitioners; and (b) entry into effect of the decision should be stayed and no action should be executed that is based thereon or, alternatively, the Petition should be set for an urgent hearing.

In February 2020, the Supreme Court cancelled the Petition with no order for expenses.

Note 19 – Contingent Liabilities, Commitments and Concessions (Cont'd)

e. IEC power purchase agreement

In 2014 (commencing in August), letters were exchanged between OPC Rotem and IEC regarding the tariff to be paid by OPC Rotem to IEC in respect of electricity that it had purchased from the electric grid, in connection with sale of electricity to private customers, where the electricity generation in the power plant was insufficient to meet the electricity needs of such customers.

It is OPC Rotem's position that the applicable tariff is the "ex-post" tariff, whereas according to IEC in the aforesaid exchange of letters, the applicable tariff is the TAOZ tariff, and based on part of the correspondences even a tariff that is 25% higher than the TAOZ tariff (and some of the correspondences also raise allegations of breach of the PPA with IEC). In order to avoid a specific dispute, Rotem paid IEC the TAOZ tariff for the aforesaid purchase of electricity and commencing from that date, it pays IEC the TAOZ tariff on the purchase of electricity from IEC for sale to private customers. In OPC Rotem's estimation, it is more likely than not that OPC Rotem will not pay any additional amounts in respect of the period ended December 31, 2020. Therefore, no provision was included in the financial statements.

f. Tamar dispute

In July 2013, the EA published four generation component tariff indices, ranging from NIS 333.2 per MWh to NIS 386 per MWh, instead of the single tariff that had previously been used. In connection with the indexation of their natural gas price formula for OPC Rotem's gas supply agreement with Noble Energy Mediterranean Ltd., Delek Drilling Limited Partnership, Isramco Negev 2 Limited Partnership, Dor Gas Exploration Limited Partnership, Everest Infrastructures Limited Partnership and Tamar Petroleum Limited Partnership (collectively "Tamar Partners"), OPC and the Tamar Partners disagreed as to which of the EA's July 2013 tariffs applied to the Tamar Partners' supply agreement. In June 2017, Tamar Partners filed a request for arbitration against OPC Rotem in accordance with the gas supply agreement. In July 2019, the arbitration ruling was received, which dismissed all of the Tamar Partners' claims against OPC Rotem, and that Tamar Partners was to pay OPC-Rotem approximately NIS 14 million (approximately $3 million) in reimbursement for expenses. As a result, a gain of $3 million on the expenses incurred and the interest accrued on the $22 million deposited of approximately NIS 4 million (approximately $1 million) were received and recorded as Other Income and Financing Income respectively.

Note 19 – Contingent Liabilities, Commitments and Concessions (Cont'd)

B. Commitments

a. OPC Rotem

PPA between OPC Rotem and IEC

On November 2, 2009, OPC Rotem signed a PPA with IEC, whereby OPC Rotem undertook to construct the plant, and IEC undertook to purchase capacity and energy from OPC Rotem over a period of twenty (20) years from the commencement date of commercial operation of the plant. The PPA includes sections governing the obligations of each parties in the construction and operation period, as well as a compensation mechanism in the case of non-compliance by one of the parties with its obligations under the PPA. For more details on compensation to IEC, please refer to Note 19.A.e.

Maintenance agreement between OPC Rotem and Mitsubishi

On June 27, 2010, OPC Rotem entered into an agreement with Mitsubishi Heavy Industries Ltd. (which was assigned to Mitsubishi Hitachi Power Systems Ltd. on June 24, 2014 and again to Mitsubishi Hitachi Power Systems Europe Ltd. on March 31, 2016) (hereinafter – "Mitsubishi"), for the long-term maintenance of the Rotem power plant, commencing from the date of its commercial operation, for an operation period of 100,000 work hours or up to the date on which 8 scheduled treatments of the gas turbine have been completed (which the Company estimates at 12 years), at a cost of about €55 million (approximately $16 million), payable over the period based on the formula provided in the agreement (hereinafter – the "Agreement"). According to the Agreement, Mitsubishi will perform maintenance work on the main components of Rotem Power Plant, comprising the gas turbine, the steam turbine and the generator (hereinafter – "the Main Components"). In addition, Mitsubishi will supply new or renovated spare parts, as necessary. The Agreement covers scheduled maintenance and that, as a rule, OPC Rotem will be charged separate additional amounts for any unscheduled or additional work, to the extent required. The Agreement provides for unscheduled maintenance, subject to certain restrictions and to the terms of the Agreement.

As part of the Agreement, OPC Rotem undertook to perform maintenance work that does not relate to the Main Components, as well as regular maintenance of the site. In addition, OPC Rotem is required to provide to Mitsubishi, during the servicing, services and materials not covered under the Agreement, and will make personnel available as set forth in the agreement. The Agreement stipulates the testing, renovation and maintenance cycles of the Main Components as well as the duration of each test. The Agreement includes undertakings by Mitsubishi in connection with the performance of the Rotem Power Plant. Mitsubishi has undertaken to compensate OPC Rotem in the event of non-compliance with the aforesaid undertakings and OPC Rotem, on its part, has undertaken to pay bonuses to Mitsubishi for improvement in the performance of the Rotem Power Plant as a result of the maintenance work; all this – up to an annual ceiling amount, as stipulated in the Maintenance Agreement.

In 2018, an additional maintenance treatment was performed – the first maintenance treatment of the "major overhaul" type, which is performed about once every 6 years (hereinafter – "the Maintenance Work"). This Maintenance Work included extensive maintenance work in the Power Plant's systems, particularly in the gas, steam and generator turbines. During performance of the Maintenance Work, Power Plant's activities were suspended along with the related energy generation. The Maintenance Work was carried on as planned from September 25, 2018 and up to November 10, 2018. Supply of the electricity to the Power Plant's private customers continued as usual – this being based on criteria published by the EA and OPC Rotem's PPA agreement with IEC. No planned maintenance was performed in 2019.

As a result of the limitations on entry in Israel due to COVID-19, the maintenance work that was planned to be performed for the Rotem power plant in April 2020 was postponed to October 2020. In April 2020, OPC Rotem shut down the power plant for a number of days in order to perform internally-initiated tests and treatments due to the postponement. The shutdown for several days and the postponement of the maintenance date did not have a significant impact on the generation activities of the Rotem power plant and its results. In October 2020, the maintenance work was performed as planned, during which time the activities of the Rotem power plant were halted. As at publication date, the next maintenance is planned to be in October 2021, during which the activities of the Rotem Power Plant and the related energy generation activities will be discontinued for a period of 18 days.

Note 19 – Contingent Liabilities, Commitments and Concessions (Cont'd)

PPAs between OPC Rotem and private customers

OPC Rotem has entered into agreements for the sale of electricity (hereafter – "the PPA Agreements") to its customers, with the average balance of the period being 6.5 years. The new long-term agreements are for periods of 15 to 20 years from commencement of the supply. If a customer signed an agreement for construction of generation facilities with OPC Rotem, their PPA Agreements were extended for 15 to 20 years from the commercial operation date of the generation facility. Additionally, from time to time, OPC Rotem enters into short-term agreements for the sale of electricity. The consideration that is stipulated in the agreements is based on the TAOZ tariff with a certain discount given with respect to the generation component. The TAOZ tariff, including the generation component tariff, is determined and updated from time to time by the Electricity Authority. Under the terms of the agreements, OPC Rotem is committed to a minimum availability of the power supply plant (non-compliance with the said minimum availability is subject to financial penalties).

It is noted that OPC Rotem has no obligation to provide a discount with respect to the generation component in certain cases, such as the non-supply of natural gas. The terms of the agreements also entitle OPC Rotem to cancel the agreement, including in the event that the generation component drops below the minimum tariff that is set forth in the PPA with IEC. Rotem has an option to sell the relevant output that had been allocated to private customers back to IEC, subject to advance notice of 12 months, and to be eligible for fixed availability payments. As a rule, the PPA agreements with customers are not secured by collaterals.

Gas transmission agreement between OPC Rotem and Israel Natural Gas Lines Ltd.

In July 2010, Rotem signed a gas transmission agreement with Israel Natural Gas Lines Ltd. ("INGL"). The agreement expires in 2029, with a renewal option for 5 additional years. The agreement includes a payment for a gas PRMS, which was constructed for OPC Rotem, at a cost of about NIS 47 million (approximately $13.6 million) and a monthly payment for use of the gas transmission infrastructure. As part of the agreement, Rotem provided a deposit to INGL, in the amount of NIS 2 million (approximately $0.6 million), to secure the monthly payment.

Gas Sale and Purchase Agreement between OPC Rotem and Tamar

On November 25, 2012, OPC Rotem signed an agreement with Tamar Partners regarding supply of natural gas to the power plant (hereinafter – "the Agreement between Tamar and OPC Rotem"). The Agreement between Tamar and OPC Rotem will remain in effect until September 2029. In addition, if 93% of the total contractual quantity is not consumed, both parties have the right to extend the agreement up to the earlier of consumption of the full contractual quantity or two additional years. The total contractual quantity under the agreement amounts to 10.6 BCM (billion cubic meters).

Certain annual quantities in the Agreement between Tamar and OPC Rotem are subject to a "Take-or-Pay" obligation (hereinafter – the "TOP"), based on a mechanism set forth in the Agreement. Under the Agreement between Tamar and OPC Rotem, under certain circumstances, where there is a payment for a quantity of natural gas that is not actually consumed or a quantity of gas is purchased above the TOP amount, OPC Rotem may, subject to the restrictions and conditions set forth in the Agreement, accumulate this amount, for a limited time, and use it within the framework of the Agreement. The Agreement includes a mechanism that allows, under certain conditions, assignment of these rights to related parties for quantities that were not used proximate to their expiration date. In addition, OPC Rotem is permitted to sell surplus gas in a secondary sale (with respect to distribution companies, at a rate of up to 15%). In addition, OPC Rotem was granted an option to reduce the contractual daily quantity to a quantity equal to 83% of the average gas consumption in the three years preceding the notice of exercise of this option. The annual contractual quantity will be reduced starting 12 months after the date of such notice, subject to the adjustments set forth in the Tamar Agreement with OPC Rotem (including the TOP). If the annual contractual quantity is decreased, all other contractual quantities set forth in the agreement are to be decreased accordingly. Nevertheless, the TOP is expected to decrease such that the minimum consumption quantity will constitute 50% of the average gas consumption in the three years prior to the notice of exercise of the option. The option is exercisable starting from January 1, 2020, but not later than December 31, 2022. The Supervisor of Restrictive Business Practices (Antitrust) (hereinafter – "the Supervisor") is authorized to update the notice period in accordance with the circumstances. On December 28, 2015, the Agreement received the Supervisor's approval.

The Agreement between Tamar and OPC Rotem allows reducing the supply of gas to OPC Rotem during the "Interim Period" (as detailed below) in the event of gas shortage and gives preference in such a case to certain customers of Tamar Partners over OPC Rotem. Nevertheless, in April 2017, the Natural Gas Sector Regulations (Maintaining a Natural Gas Sector during an Emergency), 2017, were published, which provide for handling of the gas supply in the event of failure by a gas supplier to supply all of the natural gas out of the relevant field. In general, pursuant to the Regulations, in the event of shortage of natural gas, the available gas will be allocated proportionately among consumers that generate electricity and consumers that do not generate electricity, based on their average consumption, and after deducting gas quantities that are reserved for distribution consumers. It is noted that in extraordinary circumstances of a shortage that has a significant adverse impact on the regular operation of the electricity sector, the Regulations authorize the Minister of Energy to make an exception to the allocation provided in the Regulations, after consulting with the Director of the Natural Gas Authority and the Director of the EA.

Without detracting from that stated above, pursuant to the Agreement between Tamar and OPC Rotem, OPC Rotem is defined as a "Tier B" customer and during the "Interim Period", under certain circumstances, Tamar Partners will not be obligated to supply Rotem's daily capacity. On the other hand, during the "Interim Period" OPC Rotem is not subject to any TOP obligation. The "Interim Period" commenced based on the notification of Tamar Partners in April 2015 and ended on March 1, 2020.

Pursuant to the agreement, the price is based on a base price in NIS that was determined on the signing date of the agreement, linked to changes in the generation component tariff, which is part of the TAOZ, and in part (30%) to the representative rate of exchange of the U.S. dollar. As a result, increases and decreases in the generation component, as determined by the Electricity Authority, affect OPC Rotem's cost of sales and its profit margins. In addition, the natural gas price formula set forth in the Agreement between Tamar and Rotem is subject to a minimum price denominated in US dollars.

In November 2019, an amendment to the Tamar agreement was signed – the significant arrangements included therein are as follows: (a) the option granted to OPC Rotem to reduce the minimal annual contractual quantity to a quantity equal to 50% of the average annual self-consumption of the gas in the three years that preceded the notification of exercise of the said option, was changed such that after exercise of the option it is expected that the minimal annual contractual quantity in OPC Rotem will be reduced to quantity equal to 40% of the average annual self-consumption of the gas in the three years that preceded the notification of exercise of the option, subject to adjustments provided in the agreement and assuming the expected consumption of the gas; (b) OPC Rotem committed to continue to consume all the gas required for its power plant from Tamar (including quantities beyond the minimal quantities) up to the completion date of the test-run of the Karish and Tanin reservoirs (hereinafter – "the Karish Reservoir"), except for a limited consumption of gas during the test-run period of the Karish Reservoir. In January 2020, the decision of the Business Competition Supervisor was received whereby OPC is exempt from receiving approval of the Business Competition Court for a restrictive agreement (cartel) with reference to amendment of the agreement, where the exemption is granted subject to those conditions for the exemption that constituted the basis for the original agreement also applying in the framework of the present approval. In March 2020, all the preconditions to the amendment of the agreement were met.

Amendment of standards in connection with Deviations from Consumption Plans

In February 2020, the EA published its Decision from Meeting 573, held on January 27, 2020, regarding Amendment of Standards in connection with Deviations from the Consumption Plans (hereinafter – the "Decision"). Pursuant to the Decision, a supplier is not permitted to sell to its consumers more than the amount of the capacity that is the subject of all the undertakings it has entered into with holders of private generation licenses. In addition, the EA indicated that it is expected that the supplier will enter into private transactions with consumers in a scope that permits it to supply all their consumption from energy that is generated by private generators over the entire year. Actual consumption of energy at a rate in excess of 3% from the installed capacity allocated to the supplier will trigger payment of an annual tariff that reflects the annual cost of the capacity the supplier used as a result of the deviation, as detailed in the Decision ("Annual Payment in respect of Deviation from the Capacity"). In addition, the Decision provides a settlement mechanism in respect of a deviation from the daily consumption plan (surpluses and deficiencies), which will apply concurrent with the annual payment in respect of a deviation from the capacity. Application of the Decision will commence from September 1, 2020. According to the Decision, the said amendment will apply to OPC Rotem after determination of supplemental arrangements for OPC Rotem, which as at the date of the report had not yet been determined. OPC is studying the Decision and will formulate a position regarding the required supplementary arrangements. Therefore, as at the date of the Report, there is no certainty regarding the extent of the impact of the unfavorable impact of the Decision, if any, on OPC's activities.

b. OPC Hadera

Agreement for purchase of electricity between OPC Hadera and IEC

In September 2016, OPC Hadera signed an agreement with IEC to purchase energy and provide infrastructure services. As part of establishment of the System Administrator under the reform of IEC, in September 2020 OPC Hadera received notification of assignment of the agreement to the System Administrator. As part of the agreement, OPC Hadera undertook to sell energy and related services to IEC, and IEC undertook to sell OPC Hadera infrastructure services and electricity system management services, including backup services. The agreement will remain in effect until the end of the period in which OPC Hadera is permitted to sell electricity to private consumers, and until the end of the period in which OPC Hadera is permitted to sell energy to the system manager, in accordance with the provisions of the generation license, i.e. up to the end of 20 years from the date of commercial operation. It was also determined that the System Administrator will be entitled to disconnect the Hadera power plant from the electricity grid if it fails to comply with the safety instructions prescribed by law, or a safety instruction of the System Administator, which would be delivered to OPC Hadera in advance and in writing. OPC Hadera has also undertaken to meet the availability and reliability requirements set forth in its license and the covenants, and to pay for non-compliance therewith.

Agreements for sale of electricity between OPC Hadera and private customers

OPC Hadera has signed long-term agreements for sale of electricity to its customers, with the average balance of the period being 11.4 years. Most of the agreements are for a period of 10 to 15 years, while in most of the agreements the end user has an early termination right, with a right of refusal by OPC Hadera. If a customer signed an agreement for construction of generation facilities with OPC, their PPA Agreements were extended for 15 years from the commercial operation date of the generation facility. The consideration was determined on the basis of the TAOZ rate, less a discount with respect to the generation component. If the consideration is less than the minimum tariff set for the generation component, OPC will have the right to terminate the agreements.

In addition, the agreements include compensation in the event of a delay in the commercial operation of the power plant and compensation for unavailability of the power plant below an agreed minimum level. As a result of the delay in commercial operation date as described in Note 10.A.1.c, OPC Hadera is paying compensation to customers.

As at December 31, 2020, the total compensation to customers (including compensation to Hadera Paper, as detailed below) amounted to about NIS 13 million (approximately $4 million), of which NIS 10 million (approximately $3 million) was paid in 2019. Pursuant to the provisions of IFRS 15 relating to "variable consideration", on the date of payment of compensation to customers, the Company recognized Long-term prepaid expenses that are amortized over the period of the contract, commencing from the commercial operation date of the Hadera Power Plant, against a reduction of Revenue.

Power and steam supply Agreement between OPC Hadera and Hadera Paper

OPC Hadera has signed two agreements with Hadera Paper: (a) a long-term supply agreement whereby OPC Hadera exclusively supplies electricity and steam to Hadera Paper for a period of 25 years from the commercial operation date of the Hadera Power Plant; and (b) a short-term supply agreement whereby from the commencement date of sale of the electricity and steam and up to the commercial operation date of the Hadera Power Plant, together with entry into effect of the long-term supply agreement, OPC Hadera will supply all the electricity generated at the Energy Center, which is located in the yard of Hadera Paper, and all the steam produced at the Energy Center, to Hadera Paper. With the commercial operation date of the Hadera Power Plant on July 1, 2020, the short-term agreement ended and the long-term agreement entered into effect.

The tariff paid by Hadera Paper for the electricity it purchases is based on TAOZ with a discount with respect to the generation component. Pursuant to the network tariff that entered into effect in 2019, which includes allocation between a variable component and a fixed component, and also imposes a fixed payment for the network on yard facilities, OPC Hadera will be required to pay for the fixed component of the electricity transmission. As at year end, OPC Hadera bears the transmission payments and the supply coefficient.

The above agreements include a commitment by Hadera Paper to a "Take-or-Pay" mechanism ("TOP") for a certain annual quantity of steam, on the basis of a mechanism set forth in the agreements. The agreements also include obligations by OPC Hadera to a certain availability level with respect to the supply of electricity and steam, and to payment of compensation in the event of non-compliance with the commercial operation date of the power plant as specified in the agreements. As at year end, OPC Hadera not yet been charged directly for TOP. For details regarding the amount of compensation paid, see above.

Note 19 – Contingent Liabilities, Commitments and Concessions (Cont'd)

Gas Sale and Purchase Agreement ("GSPA") between Tamar and OPC Hadera

On June 30, 2015, the gas sale and purchase agreement signed by Hadera Paper with Tamar Partners on January 25, 2012 (hereinafter – the "Agreement between Tamar and OPC Hadera") was assigned to OPC Hadera. In addition, on September 6, 2016, OPC Hadera and Tamar Partners entered into an agreement for the sale and purchase of additional gas (hereinafter – "the Additional Gas Agreement") for the supply of additional quantities of natural gas (in addition to the original gas agreement) commencing from the operation date of the power plant. The validity of the agreement is up to the earlier of 15 years from January 2019 or completion of consumption of the contractual quantities. The price of gas is denominated in dollars and is linked to the weighted-average generation component published by the EA. In addition, the formula for the price of the natural gas in the Agreement between Tamar and OPC Hadera is subject to a minimum price. There is a commitment of Tamar to supply the full amount of the quantities included in the agreement while, on the other hand, there is a "Take-or-Pay" commitment of OPC Hadera with respect to a certain annual quantity of natural gas as described above.

OPC Hadera was granted an option to reduce the daily contractual quantity to a certain rate such that the minimum consumption from Tamar will constitute 50% of the average self-consumption of the gas from Tamar in the three years that preceded the notice of exercise of this option. If the daily contractual quantity is reduced, the annual quantity and the total quantity will be reduced accordingly. The option may be exercised in the period starting in the fifth year after commencement of the supply from the Tamar reservoir or in January 2018 (whichever is later) and up to the end of the seventh year after commencement of the supply or the end of 2020 (whichever is later). The terms also provide that the quantity of gas acquired will increase upon construction of the Hadera Power Plant.

Hadera provided bank guarantees of approximately $7 million in favor of Tamar Partners in connection with its undertakings in the two agreements described above. Subsequent to year end, the guarantees were cancelled.

In November 2019, an amendment to the agreement with Tamar was signed – the significant arrangements included therein are as follows: (a) the option granted to OPC Hadera to reduce the minimal annual contractual quantity to a quantity equal to 50% of the average annual self-consumption of the gas in the three years that preceded the notification of exercise of the said option, was changed such that after exercise of the option it is expected that the minimal annual contractual quantity in OPC Hadera will be reduced to quantity equal to 30% of the average annual self-consumption of the gas in the three years that preceded the notification of exercise of the option, subject to adjustments provided in the agreement and assuming the expected consumption of the gas; (b) OPC Hadera committed to continue to consume all the gas required for its power plant from Tamar (including quantities beyond the minimal quantities) up to the completion date of the test-run of the Karish Reservoir, except for a limited consumption of gas during the test-run period of the Karish Reservoir; (c) extension of the timeframe for provision of notice of exercise of the reduction option by Hadera from the end of 2020 to the end of 2022 and shortening of the notification period for reduction of the quantities in the Hadera agreement. In January 2020, the decision of the Business Competition Supervisor was received whereby OPC Hadera is exempt from receiving approval of the Business Competition Court for a restrictive agreement (cartel) with reference to amendment of the agreement, where the exemption is granted subject to those conditions for the exemption that constituted the basis for the original agreement also applying in the framework of the present approval. In March 2020, all the preconditions to the amendment of the agreement were met.

Note 19 – Contingent Liabilities, Commitments and Concessions (Cont'd)

Gas transmission agreement between OPC Hadera and Israel Natural Gas Lines Ltd.

In July 2007, Hadera Paper signed a gas transmission agreement with INGL, which was assigned to Hadera on July 30, 2015, that regulates the transmission of natural gas to the Energy Center. As part of the agreement, INGL is to construct a PRMS facility for the constructed power plant (hereinafter – "the New PRMS Facility") at a cost of NIS 27 million (approximately $7 million). The agreement includes a monthly payment for use of infrastructure and for gas transmission to the power plant under construction. The agreement period will run up to the earlier of the following: (a) 16 years from the date of operation of the PRMS Facility; (b) expiration of the INGL license (as at the date of the report – August 1, 2034); or (c) termination of the agreement in accordance with its terms. In addition, Hadera has an option to extend the period of the agreement by five additional years. INGL constructed and connected the PRMS Facility in May 2018.

Construction agreement between OPC Hadera and IDOM Servicios Integrados

In January 2016, an agreement was signed between OPC Hadera and SerIDOM Servicios Integrados IDOM, S.A.U ("IDOM"), for the design, engineering, procurement and construction of a cogeneration power plant, in consideration of about NIS 639 million (approximately $185 million) (as amended several times as part of change orders, including an amendment made in 2019 and described below), which is payable on the basis of the progress of the construction and compliance with milestones (hereinafter – "the Hadera Construction Agreement"). IDOM has provided bank guarantees and a corporate guarantee of its parent company to secure the said obligations, and OPC has provided a corporate guarantee to IDOM, in the amount of $10.5 million, to secure part of OPC Hadera's liabilities. In addition, as part of an addendum to OPC Hadera's construction agreement which was signed in October 2018, the parties agreed to waiver of past claims up to the signing date of the addendum.

In accordance with the construction agreement, OPC Hadera is entitled to certain compensation from IDOM in respect of the delay in completion of the construction of the Hadera Power Plant, and to compensation in a case of non-compliance with conditions in connection with the plant's performance. In OPC Hadera's estimation, as at year end the amount of compensation due to it for delay in deliver of the power plant is about NIS 76 million (approximately $23 million).

In July 2020, upon completion of the Hadera Power Plant, a request was received from IDOM for payment of the two final milestones of amount NIS 48 million (approximately $15 million). The two final milestone payments were paid by means of an offset against the balance of compensation. In OPC Hadera's estimation, while IDOM has contentions regarding the final settlement, OPC Hadera has an unconditional contractual right to receive the compensation for the delay in the delivery of the power plant as stated and it is more likely than not that its position will be accepted, hence, no provision has been included in the financial statements. As at December 31, 2020, Hadera recognized an asset receivable in respect of compensation from the construction contractor of the Hadera Power Plant of NIS 29 million (approximately $9 million) due to said delay. This is recognized as a reduction against Property, plant and equipment, net.

As at publication date of the report, OPC Hadera estimates that part of the cost stemming from said delay, including lost profits, are expected to be covered by OPC Hadera's insurance policy. As at year end, OPC Hadera estimates that part of the cost stemming from said delay, including lost profits, are expected to be covered by OPC Hadera's insurance policy. As at year end, reimbursements under the insurance policy and compensation from IDOM had not yet been received.

In addition, IDOM has further contentions regarding the final settlement pursuant to the construction agreement, including a demand from IDOM for payment of about $8 million. Based on advice from its legal advisers, in OPC Hadera's view, IDOM is not entitled to additional payments and it is more likely than not that OPC Hadera will not be charged for additional payments. Therefore, no provision is included in the financial statements.

Maintenance agreement between OPC Hadera and General Electric International and GE Global Parts

On June 27, 2016, OPC Hadera entered into a long-term service agreement (hereinafter - "the Service Agreement") with General Electric International Ltd. (hereinafter - "GEI") and GE Global Parts & Products GmbH (hereinafter - "GEGPP"), pursuant to which these two companies will provide maintenance treatments for the two gas turbines of GEI, generators and auxiliary facilities of the OPC Hadera Power Plant for a period commencing on the date of commercial operation until the earlier of: (a) the date on which all of the covered units (as defined in the Service Agreement) have reach the end-date of their performance and (b) 25 years from the date of signing the Service Agreement. The cost of the service agreement amounts to approximately $42 million when the consideration will be payable over the term of the Agreement, based on the formula prescribed therein.

The Service Agreement contains a guarantee of reliability and other obligations concerning the performance of the power plant and indemnification to OPC Hadera in the event of failure to meet the performance obligations. At the same time, Hadera has undertaken to pay bonuses in the event of improvement in the performance of the power plant as a result of the maintenance work, up to a cumulative ceiling for every inspection period.

GEII and GEGPP provided OPC Hadera with a corporate guarantee of their parent company to secure these liabilities, and OPC provided GEII and GEGPP a corporate guarantee, in the amount of $21 million, to secure part of OPC Hadera's liabilities.

c. OPC

In 2020, OPC signed agreements with consumers, which included construction of facilities generation of energy on the consumer's premises by means of natural gas and that are connected to the distribution network, (hereinafter – "the Generation Facilities") in a total scope of about 76 megawatts, and arrangements for supply and sale of energy to consumers. OPC will sell electricity to the consumers from the Generation Facilities for a period of 15-20 years starting from the commercial operation dates of the Generation Facilities. The planned commercial operation dates are in accordance with terms stipulated in the agreements, and in any event no later than 48 months from the signing date of the agreement. In general, the agreements are based on a discount on the generation component and asaving on the network tariff.

During 2020 and up to the publication date of the financial statements, OPC signed agreements covering construction and supply of motors for the Generation Facilities, with an aggregate capacity of about 41 megawatts. As part of the performance of the above-mentioned projects, OPC signed a framework agreement that permits it to order motors for the generation facilities. It is noted that as part of the undertakings with the consumers, as stated above, the consumers are bound at the same time by electricity purchase agreements with OPC Rotem or OPC Hadera. As at the publication date of the report, the said projects have reached advanced stages and their construction and operation are subject to compliance with various conditions, which as at the submission date of the report had not yet been fulfilled. The aggregate scope of OPC's investment depends on the extent of the undertakings with the consumers and in OPC's estimation the said investment could reach an average of about NIS 4 million for every installed megawatt. As at December 31, 2020, OPC's investment in the Generation Facilities is approximately NIS 12 million (approximately $4 million).

Note 19 – Contingent Liabilities, Commitments and Concessions (Cont'd)

d. OPC Tzomet

Construction agreement with OPC Tzomet and PW Power Systems LLC

In September 2018, OPC Tzomet signed a planning, procurement and construction agreement (hereinafter – "the Agreement") with PW Power Systems LLC (hereinafter – "Tzomet Construction Contractor" or "PWPS"), for construction of the Tzomet project. The Agreement is a "lump-sum turnkey" agreement wherein the Tzomet Construction Contractor committed to construct the Tzomet project in accordance with the technical and engineering specifications determined and includes various undertakings of the contractor. In addition, the Tzomet Construction Contractor committed to provide certain maintenance services in connection with the power station's main equipment for a period of 20 years commencing from the start date of the commercial operation.

Pursuant to the Agreement, the Tzomet Construction Contractor undertook to complete the construction work of the Tzomet project, including the acceptance tests, within a period of about two and a half years from the date of receipt of the work commencement order from OPC Tzomet (hereinafter – the "Work Commencement Order"). The agreement includes a period of preliminary development work, which commenced in September 2018 (hereinafter – the "Preliminary Development Work"). The Preliminary Development Work includes, among other things, preliminary planning and receipt of a building permit (which was received in January 2020).

In OPC Tzomet's estimation, based on the work specifications, the aggregate consideration that will be paid in the framework of the Agreement is about $300 million, and it will be paid based on the milestones provided therein. This includes the consideration in respect of the maintenance agreement, as described below.

Furthermore, the Agreement includes provisions that are customary in agreements of this type, including commitments for agreed compensation, limited in amount, in a case of non-compliance with the terms of the Agreement, including with respect to certain guaranteed executions and for non-compliance with the timetables set, and the like. The Agreement also provides that the Tzomet Construction Contractor is to provide guarantees, including a parent company guarantee, as is customary in agreements of this type.

Against the background of the spread of COVID-19 and the restrictions imposed as a result thereof, in March 2020, an amendment to the Agreement was signed whereby, it was agreed to issue a work commencement order to the Tzomet Construction Contractor and to extend the period for completion of the construction work under the Agreement by about three months. The construction work started in 2020, and the Tzomet Power Plant is expected to be completed in January 2023.

In addition, in 2020, OPC Tzomet partly hedged its exposure to changes in the cash flows paid in US dollars in connection with the Agreement by means of forward contracts on exchange rates. These are being accounted for as accounting hedges.

Maintenance agreement between OPC Tzomet and PW Power Systems Inc.

In December 2019, OPC Tzomet signed a long-term service agreement (hereinafter – the "Tzomet Maintenance Agreement") with PW Power Systems LLC ("PWPS"), for provision of maintenance servicing for the Tzomet Power Plant, for a period of 20 years commencing from the delivery date of the plant. OPC Tzomet is permitted to conclude the Tzomet Maintenance Agreement for reasons of convenience after a period of 5 years from the delivery date. The Tzomet Maintenance Agreement provides a general framework for provision of maintenance services by PWPS to the generation units and additional equipment on the site during the period of the agreement (hereinafter in this Section – the "Equipment"). OPC Tzomet is responsible for the current operation and maintenance of the Equipment.

Pursuant to the terms of the agreement, PWPS will provide OPC Tzomet current services, including, among others, an annual examination of the Equipment, engineering support on the site, and a representative of PWPS will be present on the site during the first 18 months of the operation. In addition, the agreement includes provision of access to OPC Tzomet to the inventory the equipment held for rent of PWPS, and in a case of interruptions in the generation, PWPS will provide OPC Tzomet a replacement engine, pursuant to the conditions and in consideration of the amounts stated in the agreement. The agreement includes a mechanism in connection with the performance of the replacement generator. Pursuant to the terms of the agreement and with the Tzomet Power Plant being a Peaker plant, the rest of the maintenance services, aside from those provided in the agreement, will be acquired based on work orders, that is, the services will be provided by PWPS in accordance with agreement between the parties, at prices that will be agreed upon, or with respect to certain services, based on the prices stipulated in the agreement.

Note 19 – Contingent Liabilities, Commitments and Concessions (Cont'd)

Agreement for purchase of available capacity and electricity between OPC Tzomet and IEC

In January 2020, OPC Tzomet signed an agreement for acquisition of available capacity and energy and provision of infrastructure services with IEC, where OPC Tzomet undertook to sell energy and available capacity from its facility to IEC, and IEC committed to provide OPC Tzomet infrastructure services and management services for the electricity system, including back-up services. As part of establishment of the System Administrator under the reform of IEC, in October 2020 OPC Tzomet received notification of assignment of the agreement to the System Administrator. The agreement will remain in effect up to the end of the period in which OPC Tzomet is permitted to sell available capacity and energy in accordance with the provisions of its generation license, i.e. up to the end of 20 years from the commercial operation date of Tzomet power plant as part of the Tzomet project. The agreement provides, among other things, that the System Administrator will be permitted to disconnect supply of the electricity to the electricity grid if OPC Tzomet does not comply with the safety provisions as provided by law or a safety provision of the System Administrator delivered in advance and in writing. OPC Tzomet also committed to comply with the availability and credibility requirements stipulated in its license and in Regulation 914, and to pay for non-compliance therewith.

Gas transmission agreement between OPC Tzomet and Israel Natural Gas Lines Ltd.

In December 2019, an agreement was signed between OPC Tzomet and INGL for purposes of transmission of natural gas to the power plant that is being constructed by OPC Tzomet. The agreement includes provisions that are customary in agreements with INGL and is essentially similar to the agreements of OPC Rotem and OPC Hadera with INGL, as stated above. In OPC's estimation, the cost of the gas transmission agreement to OPC Tzomet will amount to about NIS 25 million (approximately $8 million) per year.

As part of the agreement, partial connection fees were defined in respect of the connection planning and procurement in a total budgeted amount of NIS 13 million (approximately $4 million). On the signing date of the agreement, OPC provided a corporate guarantee, in the amount of about NIS 11 million (approximately $3 million), in connection with the liabilities of OPC Tzomet in accordance with the agreement. Commencement of performance of the construction work by INGL, prior to receipt of notification from OPC Tzomet with respect to completion of a first withdrawal of money for purposes of execution of the construction work (hereinafter – "the First Withdrawal"), will be conditional on advance notice by INGL to OPC Tzomet and an increase of OPC Tzomet's guarantees pursuant to that required for coverage of the construction costs. In February 2020, OPC Tzomet notified INGL regarding commencement of performance of the construction work. The commencement date of the transmission if expected to be 25 to 29 months from the signing date. The total budget for the connection fees is expected to be NIS 32 million (approximately $10 million).

e. OPC Rotem and OPC Hadera

Gas agreement with Energean

In December 2017, OPC Rotem and OPC Hadera signed an agreement with Energean Israel Ltd. ("Energean"), which has holdings in the Karish gas reservoir (hereinafter - "the gas reservoir"), subject to the fulfillment of preconditions). The agreements with OPC Rotem and OPC Hadera are separate and independent. According to the terms set forth in the agreements, the total quantity of natural gas that OPC Rotem and OPC Hadera are expected to purchase is about 9 BCM (for OPC Rotem and OPC Hadera together) for the entire supply period (hereinafter - the "Total Contractual Quantity"). The agreement includes, among other things, TOP mechanism under which OPC Rotem and OPC Hadera will undertake to pay for a minimum quantity of natural gas, even if they have not used it.

The agreements include additional provisions and arrangements for the purchase of natural gas, and with regard to maintenance, gas quality, limitation of liability, buyer and seller collateral, assignments and liens, dispute resolution and operational mechanisms.

The agreements are valid for 15 years from the date the agreement comes into effect or until completion of the supply of the total contractual quantity from Energean to each of the subsidiaries (OPC Rotem and OPC Hadera). According to each of the agreements, if after the elapse of 14 years from the date the agreement comes into effect, the contracting company did not take an amount equal to 90% of the total contractual quantity, subject to advance notice, each party may extend the agreement for an additional period which will begin at the end of 15 years from the date the agreement comes into effect until the earlier of: (1) completion of consumption of the total contractual quantity; or (2) during an additional 3 years from the end of the first agreement period. The agreement includes circumstances under which each party will be entitled to bring the relevant agreement to an end before the end of the contractual period, in case of prolonged non-supply, damage to collateral and more.

The price of natural gas is based on an agreed formula, linked to the electricity generation component and includes a minimum price. The financial scope of the agreements may reach $0.8 billion for OPC Rotem and $0.5 billion for OPC Hadera (assuming maximum consumption according to the agreements and according to the gas price formula as at the report date), and depends mainly on the electricity generation component and the gas consumption. In November 2018, all pre-conditions for the agreement were fulfilled.

In November 2019, an amendment was signed to OPC Rotem's natural gas movement with Energean whereby the rate of consumption of the gas was accelerated such that the daily and annual contractual gas consumption quantity of OPC Rotem from Energean was increased by 50%, with no change in the total contractual quantity being acquired from Energean. Accordingly, the period of the agreement was updated to the earlier of 10 years or up to completion of supply of the total contractual quantity (in place of the earlier of 15 years or up to completion of supply of the total contractual quantity). In January 2020, OPC Rotem received the decision of the Business Competition Supervisor whereby OPC Hadera is exempt from receiving approval of the Business Competition Court for a restrictive agreement (cartel) with reference to amendment of the agreement. In March 2020, all of the preconditions were fulfilled.

The amendment to the OPC Rotem agreement with Energean and the amendment to the agreements of OPC Rotem and OPC Hadera with Tamar, as stated above, are intended to permit reduction of the quantities of gas being acquired under the agreements with Tamar and increase of the quantities being acquired under the terms of the agreements with Energean, with the goal of reducing the OPC's weighted-average gas price. The quantum of the cumulative annual monetary TOP liability of OPC Rotem and OPC Hadera (based on all of their gas contracts) is not expected to increase. Nonetheless, as a practical outcome of acceleration of the consumption under the Energean agreement, with respect to OPC Rotem, the cumulative annual monetary TOP liability of OPC Rotem will increase based on all of its gas contracts. It is noted that the said TOP liability is lower than OPC Rotem's expected consumption.

OPC Hadera signed an agreement with an unrelated third party for the sale of surplus gas quantities which will be supplied to it pursuant to the agreement with Energean. As the agreements cannot be settled on a net basis and the undertakings were made for the purpose of OPC Hadera's own independent contractual use, the agreements for the purchase and sale of gas are not within the scope of IFRS 9. Accordingly, the agreements were accounted for as executory contracts. In December 2020, OPC Hadera transferred the quantities designated for sale to third party under the Energean agreement and the agreement for sale of the gas to a third party to a fellow subsidiary. Transfer of the quantities is subject to preconditions, which as at the publication date of the report had not yet been fulfilled.

In 2020 Energean notified OPC that "force majeure" events happened during the year, in accordance with the clauses pursuant to the agreements, and that the flow of the first gas from the Karish reservoir is expected to take place during the second half of 2021. OPC rejected the contentions that a "force majeure" event is involved.

Subsequent to year end, as indicated by publications of Energean from January 2021, supply of the gas from the Karish reservoir is expected to take place in the fourth quarter of 2021. Notwithstanding that, it is noted that this forecast requires an increase in personnel, and if the personnel remains in its present format, the flow of the gas could be delayed by two or three months. In February 2021, the rating agency, Moody's, published a report stating that the full operation of the Karish reservoir is expected to be delayed to the second quarter of 2022.

Due to the delay in supply of the gas from the Karish reservoir, OPC Rotem and OPC Hadera will be required to acquire the quantity of gas it had planned to acquire from Energean for purposes of operation of the power plants at present gas prices, which is higher than the price stipulated in the Energean agreement. The delays in the commercial operation date of Energean, and in turn, a delay in supply of the gas from the Karish reservoir, will have an unfavorable impact on OPC's profits. In the agreements with Energean, compensation for delays had been provided, the amount of which depends on the reasons for the delay, where the limit with respect to the compensation in a case where the damages caused is "force majeure" is lower. It is noted that the damages that will be caused to OPC stemming from a delay could exceed the amount of the said compensation.

f. CPV Group

In October 2020, an agreement was signed (hereinafter – the "Acquisition Agreement") whereby OPC will acquire (indirectly from entities in the Global Infrastructure Management LLC Group (hereinafter – the "Sellers")), 70% of the rights and holdings in the following entities: CPV Power Holdings LP; Competitive Power Ventures Inc.; and CPV Renewable Energy Company Inc. (the three companies collectively referred to hereinafter as – the "CPV Group").

The CPV Group is engaged in the development, construction and management of power plants using renewable energy and conventional energy (power plants running on natural gas of the advanced-generation combined-cycle type) in the United States. The CPV Group holds rights in active power plants that it initiated and developed – both in the area of conventional energy and in the area of renewable energy. In addition, through an asset management group the CPV Group is engaged in provision of management services to power plants in the United States using a range of technologies and fuel types, by means of signing asset-management agreements, usually for short/medium periods.

The acquisition was made through a limited partnership, CPV Group LP (hereinafter – the "Buyer"), held by OPC Power Ventures LP where OPC holds approximately 70% interest (hereinafter – the "Partnership").

Completion of the transaction was subject to preconditions and receipt of various regulatory approvals. The preconditions included, among others, confirmation of each of the parties of fulfillment of its representations under the Agreement. The regulatory approvals included the following main approvals: approval of the Committee for Examination of Foreign Investments in the United States (CIFUS); passage of the required period for handling the request under the Hart Scott Rodino Act; approval of the Federal Energy Regulatory Commission and approval of the New York Public Service Commission.

Subsequent to year end, in January 2021, all the regulatory approvals required for completion of the transaction were received and the preconditions were fulfilled. The completion date of the transaction was January 25, 2021 (the "Transaction Completion Date").

On the Transaction Completion Date, in accordance with the mechanism for determination of the consideration as defined in the acquisition agreement, the Buyer paid the Sellers approximately $648 million, which included a purchase price of $630 million subject to certain adjustments to working capital, cash, and the debt balance), and about NIS 5 million (approximately $2 million) for a deposit which remains in the CPV Group. In respect of an interest of 17.5% in the rights to the Three Rivers construction project (the "Construction Project"), a sellers' loan in the amount of $95 million (the "Sellers' Loan") was provided to CPVPH. The rate of the holdings in the Project Under Construction may drop to 10%. The parties agreed that to the extent a sale is executed of up to 7.5% of the rights in the Construction Project within 60 days from the completion date of the transaction, a partial early repayment will be made in the amount of $40 million out of the Seller's Loan that will be made upon completion of sale of the rights, as stated, and arrangements were provided including regarding reduction of the interest on the Seller's Loan in the case of a sale. The Seller's Loan is for a period of up to two years from the Transaction Completion Date, bears interest at an annual rate of 4.5%, and is secured by a lien on shares of the holding company that owns the rights in the project under construction and rights pursuant to the management agreement of the project under construction. The Seller's Loan includes loan covenants and breach events, and does not include construction and early repayment costs. The transaction costs for acquisition of the CPV Group are expected to be about NIS 45 million (approximately $13 million) (about NIS 42 million (approximately $12 million) was included under selling, general and administrative expenses in the consolidated statements of profit and loss).

OPC partially hedged its exposure to changes in the cash flows from payments in dollars in connection with the acquisition agreement by means of forward transactions. OPC chose to designate the forward transactions as an accounting hedge. The Buyer also provided guarantees in place of the guarantees provided by the Sellers prior to the completion date of the transaction in favor of third parties in connection with projects of the CPV Group that are in the development stage.

Subsequent to year end, on February 3, 2021, the transaction for sale of 7.5% of the rights in a project under construction was completed, and accordingly the Seller's Loan was reduced by the amount of about $41 million. The Seller's Loan will continue to exist with respect to the amount of about $54 million in connection with the consideration relating to 10% of the rights in a project under construction that is held by the CPV Group, pursuant to the conditions set forth above.

The CPV Group holds rights in active power plants it initiated and constructed over the past years – both in the conventional area as well as in the area of renewable energy: in power plants powered by natural gas (of the open-cycle type from an advanced generation), CPV's share is about 1,290 megawatts out of 4,045 megawatts (5 power plants), and in wind energy CPV's share is about 106 megawatts out of 152 megawatts (1 power plant). In addition, the CPV Group holds rights in a power plant running on natural gas having an aggregate capacity of about 1,258 megawatts in the construction stages (CPV's share as at the submission date of the report is about 125 megawatts).

In addition to the power plants using conventional technology and renewable energy, as stated above, as at the publishing date of the report the CPV Group has a list (backlog) of 9 renewable energy projects in advanced stages of development, and additional projects using various technologies in different stages of development, having an aggregate scope of about 6,175 megawatts. In addition, the CPV Group is also engaged in provision of asset-management and energy services to power plants using various different technologies, both for projects it initiated as well as for third parties, and in total the CPV Group provides management services to power plants with an aggregate capacity of about 7,911 megawatts.

Note 19 – Contingent Liabilities, Commitments and Concessions (Cont'd)

The Acquisition Agreement included representations and warranties and covenants by the parties, including covenants regulating the conduct of the CPV business between signing and closing. The Seller's representations expired at closing, other than certain fundamental representations which will survive for two years. The Buyer obtained a representation and warranty insurance policy in connection with the Acquisition Agreement with international insurers with a liability cap of up to $53 million for a period ranging from three to six years, depending on the particular representation and warranty.

On the completion date of the transaction, the Buyer provided guarantees and credit certificates in place of guarantees provided by the Sellers for the benefit of third parties in connection with CPV's projects that are in various stages of development.

The agreement provided for a termination payment of $50 million (plus certain expenses of the Seller) by the Buyer if the agreement is terminated as a result of certain breaches of representations or covenants. This payment obligation was guaranteed by OPC, and with the completion of the transaction subsequent to year end, accordingly the guaranteed was cancelled.

Kenon is currently assessing the impact of the acquisition on the consolidated financial statements.

g. OPC Power Ventures LP ("OPC Power")

In October 2020, OPC signed a partnership agreement (the "Partnership Agreement" and the "Partnership", where applicable) with three financial entities to form OPC Power, whereby the limited partners in the Partnership are OPC (indirectly) which holds about 70% interest, institutional investors from the Clal Insurance Group which hold 12.75% interest, institutional investors from the Migdal Insurance Group which hold 12.75% interest, and a corporation from Poalim Capital Markets which hold 4.5% interest.

The total investment commitments and commitments for provision of shareholders' loans of all the limited partners amount to $815 million, based on their respective ownership interests, representing obligations for acquisition consideration as well as funding of additional investments in the Buyer and in the CPV Group for implementation of certain new projects being developed by the CPV Group.

The General Partner of the Partnership, a wholly-owned company of OPC, will manage the Partnership's business as its General Partner, with certain material actions (or which may involve a conflict of interest between the General Partner and the limited partners), requiring approval of a majority of special majority (according to the specific action) of the institutional investors which are limited partners. The General Partner is entitled to management fees and success fees subject to meeting certain achievements.

OPC has also entered into an agreement with entities from the Migdal Insurance Group with respect to their holdings in the Partnership, whereby OPC granted said entities a put option, and they granted OPC a call option (to the extent that the put option is not exercised), which is exercisable after 10 years in certain circumstances.

h. Inkia Energy Limited (liquidated in July 2019)

As part of the sale described in Note 27, Inkia agreed to indemnify the buyer and its successors, permitted assigns, and affiliates against certain losses arising from a breach of Inkia's representations and warranties and certain tax matters, subject to certain time and monetary limits depending on the particular indemnity obligation. These indemnification obligations were supported by (a) a three-year pledge of shares of OPC which represented 25% of OPC's outstanding shares, (b) a deferral of $175 million of the sale price in the form of a four-year $175 million Deferred Payment Agreement, accruing interest at 8% per year and payable in-kind, and (c) a three-year corporate guarantee from Kenon for all of the Inkia's indemnification obligations, all of the foregoing periods running from the closing date of December 31, 2017. In December 2018, the indemnification commitment was assigned by Inkia to a fellow wholly owned subsidiary of Kenon.

As part of the early repayment described in Note 13, Kenon agreed to increase the number of OPC shares pledged to the buyer of the Inkia business to 55,000,000 shares (representing approximately 31% of OPC's shares as at December 31, 2020) and to extend the pledge of OPC shares and the corporate guarantee from Kenon for all of Inkia's indemnification obligations until December 31, 2021. In addition, Kenon agreed that, until December 31, 2021, it shall maintain at least $50 million in cash and cash equivalents, and to restrictions on indebtedness, subject to certain exceptions.

Note 20 – Share Capital and Reserves

A. Share Capital

	Company No. of shares ('000)	
	2020	**2019**
Authorised and in issue at January, 1	53,858	53,827
Issued for share plan	13	31
Authorised and in issue at December. 31	53,871	53,858

All shares rank equally with regards to Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All issued shares are fully paid with no par value.

The capital structure of the Company comprises of issued capital and accumulated profits. The management manages its capital structure to ensure that the Company will be able to continue to operate as a going concern. The Company is not subjected to externally imposed capital requirement.

In 2020, 12,661 (2019: 31,749) ordinary shares were granted under the Share Incentive Plan to key management at an average price of $21.09 (2019: $16.38) per share.

B. Translation reserve

The translation reserve includes all the foreign currency differences stemming from translation of financial statements of foreign activities as well as from translation of items defined as investments in foreign activities commencing from January 1, 2007 (the date IC first adopted IFRS).

C. Capital reserves

The capital reserve reflects the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge (ie the portion that is offset by the change in the cash flow hedge reserve).

D. Dividends

On November 27, 2018, Kenon announced that its board of directors approved a cash dividend of $1.86 per share (an aggregate amount of approximately $100 million), to Kenon's shareholders of record as of the close of trading on December 7, 2018, for payment on December 17, 2018.

On November 4, 2019, Kenon announced that its board of directors approved a cash dividend of $1.21 per share (an aggregate amount of approximately $65 million), to Kenon's shareholders of record as of the close of trading on November 18, 2019, for payment on November 26, 2019.

On October 21, 2020, Kenon announced that its shareholders approved a cash dividend of $2.23 per share (an aggregate amount of approximately $120 million), to Kenon's shareholders of record as of the close of trading on November 3, 2020, for payment on November 10, 2020.

Note 20 – Share Capital and Reserves (Cont'd)

E. Kenon's share plan

Kenon has established a share incentive plan for its directors and management. The plan provides grants of Kenon shares, as well as stock options in respect of Kenon's shares, to directors and officers of the Company pursuant to awards, which may be granted by Kenon from time to time, representing up to 3% of the total issued shares (excluding treasury shares) of Kenon. During 2020, 2019 and 2018, Kenon granted awards of shares to certain members of its management. Such shares are vested upon the satisfaction of certain conditions, including the recipient's continued employment in a specified capacity and Kenon's listing on each of the NYSE and the TASE. The fair value of the shares granted in 2020 is $267 thousand (2019: $520 thousand, 2018: $404 thousand) and was determined based on the fair value of Kenon's shares on the grant date. Kenon recognized $350 thousand as general and administrative expenses in 2020 (2019: $511 thousand, 2018: $732 thousand).

Note 21 – Revenue

	For the Year Ended December 31,		
	2020	2019	2018
		$ Thousands	
Revenue from sale of electricity	369,421	356,648	347,167
Revenue from sale of steam	16,204	16,494	16,095
Others	845	331	750
	386,470	373,473	364,012

Note 22 – Cost of Sales and Services (excluding Depreciation and Amortization)

	For the Year Ended December 31,		
	2020	2019	2018
		$ Thousands	
Fuels	135,706	138,502	118,698
Electricity and infrastructure services	125,782	101,085	125,623
Salaries and related expenses	7,244	6,661	6,097
Generation and operating expenses and outsourcing	8,625	6,326	6,509
Insurance	3,503	2,360	1,548
Others	1,226	1,102	1,040
	282,086	256,036	259,515

Note 23 – Selling, General and Administrative Expenses

	For the Year Ended December 31,		
	2020	2019	2018
		$ Thousands	
Payroll and related expenses	11,360	10,853	11,399
Depreciation and amortization	1,023	951	607
Professional fees	8,386	12,806	12,115
Business development expenses	1,998	1,947	999
Expenses in respect of acquisition of CPV Group	12,227	-	-
Other expenses	14,963	9,879	9,524
	49,957	36,436	34,644

Note 24 – Financing Income (Expenses), Net

	For the Year Ended December 31,		
	2020	2019	2018
		$ Thousands	
Interest income from bank deposits	780	2,545	4,360
Interest income from deferred payment (Note 13)	13,511	15,134	14,166
Interest income from associated company	-	-	8,494
Net change in exchange rates	-	-	1,129
Other income	-	-	443
Financing income	14,291	17,679	28,592
Interest expenses to banks and others	(24,402)	(22,420)	(30,382)
Amount reclassified to consolidated statements of profit & loss from capital reserve in respect of cash flow hedges	(6,300)	(2,743)	-
Net change in exchange rates	(5,645)	(2,328)	-
Net change in fair value of derivative financial instruments	(1,569)	(1,657)	-
Early repayment fee	(11,852)	-	-
Other expenses	(1,406)	(798)	-
Financing expenses	(51,174)	(29,946)	(30,382)
Net financing expenses recognized in the statement of profit and loss	(36,883)	(12,267)	(1,790)

Note 25 – Income Taxes

A. Components of the Income Taxes

	For the Year Ended December 31,		
	2020	**2019**	**2018**
		$ Thousands	
Current taxes on income			
In respect of current year	734	2,569	1,878
In respect of prior years	1	(18)	(48)
Deferred tax income			
Creation and reversal of temporary differences	3,963	14,124	9,669
Total taxes on income	4,698	16,675	11,499

No previously unrecognized tax benefits were used in 2018, 2019 or 2020 to reduce our current tax expense.

B. Reconciliation between the theoretical tax expense (benefit) on the pre-tax income (loss) and the actual income tax expenses

	For the Year Ended December 31,		
	2020	**2019**	**2018**
		$ Thousands	
Profit/(loss) from continuing operations before income taxes	500,447	(5,536)	461,968
Statutory tax rate	17.00%	17.00%	17.00%
Tax computed at the statutory tax rate	85,076	(941)	78,535
Increase (decrease) in tax in respect of:			
Elimination of tax calculated in respect of the Group's share in losses of associated companies	(27,353)	7,043	18,215
Income subject to tax at a different tax rate	441	5,960	2,632
Non-deductible expenses	1,028	5,408	6,752
Exempt income	(61,415)	(4,714)	(97,664)
Taxes in respect of prior years	1	(18)	(48)
Changes in temporary differences in respect of which deferred taxes are not recognized	-	-	(4)
Tax losses and other tax benefits for the period regarding which deferred taxes were not recorded	7,647	3,946	2,883
Other differences	(727)	(9)	198
Taxes on income included in the statement of profit and loss	4,698	16,675	11,499

Note 25 – Income Taxes (Cont'd)

C. Deferred tax assets and liabilities

1. Deferred tax assets and liabilities recognized

The deferred taxes are calculated based on the tax rate expected to apply at the time of the reversal as detailed below. Deferred taxes in respect of subsidiaries were calculated based on the tax rates relevant for each country.

The deferred tax assets and liabilities are derived from the following items:

	Property plant and equipment	Carryforward of losses and deductions for tax purposes	Other*	Total
	$ thousands			
Balance of deferred tax asset (liability) as at January 1, 2019	(79,059)	18,690	1,934	(58,435)
Changes recorded on the statement of profit and loss	2,843	(17,213)	246	(14,124)
Changes recorded in other comprehensive income	-	-	252	252
Change as a result of sale of subsidiary	-	-	10	10
Translation differences	(6,589)	1,041	(202)	(5,750)
Balance of deferred tax asset (liability) as at December 31, 2019	(82,805)	2,518	2,240	(78,047)
Changes recorded on the statement of profit and loss	(6,230)	(951)	3,218	(3,963)
Changes recorded in other comprehensive income	-	-	1,346	1,346
Translation differences	(6,639)	124	217	(6,298)
Balance of deferred tax asset (liability) as at December 31, 2020	(95,674)	1,691	7,021	(86,962)

* This amount includes deferred tax arising from derivative instruments, intangibles, undistributed profits, non-monetary items and trade receivables distribution.

2. The deferred taxes are presented in the statements of financial position as follows:

	As at December 31, 2020	As at December 31, 2019
	$ Thousands	
As part of non-current assets	7,374	1,516
As part of non-current liabilities	(94,336)	(79,563)
	(86,962)	(78,047)

Income tax rate in Israel is 23% for the years ended December 31, 2020, 2019 and 2018.

Note 25 – Income Taxes (Cont'd)

On January 4, 2016, Amendment 216 to the Income Tax Ordinance (New Version) – 1961 (hereinafter – "the Ordinance") was passed in the Knesset. As part of the amendment, OPC's and Hadera's income tax rate was reduced by 1.5% to a rate of 25% as from 2016. Furthermore, on December 22, 2016 the Knesset plenum passed the Economic Efficiency Law (Legislative Amendments for Achieving Budget Objectives in the Years 2017 and 2018) – 2016, by which, inter alia, the corporate tax rate would be reduced from 25% to 23% in two steps. The first step will be to a rate of 24% as from January 2017 and the second step will be to a rate of 23% as from January 2018.

As a result of reducing the tax rate to 23%, the deferred tax balance as at December 31, 2020 and 2019 were calculated according to the new tax rates specified in the Economic Efficiency Law (Legislative Amendments for Achieving Budget Objectives in the years 2017 and 2018), at the tax rate expected to apply on the reversal date.

3. Tax and deferred tax liabilities not recorded

As at December 31, 2020 and 2019, deferred tax liabilities in the amount of approximately $14 million (2019: $37 million) in respect of temporary differences in the amount of approximately $61 million (2019: $162 million) relating to investment in subsidiaries were not recognized since there is no firm decision whether to sell these subsidiaries, and there is no plan to sell them in the foreseeable future.

Pursuant to Israeli tax law, there is no time limit on the utilization of tax losses and the utilization of the deductible temporary differences. Deferred tax assets were not recognized for these items, since it is not expected that there will be taxable income in the future, against which the tax benefits can be utilized.

	As at December 31,	
	2020	2019
	$ Thousands	
Losses for tax purposes	54,985	35,041
Deductible temporary differences	1,971	3,584
	56,956	38,625

4. Tax in Singapore

In Singapore, under its one-tier corporate taxation system, profits are taxed at the corporate level at 17% and this is a final tax. Dividends paid by a Singapore resident company under the one-tier corporate tax system should not be taxable.

A Company is liable to pay tax in Singapore on income that is:

- Accrued in or derived from Singapore; or
- Received in Singapore from outside of Singapore.

Certain categories of foreign sourced income including,
- dividend income;
- trade or business profits of a foreign branch; or
- service fee income derived from a business, trade or profession carried on through a fixed place of operation in a foreign jurisdiction may be exempted from tax in Singapore.

Tax exemption should be granted when all of the three conditions below are met:

1. The highest corporate tax rate (headline tax rate) of the foreign jurisdiction from which the income is received is at least 15% at the time the foreign income is received in Singapore;

2. The foreign income had been subjected to tax in the foreign jurisdiction from which they were received (known as the "subject to tax" condition). The rate at which the foreign income was taxed can be different from the headline tax rate; and

3. The Tax Comptroller is satisfied that the tax exemption would be beneficial to the person resident in Singapore.

The Comptroller will regard the "subject to tax" condition as having been met if the income is exempt from tax in the foreign jurisdiction due to tax incentive granted for substantive business activities carried out in that jurisdiction.

Note 25 – Income Taxes (Cont'd)

Safe harbor rules

Singapore does not impose taxes on disposal gains, which are considered to be capital in nature, but imposes tax on income and gains of a trading nature. As such, whenever a gain is realized on the disposal of an asset, the practice of the IRAS is to rely upon a set of commonly-applied rules in determining the question of capital (not taxable) or revenue (taxable). Under Singapore tax laws, any gains derived by a divesting company from its disposal of ordinary shares in an investee company between June 1, 2012 and December 31, 2027 are generally not taxable if, immediately prior to the date of such disposal, the divesting company has held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months.

Note 26 – Earnings per Share

Data used in calculation of the basic / diluted earnings per share

A. Profit/(Loss) allocated to the holders of the ordinary shareholders

	For the year ended December 31,		
	2020	**2019**	**2018**
		$ Thousands	
Profit/(loss) for the year attributable to Kenon's shareholders	507,106	(13,359)	434,213
Profit/(loss) for the year from discontinued operations (after tax) attributable to Kenon's shareholders	8,476	24,653	(5,631)
Profit/(loss) for the year from continuing operations attributable to Kenon's shareholders	498,630	(38,012)	439,844

B. Number of ordinary shares

	For the year ended December 31		
	2020	**2019**	**2018**
		Thousands	
Weighted Average number of shares used in calculation of basic/diluted earnings per share	53,870	53,856	53,826

Note 27 – Discontinued Operations

(a) I.C. Power (Latin America businesses)

In December 2017, Kenon, through its wholly-owned subsidiary Inkia Energy Limited ("Inkia"), sold its Latin American and Caribbean power business to an infrastructure private equity firm, I Squared Capital ("ISQ"). As a result, the Latin American and Caribbean businesses were classified as discontinued operations.

At the date of closing of the sale, as part of the purchase agreement ISQ entered into a four-year $175 million deferred payment obligation accruing 8% interest, payable in kind. This was repaid in full in October 2020 (refer to Note 13 for further details).

Kenon's subsidiaries are entitled to receive payments in connection with certain claims held by companies within Inkia's businesses. In 2018, a loss of $5.6 million was recognized, net of taxes payable in relation to adjustments to the sale price as mentioned above, in discontinued operations.

In 2019, one of Kenon's subsidiaries received a favorable award in a commercial arbitration proceeding relating to retained claims from the sale of the Inkia business. An amount of $25 million, net of taxes, was recognized in discontinued operations.

In 2020, following the completion of a tax review related to the sale, Kenon recognized income of $8 million, net of taxes.

Set forth below are the results attributable to the discontinued operations

	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018
		$ Thousands	
Recovery of retained claims	9,923	30,000	5,340
Income taxes	(1,447)	(5,347)	(10,971)
Profit/(loss) after income taxes	8,476	24,653	(5,631)
Net cash flows provided by/(used in) investing activities	8,476	24,567	(155,361)

Note 28 – Segment, Customer and Geographic Information

Financial information of the reportable segments is set forth in the following tables:

	OPC	Quantum	ZIM	Others	Total
			$ Thousands		
2020					
Revenue	385,625	-	-	845	386,470
(Loss)/profit before taxes	(8,620)	303,669	210,647	(5,249)	500,447
Income Taxes	(3,963)	-	-	(735)	(4,698)
(Loss)/profit from continuing operations	(12,583)	303,669	210,647	(5,984)	495,749
Depreciation and amortization	33,981	-	-	190	34,171
Financing income	(354)	-	-	(13,937)	(14,291)
Financing expenses	50,349	1	-	824	51,174
Other items:				-	
Net gains related to Qoros	-	(309,918)	-	-	(309,918)
Write back of impairment of investment	-	-	(43,505)	-	(43,505)
Share in losses/(profit) of associated companies	-	6,248	(167,142)	-	(160,894)
	83,976	(303,669)	(210,647)	(12,923)	(443,263)
Adjusted EBITDA	75,356	-	-	(18,172)	57,184
Segment assets	1,723,967	235,220	-	225,998	2,185,185
Investments in associated companies	-	-	297,148	-	297,148
					2,482,333
Segment liabilities	1,200,363	-	-	5,962	1,206,325

	OPC	Quantum	ZIM	Others	Total
			$ Thousands		
2019					
Revenue	373,142	-	-	331	373,473
Profit/(loss) before taxes	48,513	(44,626)	(4,375)	(5,048)	(5,536)
Income Taxes	(14,147)	-	-	(2,528)	(16,675)
Profit/(loss) from continuing operations	34,366	(44,626)	(4,375)	(7,576)	(22,211)
Depreciation and amortization	31,141	-	-	951	32,092
Financing income	(1,930)	(242)	-	(15,507)	(17,679)
Financing expenses	28,065	-	-	1,881	29,946
Other items:					
Net losses related to Qoros	-	7,813	-	-	7,813
Share in losses of associated companies	-	37,055	4,375	-	41,430
Provision of financial guarantee					-
	57,276	44,626	4,375	(12,675)	93,602
Adjusted EBITDA	105,789	-	-	(17,723)	88,066
Segment assets	1,000,329	71,580	-	247,155	1,319,064
Investments in associated companies	-	105,040	84,270	-	189,310
					1,508,374
Segment liabilities	761,866	-	-	34,720	796,586

Note 28 – Segment, Customer and Geographic Information (Cont'd)

	OPC	Quantum	ZIM	Others	Adjustments	Total
	$ Thousands					
2018						
Revenue	363,262	-	-	750	-	364,012
Profit/(loss) before taxes	36,499	456,854	(26,919)	(4,466)		461,968
Income Taxes	(10,233)	-	-	(1,266)	-	(11,499)
Profit/(loss) from continuing operations	26,266	456,854	(26,919)	(5,732)	-	450,469
Depreciation and amortization	29,809	-	-	607		30,416
Financing income	(2,031)	(10,371)	-	(48,430)	32,240	(28,592)
Financing expenses	27,219	2,003	-	33,400	(32,240)	30,382
Other items:						
Net gains related to Qoros	-	(526,824)	-	-	-	(526,824)
Share in losses of associated companies	-	78,338	26,919	-	-	105,257
	54,997	(456,854)	26,919	(14,423)	-	(389,361)
Adjusted EBITDA	91,496	-	-	(18,889)	-	72,607
Segment assets	893,162	91,626	-	239,550	-	1,224,338
Investments in associated companies	-	139,184	91,596	-	-	230,780
						1,455,118
Segment liabilities	700,452	-	-	38,948	-	739,400

A. Customer and Geographic Information

Major customers

Following is information on the total sales of the Group to material customers and the percentage of the Group's total revenues (in $ Thousands):

	2020		2019		2018	
Customer	Total revenues	Percentage of revenues of the Group	Total revenues	Percentage of revenues of the Group	Total revenues	Percentage of revenues of the Group
Customer 1	86,896	22.48%	80,861	21.65%	61,482	16.89%
Customer 2	74,694	19.33%	76,653	20.52%	74,019	20.33%
Customer 3	-*	-*	56,393	15.10%	54,639	15.01%
Customer 4	-*	-*	48,724	13.05%	42,487	11.67%
Customer 5	-*	-*	39,904	10.68%	39,276	10.79%

* Represents an amount less than 10% of the revenues.

Note 28 – Segment, Customer and Geographic Information (Cont'd)

Information based on geographic areas

The Group's geographic revenues are as follows:

	For the year ended December 31,		
	2020	**2019**	**2018**
		$ Thousands	
Israel	385,625	373,142	363,262
Others	845	331	750
Total revenue	386,470	373,473	364,012

The Group's non-current assets* on the basis of geographic location:

	As at December 31,	
	2020	**2019**
	$ Thousands	
Israel	820,012	668,808
Others	1	67
Total non-current assets	820,013	668,875

* Composed of property, plant and equipment and intangible assets.

Note 29 – Related-party Information

A. Identity of related parties:

The Group's related parties are as defined in IAS 24 Related Party Disclosures and include Kenon's beneficial owners and Kenon's subsidiaries, affiliates and associates companies. Kenon's immediate holding company is Ansonia Holdings Singapore B.V.

In the ordinary course of business, some of the Group's subsidiaries and affiliates engage in business activities with each other.

Ordinary course of business transactions are aggregated in this note. Other than disclosed elsewhere in the consolidated financial statements during the period, the Group engaged the following material related party transactions.

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The directors, CEO and CFO are considered key management personnel of the Company.

B. Transactions with directors and officers (Kenon's directors and officers):

B. Key management personnel compensation

	For the year ended December 31,	
	2020	**2019**
	$ Thousands	
Short-term benefits	1,837	1,839
Share-based payments	351	511
	2,188	2,350

Note 29 – Related-party Information (Cont'd)

C. Transactions with related parties (excluding associates):

	For the year ended December 31,		
	2020	2019	2018
		$ Thousands	
Sale of electricity	80,416	78,362	80,269
Sale of gas	-	-	6,868
Cost of sales	16	14	14
Other expenses/(income), net	(90)	(63)	393
Financing expenses, net	2,156	1,256	2,091
Interest expenses capitalized to property plant and equipment	119	312	-
Repayment of loan to Ansonia	-	-	(77,085)
Repayment of loan to IC	-	-	(239,971)

D. Transactions with associates:

	For the year ended December 31,		
	2020	2019	2018
		$ Thousands	
Finance income, net	-	-	8,494
Other income, net	-	66	140

Balances with related parties:

	As at December 31,		As at December 31,	
	2020		2019	
	Other related parties *	Total	Other related parties *	Total
	$ Thousands		$ Thousands	
Cash and cash equivalent	467	467	-	-
Short-term deposits and restricted cash	352,150	352,150	-	-
Trade receivables	9,108	9,108	7,603	7,603
Loans and Other Liabilities				
In US dollar or linked thereto	(157,449)	(157,449)	(156,431)	(156,431)

* IC, Israel Chemicals Ltd ("ICL"), Oil Refineries Ltd ("Bazan").

These balances relate to amounts with entities that are related to Kenon's beneficial owners.

E. Gas Sale Agreement with Bazan, see Note 19.B.a.

F. For further investment by Kenon into OPC, see Note 10.A.1.h.

Note 30 – Financial Instruments

A. General

The Group has international activity in which it is exposed to credit, liquidity and market risks (including currency, interest, inflation and other price risks). In order to reduce the exposure to these risks, the Group holds derivative financial instruments, (including forward transactions, interest rate swap ("SWAP") transactions, and options) for the purpose of economic (not accounting) hedging of foreign currency risks, inflation risks, commodity price risks, interest risks and risks relating to the price of inputs.

This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing the risk.

The risk management of the Group companies is executed by them as part of the ongoing current management of the companies. The Group companies monitor the above risks on a regular basis. The hedge policies with respect to all the different types of exposures are discussed by the boards of directors of the companies.

The comprehensive responsibility for establishing the base for the risk management of the Group and for supervising its implementation lies with the Board of Directors and the senior management of the Group.

B. Credit risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on their obligations under the contract. This includes any cash amounts owed to the Group by those counterparties, less any amounts owed to the counterparty by the Group where a legal right of set-offs exists and also includes the fair values of contracts with individual counterparties which are included in the financial statements. The maximum exposure to credit risk at each reporting date is the carrying value of each class of financial assets mentioned in this note.

(1) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at year end was:

	As at December 31,	
	2020	2019
	$ Thousands	
	Carrying amount	
Cash and cash equivalents	286,184	147,153
Short-term and long-term deposits and restricted cash	636,201	110,904
Trade receivables and other assets	61,974	332,931
Short-term and long-term derivative instruments	279	2,293
	984,638	593,281

Based on the credit risk profiles of the Group's counterparties relating to the Group's cash and cash equivalents, short-term and long-term deposits and restricted cash, trade receivables and other assets, short-term and long-term derivative instruments, the Group has assessed these expected credit loss on the financial assets to be immaterial. The maximum exposure to credit risk for trade receivables as at year end, by geographic region was as follows:

	As at December 31,	
	2020	2019
	$ Thousands	
Israel	47,741	39,271
Other regions	207	50
	47,948	39,321

Note 30 – Financial Instruments (Cont'd)

(2) Aging of debts

Set forth below is an aging of the trade receivables:

	As at December 31	
	2020	2019
	$ Thousands	$ Thousands
Not past due	47,948	39,321

No ECL has been recorded on any trade receivable amounts based on historical credit loss data and the Group's view of economic conditions over the expected lives of the receivables.

C. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and adverse credit and market conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its liquidity risk by means of holding cash balances, short-term deposits, other liquid financial assets and credit lines.

Set forth below are the anticipated repayment dates of the financial liabilities, including an estimate of the interest payments. This disclosure does not include amounts regarding which there are offset agreements:

	As at December 31, 2020					
	Book value	Projected cash flows	Up to 1 year	1-2 years	2-5 years	More than 5 years
			$ Thousands			
Non-derivative financial liabilities						
Trade payables	92,542	92,542	92,542	-	-	-
Other current liabilities	24,302	24,302	24,302	-	-	-
Lease liabilities including interest payable *	18,605	22,075	14,378	667	1,840	5,190
Debentures (including interest payable) *	304,701	349,869	13,999	13,914	90,142	231,814
Loans from banks and others including interest *	615,843	799,275	65,337	63,087	260,065	410,786
Financial liabilities – hedging instruments						
Interest SWAP contracts	11,014	41,092	6,083	5,596	13,923	15,490
Forward exchange rate contracts	34,273	33,409	31,637	1,772	-	-
Other forward exchange rate contracts	766	748	748	-	-	-
	1,102,046	1,363,312	249,026	85,036	365,970	663,280

* Includes current portion of long-term liabilities.

Note 30 – Financial Instruments (Cont'd)

	As at December 31, 2019					
	Book value	Projected cash flows	Up to 1 year	1-2 years	2-5 years	More than 5 years
	$ Thousands					
Non-derivative financial liabilities						
Trade payables	36,007	36,007	36,007	-	-	-
Other current liabilities	9,099	9,099	9,099	-	-	-
Lease liabilities including interest payable*	6,070	9,547	1,147	1,258	1,807	5,335
Debentures (including interest payable) *	81,847	105,203	12,576	13,246	26,680	52,701
Loans from banks and others including interest *	540,721	722,727	61,826	60,516	181,718	418,667
Financial liabilities – hedging instruments						
Interest SWAP contracts	4,225	42,208	5,913	5,512	13,838	16,944
	677,969	924,791	126,568	80,532	224,043	493,647

* Includes current portion of long-term liabilities.

D. Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, the CPI, interest rates and prices of capital products and instruments will affect the fair value of the future cash flows of a financial instrument.

The Group buys and sells derivatives in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Boards of Directors of the companies. For the most part, the Group companies enter into hedging transactions for purposes of avoiding economic exposures that arise from their operating activities. Most of the transactions entered into do not meet the conditions for recognition as an accounting hedge and, therefore, differences in their fair values are recorded on the statement of profit and loss.

(1) CPI and foreign currency risk

Currency risk

The Group's functional currency is the U.S. dollar. The exposures of the Group companies are measured with reference to the changes in the exchange rate of the dollar vis-à-vis the other currencies in which it transacts business.

The Group is exposed to currency risk on sales, purchases, assets and liabilities that are denominated in a currency other than the respective functional currencies of the Group entities. The primary exposure is to the Shekel (NIS).

The Group uses options and forward exchange contracts on exchange rates for purposes of hedging short-term currency risks, usually up to one year, in order to reduce the risk with respect to the final cash flows in dollars deriving from the existing assets and liabilities and sales and purchases of goods and services within the framework of firm or anticipated commitments, including in relation to future operating expenses.

The Group is exposed to currency risk in relation to loans it has taken out and debentures it has issued in currencies other than the dollar. The principal amounts of these bank loans and debentures have been hedged by swap transactions the repayment date of which corresponds with the payment date of the loans and debentures.

Note 30 – Financial Instruments (Cont'd)

The Group's exposure to foreign currency risk in respect of non-hedging derivative financial instruments is as follows:

	As at December 31, 2020					
	Currency/ linkage receivable	Currency/ linkage payable	Amount receivable	Amount payable	Expiration dates	Fair value
			$ Thousands			
Forward contracts on exchange rates	Dollar	NIS	12,064	39,535	2021	(766)
Call options on foreign currency	Dollar	NIS	50,284	189,620	2021–2022	278
Put options on foreign currency	Dollar	NIS	35,347	9,374	2021	(33)

The Group's exposure to foreign currency risk in respect of non-hedging derivative financial instruments is as follows:

	As at December 31, 2020					
	Currency/ linkage receivable	Currency/ linkage payable	Amount receivable	Amount payable	Expiration dates	Fair value
			$ Thousands			
Forward contracts on exchange rates	Dollar	NIS	175,704	598,295	2021–2022	(34,273)

	As at December 31, 2019					
	Currency/ linkage receivable	Currency/ linkage payable	Amount receivable	Amount payable	Expiration dates	Fair value
			$ Thousands			
Forward contracts on exchange rates	Euro	NIS	1,753	6,747	2020	54

Inflation risk

The Group has CPI-linked loans. The Group is exposed to payments of higher interest and principal as the result of an increase in the CPI. It is noted that part of the Group's anticipated revenues will be linked to the CPI. The Group does not hedge this exposure beyond the expected hedge included in its revenues.

a. Breakdown of CPI-linked derivative instruments

The Group's exposure to index risk with respect to derivative instruments used for hedging purposes is shown below:

	As at December 31, 2020				
	Index receivable	Interest payable	Expiration date	Amount of linked principal	Fair value
				$ Thousands	
CPI-linked derivative instruments					
Interest exchange contract	CPI	1.70%	2031	240,462	(7,371)
Interest exchange contract	CPI	1.76%	2036	109,087	(3,643)

For additional details, please refer to Note 16.E.

Note 30 – Financial Instruments (Cont'd)

b. Exposure to CPI and foreign currency risks

The Group's exposure to CPI and foreign currency risk, based on nominal amounts, is as follows:

	As at December 31, 2020		
	Foreign currency		
	Shekel		
	Unlinked	CPI linked	Other
Non-derivative instruments			
Cash and cash equivalents	55,512	-	251
Short-term deposits and restricted cash	537,563	-	-
Trade receivables	47,791	-	156
Other current assets	2,909	-	8
Investments in other companies	-	-	235,218
Long-term deposits and restricted cash	60,954	-	-
Total financial assets	704,729	-	235,633
Trade payables	41,051	-	13,723
Other current liabilities	21,056	4,952	244
Loans from banks and others and debentures	131,082	789,462	-
Total financial liabilities	193,189	794,414	13,967
Total non-derivative financial instruments, net	511,540	(794,414)	221,666
Derivative instruments	-	(11,014)	-
Net exposure	511,540	(805,428)	221,666

	As at December 31, 2019		
	Foreign currency		
	Shekel		
	Unlinked	CPI linked	Other
Non-derivative instruments			
Cash and cash equivalents	100,529	-	1,633
Short-term deposits and restricted cash	33,497	-	55
Trade receivables	39,003	-	50
Other current assets	965	-	15,992
Long-term deposits and restricted cash	73,192	-	-
Other non-current assets	-	-	55,575
Total financial assets	247,186	-	73,305
Trade payables	8,888	-	10,237
Other current liabilities	2,989	6,229	395
Loans from banks and others and debentures	147,792	474,775	518
Total financial liabilities	159,669	481,004	11,150
Total non-derivative financial instruments, net	87,517	(481,004)	62,155
Derivative instruments	-	(4,225)	-
Net exposure	87,517	(485,229)	62,155

Note 30 – Financial Instruments (Cont'd)

c. Sensitivity analysis

A strengthening of the dollar exchange rate by 5%–10% against the following currencies and change of the CPI in rate of 1%–2% would have increased (decreased) the net income or net loss and the equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	As at December 31, 2020			
	10% increase	5% increase	5% decrease	10% decrease
	$ Thousands			
Non-derivative instruments				
Shekel/dollar	452	226	(226)	(452)

	As at December 31, 2020			
	2% increase	1% increase	1% decrease	2% decrease
	$ Thousands			
Non-derivative instruments				
CPI	(13,455)	(6,727)	3,346	6,095

	As at December 31, 2019			
	10% increase	5% increase	5% decrease	10% decrease
	$ Thousands			
Non-derivative instruments				
Shekel/dollar	(1,601)	(863)	863	1,601

	As at December 31, 2019			
	2% increase	1% increase	1% decrease	2% decrease
	$ Thousands			
Non-derivative instruments				
CPI	(130)	(63)	56	112

(2) Interest rate risk

The Group is exposed to changes in the interest rates with respect to loans bearing interest at variable rates, as well as in relation to swap transactions of liabilities in foreign currency for dollar liabilities bearing a variable interest rate.

The Group has not set a policy limiting the exposure and it hedges this exposure based on forecasts of future interest rates.

The Group enters into transactions mainly to reduce the exposure to cash flow risk in respect of interest rates. The transactions include interest rate swaps and "collars". In addition, options are acquired and written for hedging the interest rate at different rates.

Type of interest

Set forth below is detail of the type of interest borne by the Group's interest-bearing financial instruments:

	As at December 31,	
	2020	2019
	Carrying amount	
	$ Thousands	
Fixed rate instruments		
Financial assets	580,607	72,958
Financial liabilities	(860,787)	(621,754)
	(280,180)	(548,796)
Variable rate instruments		
Financial assets	86,028	131,073
Financial liabilities	(57,078)	-
	28,950	131,073

Type of interest (Cont'd)

The Group's assets and liabilities bearing fixed interest are not measured at fair value through the statement of profit and loss and the Group does not designate derivatives interest rate swaps as hedging instruments under a fair value hedge accounting model. Therefore, a change in the interest rates as at the date of the report would not be expected to affect the income or loss with respect to changes in the value of fixed – interest assets and liabilities.

Note 30 – Financial Instruments (Cont'd)

A change of 100 basis points in interest rate at reporting date would have increased/(decreased) profit and loss before tax by the amounts below. This analysis assumes that all variables, in particular foreign currency rates, remain constant.

	As at December 31, 2020	
	100bp increase	100 bp decrease
	$ Thousands	
Variable rate instruments	290	(290)

	As at December 31, 2019	
	100bp increase	100 bp decrease
	$ Thousands	
Variable rate instruments	1,311	(1,311)

E. Fair value

(1) Fair value compared with carrying value

The Group's financial instruments include mainly non-derivative assets, such as: cash and cash equivalents, investments, deposits and short-term loans, receivables and debit balances, investments and long-term receivables; non-derivative liabilities: such as: short-term credit, payables and credit balances, long-term loans, finance leases and other liabilities; as well as derivative financial instruments. In addition, fair value disclosure of lease liabilities is not required.

Due to their nature, the fair value of the financial instruments included in the Group's working capital is generally identical or approximates the book value.

The following table shows in detail the carrying amount and the fair value of financial instrument groups presented in the financial statements not in accordance with their fair value.

	As at December 31, 2020	
	Carrying amount	Fair value
Liabilities	$ Thousands	
Non-convertible debentures	304,701	328,426
Long-term loans from banks and others (excluding interest)	615,403	733,961

	As at December 31, 2019	
	Carrying amount	Fair value
Liabilities	$ Thousands	
Non-convertible debentures	81,847	93,930
Long-term loans from banks and others (excluding interest)	540,350	649,100

The fair value of long-term loans from banks and others (excluding interest) is classified as level 2, and measured using the technique of discounting the future cash flows with respect to the principal component and the discounted interest using the market interest rate on the measurement date.

Note 30 – Financial Instruments (Cont'd)

(2) Hierarchy of fair value

The following table presents an analysis of the financial instruments measured at fair value, using an evaluation method. The various levels were defined as follows:

– Level 1: Quoted prices (not adjusted) in an active market for identical instruments.
– Level 2: Observed data, direct or indirect, not included in Level 1 above.
– Level 3: Data not based on observed market data.

Derivative instruments are measured at fair value using a Level 2 valuation method – observable data, directly or indirectly, which are not included in quoted prices in an active market for identical instruments. See Note 30.D.1 for further details.

Level 3 financial instrument measured at fair value

	As at December 31, 2020	**As at December 31, 2019**
	Level 3	**Level 3**
	$ Thousands	**$ Thousands**
Assets		
Long-term investment	235,218	-
Qoros put option	-	71,146

(3) Data and measurement of the fair value of financial instruments at Level 2 and 3

Level 2

The fair value of forward contracts on foreign currency is determined using trading programs that are based on market prices. The market price is determined based on a weighting of the exchange rate and the appropriate interest coefficient for the period of the transaction along with an index of the relevant currencies.

The fair value of contracts for exchange (SWAP) of interest rates and fuel prices is determined using trading programs which incorporate market prices, the remaining term of the contract and the credit risks of the parties to the contract.

The fair value of currency and interest exchange (SWAP) transactions is valued using discounted future cash flows at the market interest rate for the remaining term.

The fair value of transactions used to hedge inflation is valued using discounted future cash flows which incorporate the forward CPI curve, and market interest rates for the remaining term.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The fair value of marketable securities held for trade is determined using the 'Discounts for Lack of Marketability' ("DLOM") valuation method, which is a method used to calculate the value of restricted securities. The method purports that the only difference between a company's common stock and its restricted securities is the lack of marketability of the restricted securities which is derived from the price difference between both prices.

Level 3

The fair value of the long-term investment described in Note 9.B.b.3, as of the valuation date, was based on the market comparison technique using the following variables:

- The *underlying revenues estimate* is based on Qoros' 2021 budget.
- The *EV/Revenues multiple* of 1.7x was calculated using the enterprise value as of the valuation date, divided by the trailing 12-month net sales of relevant comparable companies in China based on latest public financial information available.
- The *enterprise value* was based on financial information extracted from unaudited Qoros management accounts as of the valuation date.
- The *equity investment* is calculated based on Kenon's 12% interest in Qoros.
- The *discount for lack of marketability* is 15.1%, and is calculated using an average volatility of 45.6% based on a time period of 2.26 years (remaining contractual term of the put option as described below).

Note 30 – Financial Instruments (Cont'd)

The fair value of put option described in Note 9.B.b.2, as of the valuation date, was based on the Binomial model using the following variables:

- The *underlying asset value* is Qoros' equity value as of the valuation date.
- The *exercise price of the option* is the price that must be paid for the stock on the date the put option is exercised, and is defined by the terms of the award.
- The *expected exercise date* is the period between the grant date and the expiration date.
- The *Risk-free interest rate* was based on yields on traded China government bonds, with time to maturity equals to the put option contractual period.
- *Expected volatility* of 45.6% was based on the historical volatility of comparable companies for a period of 2.26 years (remaining contractual term of the put option, as of the valuation date).
- *Expected dividend yield* is 0% as no dividend distribution is expected in the foreseeable future.
- The *credit risk* adjustment was calculated using a recovery rate of 40% (common assumption of market participants) and credit spreads based on traded corporate bonds which have credit ratings of AA for a similar time to maturity as the put option.

The following table shows the valuation techniques used in measuring Level 3 fair values as at December 31, 2020 and 2019, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable data	Inter-relationship between significant unobservable inputs and fair value measurement
Long-term investment	The Group assessed the fair value of: (1) the equity interest using a market comparison technique based on market multiples derived from the quoted prices of companies comparable to the investee, taking into consideration certain adjustments including the effect of the non-marketability of the equity investments; and (2) the put option using standard valuation techniques such as: Binomial model using risk free rates from market information suppliers.	- Adjusted market multiples. - The Group researched on data from comparable companies on inputs such as expected volatility and credit risk.	The estimated fair value would increase (decrease) if: - the period end price is higher (lower) - the volatility is higher (lower) - the credit risk is lower (higher)
Put Option	The Group applies standard valuation techniques such as: Binomial model using risk free rates from market information suppliers.	The group researched on data from comparable companies on inputs such as expected volatility and credit risk.	The estimated fair value would increase (decrease) if: - the volatility is higher (lower) - the credit risk is lower (higher)

Note 31 – Subsequent Events

1. Kenon

A. Dividend

On April 13, 2021, Kenon's board of directors approved a cash dividend of $1.86 per share (an aggregate amount of approximately $100 million), payable to Kenon's shareholders of record as of the close of trading on April 29, 2021, for payment on or about May 6, 2021.

2. OPC

A. Share issuance

In January 2021, OPC issued to Altshuler Shaham Ltd. and entities managed by Altschuler Shalam (collectively, the "Offerees"), 10,300,000 ordinary shares of NIS 0.01 par value each. The price of the shares issued to the Offerees is NIS 34 per ordinary share, and the gross proceeds from the issuance amounted to about NIS 350 million (approximately $109 million). The issuance expenses amounted to about NIS 4 million (approximately $1 million). Following the issuance, Kenon will hold approximately 58.6% of OPC (58.2% on a fully diluted basis).

B. In January 2021, OPC completed the acquisition of CPV for a consideration of approximately $648 million. Refer to Note 19.B.f for further details.

C. In April 2021, OPC announced that it signed an agreement to purchase an interest in Gnrgy Ltd. ("Gnrgy"), whose business focuses on e-mobility charging stations. Pursuant to the purchase agreement, OPC has agreed to acquire a 51% interest in Gnrgy for NIS 67 million (approximately $20 million). The acquisition is expected to be completed in 2 stages over 11 months with the majority of the purchase price earmarked for funding of Gnrgy's business plan including repayment of existing related party debts.

Gnrgy's founder will retain the remaining interests in Gnrgy and enter into a shareholders' agreement with OPC, which will among other things give OPC an option to acquire a 100% interest in Gnrgy. Completion of the acquisition is subject to certain conditions, including approval (or an exemption) from the Israel Competition Authority.

3. ZIM

A. Initial Public Offering

In February 2021, ZIM completed its initial public offering ("IPO") of 15,000,000 ordinary shares (including shares issued upon the exercise of the underwriters' option), for gross consideration of $225 million (before deducting underwriting discounts and commissions or other offering expenses). ZIM's ordinary shares began trading on the NYSE on January 28, 2021.

Prior to the IPO, ZIM obtained waivers from its notes holders, subject to the completion of ZIM's IPO, by which certain requirements and limitations in respect of repurchase of debt, incurrences of debt, vessel financing, reporting requirements and dividend distributions, were relieved or removed.

As a result of the IPO, Kenon's interest in ZIM was diluted from 32% to 28%. Following the IPO, Kenon will recognize either a gain or loss on dilution in its financial statements in the first quarter of 2021. Kenon is currently assessing the impact of the dilution on the consolidated financial statements.

Note 31 – Subsequent Events (Cont'd)

4. Qoros

A. Sale of remaining 12% interest

In April 2021, Quantum entered into an agreement with the New Qoros Investor to sell all of its remaining 12% interest in Qoros. The key terms of the agreement are set forth below.

The total purchase price is RMB1.56 billion (approximately $238 million), which is the same valuation as the previous sales by Quantum to the New Qoros Investor. The deal is subject to certain conditions, including a release of the share pledge (refer to Note 9.B.b.4) over the shares to be sold (substantially all of which have been pledged to Qoros' lending banks), approval of the transaction by the National Development and Reform Commission and registration with the State Administration of Market Regulation.

The Baoneng Group has guaranteed the obligations of the New Qoros Investor under this agreement.

The purchase price is to be paid over time pursuant to the following schedule:

Installment	**Amount (RMB)**	**Percentage of the Aggregate Purchase Price**	**Payment Date**
Deposit	78,000,000	5%	July 31, 2021, or earlier if certain conditions are met[1]
First Payment	312,000,000	20%	September 30, 2021[1]
Second Payment	390,000,000	25%	March 31, 2022[1]
Third Payment	390,000,000	25%	September 30, 2022
Fourth Payment	390,000,000	25%	March 31, 2023

[1] Payments to a designated account.

The first and second payments, including the deposit, will be paid into a designated account set up in the name of the New Qoros Investor over which Quantum has joint control. According to the agreement, the transfer of these payments to Quantum will occur by the end of Q2 2022, provided that the relevant conditions are met in connection with the registration of the shares to the purchaser subject to receipt by Quantum of collateral acceptable to it. The agreement provides that the third and fourth payments will be paid directly to Quantum.

Kenon has not completed its assessment on the gain or loss arising from the sale, which will impact future financial periods.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Kenon Holdings Ltd.

By: /s/ Robert L. Rosen
Name: Robert L. Rosen
Title: Chief Executive Officer

Date: April 19, 2021

ITEM 19. Exhibits

Index to Exhibits

Exhibit Number	Description of Document
1.1	Kenon Holdings Ltd.'s Constitution (Incorporated by reference to Exhibit 1.1 to Amendment No. 1 to Kenon's Registration Statement on Form 20-F, filed on December 19, 2014)
2.1	Form of Specimen Share Certificate for Kenon Holdings Ltd.'s Ordinary Shares (Incorporated by reference to Exhibit 2.1 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2014, filed on March 31, 2015)
2.2	Registration Rights Agreement, dated as of January 7, 2015, between Kenon Holdings Ltd. and Millenium Investments Elad Ltd. (Incorporated by reference to Exhibit 99.7 to Kenon's Report on Form 6-K, furnished to the SEC on January 8, 2015)
2.3	Description of Securities registered under Section 12 of the Exchange Act (Incorporated by reference to Exhibit 2.3 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2019, filed on April 30, 2020)
4.1	Sale, Separation and Distribution Agreement, dated as of January 7, 2015, between Israel Corporation Ltd. and Kenon Holdings Ltd. (Incorporated by reference to Exhibit 99.2 to Kenon's Report on Form 6-K, furnished to the SEC on January 8, 2015)
4.2	Gas Sale and Purchase Agreement, dated as of November 25, 2012, among Noble Energy Mediterranean Ltd., Delek Drilling Limited Partnership, Isramco Negev 2 Limited Partnership, Avner Oil Exploration Limited Partnership, Dor Gas Exploration Limited Partnership, and O.P.C. Rotem Ltd. (Incorporated by reference to Exhibit 10.8 to Amendment No. 1 to IC Power Pte. Ltd.'s Form F-1, filed on November 2, 2015) [1]
4.3	Facility Agreement, dated as of January 2, 2011, among O.P.C. Rotem Ltd., as borrower, Bank Leumi Le-Israel B.M., as arranger and agent, Bank Leumi Le-Israel Trust Company Ltd., as security trustee, and the senior lenders named therein (Incorporated by reference to Exhibit 4.10 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2014, filed on March 31, 2015)
4.4	Guarantee Contract, dated as of June 9, 2015, between Kenon Holdings Ltd. and Chery Automobile Co. Ltd. (Incorporated by reference to Exhibit 4.12 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on April 22, 2016)
4.5	Guarantee Contract, dated as of November 5, 2015, between Kenon Holdings Ltd. and Chery Automobile Co. Ltd. (Incorporated by reference to Exhibit 4.13 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2015, filed on April 22, 2016)
4.6	Release Agreement, dated December 21, 2016, between Kenon Holdings Ltd. and Chery Automobile Co. Ltd. (Incorporated by reference to Exhibit 4.21 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on April 19, 2017)

Exhibit Number	Description of Document
4.7	Equity Pledge Contract, dated December 21, 2016, between Quantum (2007) LLC, as Pledgor, and Chery Automobile Co. Ltd., as Pledgee (Incorporated by reference to Exhibit 4.22 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on April 19, 2017)
4.8	Further Release and Cash Support Agreement, dated March 9, 2017, between Kenon Holdings Ltd. and Chery Automobile Co. Ltd. (Incorporated by reference to Exhibit 4.23 to Amendment No. 1 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on April 21, 2017)
4.9	The Second Equity Pledge Contract in relation to 700 Million Loan, dated March 9, 2017, between Quantum (2007) LLC, as Pledgor, and Chery Automobile Co. Ltd., as Pledgee (Incorporated by reference to Exhibit 4.24 to Amendment No. 1 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2016, filed on April 21, 2017)
4.10*	Purchase and Sale Agreement, dated as of October 9, 2020, by and among GIP II CPV Intermediate Holdings Partnership, L.P., GIP II CPV Intermediate Holdings Partnership 2, L.P., CPV Power Holdings GP, LLC, CPV Group LP and OPC US Inc.[2]
4.11	Senior Facilities Agreement, dated as of July 4, 2016, among Advanced Integrated Energy Ltd., as borrower, Israel Discount Bank Ltd. and Harel Insurance Company Ltd, as arrangers, Israel Discount Bank Ltd. as senior agent and security agent, and certain other entities, as senior lenders (Incorporated by reference to Exhibit 4.16 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2018, filed on April 8, 2019)[2]
4.12	Share Purchase Agreement, dated November 24, 2017, among Inkia Energy, Ltd., IC Power Distribution Holdings, PTE. LTD., Nautilus Inkia Holdings LLC, Nautilus Distribution Holdings LLC and Nautilus Isthmus Holdings LLC (Incorporated by reference to Exhibit 4.14 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed on April 9, 2018)
4.13	Amended and Restated Pledge Agreement, dated February 15, 2018, between Kenon Holdings Ltd. and Nautilus Inkia Holdings LLC (Incorporated by reference to Exhibit 4.16 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed on April 9, 2018)
4.14	Qoros Automobile Company Limited Investment Agreement, dated May 23, 2017, as amended, among Hangzhou Chengmao Investment Co., Ltd., Wuhu Chery Automobile Investment Company Limited, Quantum (2007) LLC and Qoros Automobile Company Limited (Incorporated by reference to Exhibit 4.17 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed on April 9, 2018)
4.15	Joint Venture Contract, dated as of December 20, 2017, among Wuhu Chery Automobile Investment Co., Ltd., Quantum (2007) LLC and Hangzhou Chengmao Investment Co., Ltd (Incorporated by reference to Exhibit 4.18 to Kenon's Annual Report on Form 20-F for the fiscal year ended December 31, 2017, filed on April 9, 2018)
4.16*	Letter Agreement regarding additional undertakings in connection with the termination of the Deferred Payment Agreement, dated as of October 29, 2020, among Nautilus Inkia Holdings SCS, Nautilus Energy TopCo LLC, and Kenon Holdings Ltd.

Exhibit Number	Description of Document
4.17*	First Amendment to the Amended and Restated Pledge Agreement, dated as of October 29, 2020, among Kenon Holdings Ltd. and Nautilus Inkia Holdings SCS
4.18*	Sale and Purchase Agreemend, dated as of April 13, 2021, by and between Quantum (2007) LLC and Hangzhou Chengmao Investment Co., Ltd.2
8.1*	List of subsidiaries of Kenon Holdings Ltd.
12.1*	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
12.2*	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
13.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of KPMG LLP, a member firm of KPMG International
15.2*	Consent of Somekh Chaikin, a member firm of KPMG International
15.3*	Consent of Dixon Hughes Goodman LLP
15.4	Audited consolidated financial statements of ZIM Integrated Shipping Services Ltd as of December 31, 2020 and 2019 and for each of the three years in the three-year period ended December 31, 2020 (Incorporated by reference to pages F-1-F-60 of ZIM Integrated Shipping Services Ltd.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2020 (File No: 21759864), filed with the SEC on March 22, 2021)
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

1) Portions of this exhibit have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Exchange Act. Omitted information has been filed separately with the SEC.

2) Portions of this exhibit have been omitted because they are both (i) not material and (ii) would be competitively harmful if publicly disclosed.

Exhibit 4.10

PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED BECAUSE THEY ARE BOTH (i) NOT MATERIAL AND (ii) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. THE OMISSIONS HAVE BEEN INDICATED BY ASTERISKS (“[***]”).

Execution Version

PURCHASE AND SALE AGREEMENT

by and among

GIP II CPV INTERMEDIATE HOLDINGS PARTNERSHIP, L.P.,

GIP II CPV INTERMEDIATE HOLDINGS PARTNERSHIP 2, L.P.

and

CPV POWER HOLDINGS GP, LLC,

as Sellers,

CPV GROUP LP,

as Purchaser,

and

(solely for purposes of Article 11)

OPC US Inc.

Dated as of October 9, 2020

TABLE OF CONTENTS

		Page
ARTICLE 1 DEFINITIONS AND RULES OF CONSTRUCTION		2
Section 1.01	Definitions	2
Section 1.02	Rules of Construction	2
ARTICLE 2 PURCHASE AND SALE		3
Section 2.01	Purchase and Sale of Transferred Interests	3
Section 2.02	Purchase Price	3
Section 2.03	Closing	5
Section 2.04	Closing Deliveries	5
Section 2.05	Post-Closing Adjustment	6
Section 2.06	Withholding Taxes	8
Section 2.07	Other Post-Closing Payments	8
ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF SELLERS		9
Section 3.01	Organization and Existence	9
Section 3.02	Authorization	9
Section 3.03	Governmental Consents; Litigation	9
Section 3.04	Noncontravention	10
Section 3.05	Title to Transferred Interests; Claims	10
Section 3.06	Brokers	10
Section 3.07	Exclusive Representations and Warranties	10
ARTICLE 4 REPRESENTATIONS AND WARRANTIES RELATING TO THE ACQUIRED COMPANIES AND THE JV ENTITIES		11
Section 4.01	Organization and Existence	11
Section 4.02	Capitalization	11
Section 4.03	Consents	11
Section 4.04	Noncontravention	12
Section 4.05	Title to Subsidiaries and JV Entities	12
Section 4.06	Financial Statements; Absence of Changes; No Undisclosed Liabilities	13
Section 4.07	Litigation	13
Section 4.08	Compliance with Laws and Permits	13
Section 4.09	Contracts	14
Section 4.10	Real Property; Ownership of Assets	14
Section 4.11	Employee Matters	16
Section 4.12	Environmental Matters	17
Section 4.13	Taxes	18
Section 4.14	Brokers	20
Section 4.15	Intercompany Obligations	20
Section 4.16	Insurance	20

Section 4.17	Intellectual Property	20
Section 4.18	Regulatory Matters	21
Section 4.19	Exclusive Representations and Warranties	21

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF PURCHASER 22

Section 5.01	Organization and Existence	22
Section 5.02	Authorization	22
Section 5.03	Consents	22
Section 5.04	Guarantee	23
Section 5.05	Noncontravention	23
Section 5.06	Litigation	23
Section 5.07	Compliance with Laws	23
Section 5.08	Brokers	23
Section 5.09	Investment Intent	24
Section 5.10	Available Funds; Source of Funds	24
Section 5.11	Investigation	25
Section 5.12	Disclaimer Regarding Projections	25
Section 5.13	Legal Impediments	25
Section 5.14	Exclusive Representations and Warranties	26

ARTICLE 6 COVENANTS 26

Section 6.01	Information Pending Closing	26
Section 6.02	Conduct of Business Pending the Closing	27
Section 6.03	Tax Matters	29
Section 6.04	Confidentiality; Publicity	31
Section 6.05	Post-Closing Books and Records	32
Section 6.06	Expenses	32
Section 6.07	Further Actions	32
Section 6.08	No Solicitation; Alternative Transactions	34
Section 6.09	R&W Insurance Policy	34
Section 6.10	Employee Matters	34
Section 6.11	IFRS Financial Statements; Cooperation	35
Section 6.12	[***]	37
Section 6.13	[***]	37

ARTICLE 7 CONDITIONS TO CLOSING 38

Section 7.01	Conditions to Each Party’s Obligations	38
Section 7.02	Conditions to Obligations of Purchaser	38
Section 7.03	Conditions to Obligations of Sellers	39
Section 7.04	Frustration of Closing Conditions	40

ARTICLE 8 SURVIVAL AND RELEASE 40

Section 8.01	No Survival of Representations and Warranties	40
Section 8.02	“As Is” Sale; Release	40

Section 8.03	No Setoff	42
Section 8.04	No Recourse Against Non-Party Affiliates	42
Section 8.05	Indemnification for Fundamental Representations	42
ARTICLE 9 SUPPORT OBLIGATIONS		43
Section 9.01	Replacement of Support Obligations	43
Section 9.02	Purchaser Backstop Credit Support	44
ARTICLE 10 TERMINATION		45
Section 10.01	Termination	45
Section 10.02	Effect of Termination	46
ARTICLE 11 MISCELLANEOUS		47
Section 11.01	Notices	47
Section 11.02	Severability	48
Section 11.03	Further Cooperation	49
Section 11.04	Amendments and Waivers	49
Section 11.05	Entire Agreement; No Third Party Beneficiaries	49
Section 11.06	Governing Law	49
Section 11.07	Consent to Jurisdiction; Waiver of Jury Trial	49
Section 11.08	Specific Performance	50
Section 11.09	Assignment	51
Section 11.10	Headings	51
Section 11.11	Exhibits, Annexes and Schedules	51
Section 11.12	Acknowledgement and Waiver	51
Section 11.13	Counterparts; Execution	52

Exhibits

Exhibit A Defined Terms

Annexes

Annex A Operating Facilities
Annex B Development Projects
Annex C Managed Projects
Annex D Form of Purchaser Parent Guarantee
Annex E Illustrative Calculation of Closing Date Working Capital Amount, Closing Date Cash Amount and Closing Date Indebtedness Amount
Annex F Consents Required for Closing
Annex G-1 Form of Seller Note
Annex G-2 Form of Pledge Agreement

Schedules

Schedule A Purchaser Disclosure Schedule
Schedule B Seller Disclosure Schedule

PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this "Agreement") is dated as of October 9, 2020 and is by and among GIP II CPV Intermediate Holdings Partnership, L.P., a Delaware limited partnership ("GIP II CPV"), GIP II CPV Intermediate Holdings Partnership 2, L.P., a Delaware limited partnership ("GIP II CPV 2"), and CPV Power Holdings GP, LLC, a Delaware limited liability company ("CPV Power Holdings GP" and, together with GIP II CPV and GIP II CPV 2, "Sellers" and each a "Seller"), CPV Group LP, a Delaware limited partnership ("Purchaser") and, solely for purposes of Article 11, OPC US Inc., a Delaware corporation ("Purchaser GP"). Each of Sellers, Purchaser and Purchaser GP is referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, GIP II CPV (a) is the sole limited partner of, and owns ninety-nine and eight tenths percent (99.8%) of the partnership interests in, CPV Power Holdings, LP, a Delaware limited partnership ("CPV Power Holdings LP") and (b) one hundred percent (100%) of the limited liability company interests in CPV Power Holdings GP;

WHEREAS, CPV Power Holdings GP is the general partner of, and owns two tenths percent (0.2%) of the partnership interests in, CPV Power Holdings LP;

WHEREAS, GIP II CPV 2 owns (a) one hundred percent (100%) of the issued and outstanding shares of capital stock in Competitive Power Ventures Inc., a Delaware corporation ("CPVI") and (b) one hundred percent (100%) of the issued and outstanding shares of capital stock in CPV Renewable Energy Company, Inc., a Delaware corporation ("CPV REC");

WHEREAS, CPV Power Holdings LP, CPVI and CPV REC are currently engaged, directly or indirectly, in the business (the "Business") of (a) owning and operating the power generation facilities owned directly or indirectly by CPV Power Holdings LP or CPV REC, as applicable, and set forth on [***] (the "Operating Facilities"), (b) developing the power generation projects set forth on [***] (the "Development Projects") and (c) providing asset management services for the Operating Facilities, Development Projects and other third-party owned power plants set forth on [***];

WHEREAS, subject to the terms and conditions set forth herein, the Parties desire that (a) GIP II CPV and CPV Power Holdings GP sell to Purchaser (or, in the case of the general partnership interests in CPV Power Holdings LP, its designee as provided herein), and Purchaser purchase (or cause its designee to purchase, as applicable) from GIP II CPV and CPV Power Holdings GP, one hundred percent (100%) of the partnership interests in CPV Power Holdings LP (the "CPV Power Holdings Interests") and (b) GIP II CPV 2 sell to Purchaser, and Purchaser purchase from GIP II CPV 2, (i) one hundred percent (100%) of the issued and outstanding shares of capital stock in CPVI (the "CPVI Shares") and (ii) one hundred percent (100%) of the issued and outstanding shares of capital stock in CPV REC (the "CPV REC Shares" and, together with the CPV Power Holdings Interests and the CPVI Shares, collectively, the "Transferred Interests");

WHEREAS, Purchaser GP is (a) the general partner of Purchaser and (b) a wholly-owned subsidiary of OPC Energy LTD, a corporation formed under the laws of the State of Israel ("Purchaser Guarantor"); and

WHEREAS, concurrently with the execution of this Agreement, Purchaser Guarantor is delivering to Seller a guarantee in the form attached hereto as [***] (the "Purchaser Parent Guarantee").

NOW THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants and agreements in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1
DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.01 Definitions. Capitalized terms used in this Agreement shall have the meanings ascribed to them in this Agreement or in Exhibit A hereto, as applicable.

Section 1.02 Rules of Construction.

(a) Unless the context otherwise requires, references in this Agreement to Articles, Sections, Exhibits, Annexes and Schedules shall be deemed references to Articles and Sections of, and Exhibits, Annexes and Schedules to, this Agreement.

(b) If a term is defined as one part of speech (such as a noun), it shall have a corresponding meaning when used as another part of speech (such as a verb). Terms defined in the singular have the corresponding meanings in the plural, and vice versa. Unless the context clearly requires otherwise, words importing the masculine gender shall include the feminine and neutral genders and vice versa. The term "includes" or "including" shall mean "including, without limitation." The words "hereof," "hereto," "hereby," "herein," "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular section or article in which such words appear. Unless the context clearly requires otherwise, the word "or" shall not be exclusive.

(c) Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. Whenever any action must be taken hereunder on or by a day that is not a Business Day, then such action may be validly taken on or by the next day that is a Business Day.

(d) The Parties acknowledge that each Party and its attorney has reviewed this Agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party, or any similar rule operating against the drafter of an agreement, shall not be applicable to the construction or interpretation of this Agreement.

(e) The captions in this Agreement are for convenience only and shall not be considered a part of or affect the construction or interpretation of any provision of this Agreement.

(f) All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP.

(g) Statements in this Agreement that any Seller or Acquired Company has "made available," "delivered," "furnished" or "provided" (or terms of similar import) a particular document, or portion thereof, shall mean made available in the electronic data room hosted by the Acquired Companies or actually delivered electronically to Purchaser no later than 11:59 pm Eastern time on the second Business Day immediately preceding the date of this Agreement.

(h) The expression "ordinary course of business" in respect of the Development Project Companies shall mean the ordinary course of business of such Development Project Companies and any other actions that are customary for development-stage project companies generally in the industries and geographic regions in which such Development Project Companies operate.

ARTICLE 2
PURCHASE AND SALE

Section 2.01 Purchase and Sale of Transferred Interests. Upon the terms and subject to the conditions of this Agreement, at the Closing:

(a) GIP II CPV and CPV Power Holdings GP shall sell, transfer, assign, convey and deliver to Purchaser (or, with respect to the CPV Power Holdings Interests held by CPV Power Holdings GP, Purchaser's designee that is a limited liability company wholly owned by Purchaser and disregarded for tax purposes (the "GP Designee")), and Purchaser shall (or shall cause GP Designee, as applicable, to) purchase, accept and acquire from GIP II CPV and CPV Power Holdings GP, the CPV Power Holdings Interests held by GIP II CPV and CPV Power Holdings GP, respectively, in each case, free and clear of all Liens, other than restrictions under applicable securities Laws and Liens created by Purchaser; and

(b) GIP II CPV 2 shall sell, transfer, assign, convey and deliver to Purchaser, and Purchaser shall purchase, accept and acquire from GIP II CPV 2, the CPVI Shares and the CPV REC Shares, in each case, free and clear of all Liens, other than restrictions under applicable securities Laws and Liens created by Purchaser.

Section 2.02 Purchase Price.

(a)

(i) The aggregate purchase price payable by Purchaser to GIP II CPV and CPV Power Holdings GP for the CPV Power Holdings Interests shall be an amount equal to the sum of (A) [***] Dollars ($[***]) (the "CPV Power Holdings Base Purchase Price"), *plus* (B) the Closing Date Cash Adjustment Amount *plus* (C) the Closing Date Working Capital Adjustment Amount, *minus* (D) the Closing Date Indebtedness Adjustment Amount, in each case in clauses (B) through (D), solely with *respect* to CPV Power Holdings LP and without duplication of amounts taken into account in the CPVI Purchase Price or the CPV REC Purchase Price, *plus* (E) the Three Rivers Purchase Price (the sum of the foregoing amounts, as adjusted (if applicable) pursuant to Section 2.05(b), the "CPV Power Holdings Purchase Price"). The CPV Power Holdings Purchase Price may be payable in part by the issuance of a Seller Note, at Purchaser's option exercisable by giving written notice at least two (2) Business Days prior to the Closing Date, having an aggregate principal amount on the Closing Date of up to the Three Rivers Purchase Price (the actual principal amount on the Closing Date, the "CPV Power Holdings Note Amount"), and the balance not covered by such Seller Note shall be payable in cash;

(ii) The aggregate purchase price payable by Purchaser to GIP II CPV 2 for the CPVI Shares shall be an amount equal to the sum of (A) [***] Dollars ($[***]) (the "CPVI Base Purchase Price") *plus* (B) the Closing Date Cash Adjustment Amount *plus* (C) the Closing Date Working Capital Adjustment Amount *minus* (D) the Closing Date Indebtedness Adjustment Amount, in each case in clauses (B) through (D), solely with respect to CPVI and without duplication of amounts taken into account in the CPV Power Holdings Purchase Price or the CPV REC Purchase Price (the sum of the foregoing amounts, as adjusted (if applicable) pursuant to Section 2.05(b), the "CPVI Purchase Price"). The CPVI Purchase Price shall be payable in cash; and

(iii) The aggregate purchase price payable by Purchaser to GIP II CPV 2 for the CPV REC Shares shall be an amount equal to the sum of (A) [***] Dollars ($[***]) (the "CPV REC Base Purchase Price" and, together with the CPV Power Holdings Base Purchase Price and the CPVI Base Purchase Price, the "Base Purchase Price") *plus* (B) the Closing Date Cash Adjustment Amount *plus* (C) the Closing Date Working Capital Adjustment Amount *minus* (D) the Closing Date Indebtedness Adjustment Amount, in each case in clauses (B) through (D), solely with respect to CPV REC and without duplication of amounts taken into account in the CPV Power Holdings Purchase Price or the CPVI Purchase Price (the sum of the foregoing amounts, adjusted (if applicable) pursuant to Section 2.05(b), the "CPV REC Purchase Price" and, together with the CPV Power Holdings Purchase Price and the CPVI Purchase Price, the "Purchase Price"). The CPV REC Purchase Price shall be payable in cash.

(b) Not less than five (5) Business Days prior to the Closing Date (as defined below), Sellers shall deliver to Purchaser a written notice (collectively, the "Estimated Closing Date Statement") setting forth (i) the Estimated Cash Adjustment Amount, (ii) the Estimated Working Capital Adjustment Amount, (iii) the Estimated Indebtedness Adjustment Amount and (iv) the Estimated Purchase Price, in each case, separately with respect to each of CPV Power Holdings LP, CPVI and CPV REC and calculated in accordance with the accounting practices, policies, judgments and methodologies used on [***] or, to the extent not used on [***], in accordance with GAAP and past practice and the accounting practices, policies, judgments and methodologies used in the preparation of the Financial Statements (as defined below) (collectively, the "Accounting Principles"), together with reasonable supporting information. For illustrative purposes, attached hereto as [***] is a sample calculation of the Closing Date Working Capital Amount, Closing Date Cash Amount and Closing Date Indebtedness Amount, in each case, calculated in accordance with the Accounting Principles as of the Balance Sheet Date (as defined below).

(c) At the Closing, Purchaser shall pay to (i) GIP II CPV and CPV Power Holdings GP the Estimated Purchase Price in respect of CPV Power Holdings LP *minus* (if applicable) the CPV Power Holdings Note Amount, and (ii) GIP II CPV 2 an aggregate amount equal to (A) the Estimated Purchase Price in respect of CPVI *plus* (B) the Estimated Purchase Price in respect of CPV REC, in each case, by wire transfer of immediately available funds in Dollars to such accounts as Sellers may direct by written notice delivered to Purchaser at least two (2) Business Days prior to the Closing Date.

(d) The Parties agree that (i) the CPVI Purchase Price (together with any amounts payable by Purchaser pursuant to Section 2.07(a)) will be allocated to the CPVI Shares, (ii) the CPV REC Purchase Price will be allocated to the CPV REC Shares and (iii) the CPV Power Holdings Purchase Price (together with any amounts payable by Purchaser pursuant to Section 2.07(b)) will be allocated to the CPV Power Holdings Interests (collectively, the "Allocation"). Purchaser and Sellers shall file all Tax Returns consistent with the Allocation, and shall not take any Tax position inconsistent with such Allocation. None of Purchaser or any Seller shall agree to any proposed adjustment to the Allocation by any Taxing Authority without first giving the other Parties prior written notice; provided, however, that nothing contained herein shall prevent any such Party from settling any proposed deficiency or adjustment by any Taxing Authority based upon or arising out of the Allocation, and neither Purchaser nor Sellers shall be required to litigate before any court any proposed deficiency or adjustment by any Taxing Authority challenging such Allocation.

Section 2.03 Closing. The closing of the purchase and sale of the Transferred Interests (the "Closing") shall take place at the offices of Latham & Watkins LLP, at 885 Third Avenue, New York, New York, 10022, at 10:00 a.m. Eastern Time, or by exchange of documents (with signatures) by electronic transmission, on the fifth (5th) Business Day following the satisfaction or waiver of the conditions set forth in Article 7 (other than those conditions that by their nature are to be satisfied at the Closing), or at such other time, date and place as may be mutually agreed upon in writing by the Parties (the date on which the Closing actually occurs being referred to as the "Closing Date"). The effective time of the Closing will be 12:01 a.m. Eastern Time on the Closing Date (the "Effective Time").

Section 2.04 Closing Deliveries. At the Closing:

(a) Sellers shall deliver, or cause to be delivered, to Purchaser or its designees:

(i) original certificates representing the Transferred Interests accompanied by stock powers or similar certificates (or, with respect to any Transferred Interests that are not certificated, other reasonable documentation) evidencing transfer to Purchaser of the Transferred Interests;

(ii) a properly completed IRS Form W-9;

(iii) if applicable pursuant to Section 2.02(a)(i), the Seller Note and the Pledge Agreement, and duly executed by GIP II CPV; and

(iv) such other agreements, documents, instruments and writings as are required to be delivered by Sellers at or prior to the Closing pursuant to Section 7.02.

(b) Purchaser shall deliver or pay, or cause to be delivered or paid, as applicable, to Sellers or their designees:

(i) the payments required to be made by it pursuant to Section 2.02(c); and

(ii) if applicable pursuant to Section 2.02(a)(i), the Seller Note and the Pledge Agreement, and duly executed by CPV Power Holdings, together with duly executed copies of all ancillary agreements, documents, certificates and opinions contemplated thereby;

(iii) a copy of the Purchaser Parent Guarantee duly executed by Purchaser Guarantor; and

(iv) such other agreements, documents, instruments and writings as are required to be delivered by Purchaser at or prior to the Closing pursuant to Section 7.03.

Section 2.05 Post-Closing Adjustment.

(a) As soon as reasonably practicable, and in any event within ninety (90) days, after the Closing Date, Purchaser shall deliver to Sellers a written statement (the "Closing Statement") setting forth its calculation as of the Effective Time of (i) the Closing Date Cash Adjustment Amount, (ii) Closing Date Working Capital Adjustment Amount, (iii) Closing Date Indebtedness Adjustment Amount and (iv) the Purchase Price, in each case, separately, with respect to each of CPV Power Holdings LP, CPVI and CPV REC and in accordance with the Accounting Principles, together with reasonable supporting information. If Purchaser does not deliver the Closing Statement on or prior to the date that is ninety (90) days after the Closing Date, then, at the election of Sellers, the Estimated Closing Date Statement shall be deemed to be the Closing Statement. In the event that Purchaser fails to timely deliver the Closing Statement in accordance with this Section 2.05(a) and Sellers have not elected to deem the Estimated Closing Date Statement as the Closing Statement, Sellers shall deliver written notice to Purchaser with respect to such failure and if Purchaser has not cured such failure within five (5) Business Days of receiving such written notice, then Sellers may, by written notice delivered to Purchaser within five (5) Business Days of the end of Purchaser's cure period provided in this sentence (a "Sellers' Election Notice"), elect to prepare and deliver the Closing Statement and the components thereof to Purchaser, which shall be delivered to Purchaser within forty-five (45) days following delivery of the Sellers' Election Notice. In the event that Sellers deliver a Sellers' Election Notice, Sellers may retain a nationally recognized independent accounting or financial consulting firm to prepare the Closing Statement and components thereof consistent with this Section 2.05(a); provided, however, that Sellers reserve any and all other rights granted to them in this Agreement. In the event that Sellers deliver to Purchaser the Closing Statement as provided in this Section 2.05(a), Purchaser will be entitled to dispute any matter set forth in the Closing Statement in accordance with Section 2.05(b), *mutatis mutandis*. The Parties shall provide to each other such data and information as such Parties may reasonably request in connection with the preparation and review of the Closing Statement.

(b) If Sellers object to any matter set forth in the Closing Statement, then they shall provide Purchaser written notice thereof (an "Objection Notice") within thirty (30) days after receiving the Closing Statement, specifying in reasonable detail Sellers' determination of (i) the Closing Date Cash Adjustment Amount, (ii) Closing Date Working Capital Adjustment Amount, (iii) Closing Date Indebtedness Adjustment Amount and (iv) the Purchase Price, in each case, separately with respect to each of CPV Power Holdings LP, CPVI and CPV REC; provided that Sellers and Purchaser shall be deemed to have agreed upon all items and amounts that are not disputed by Sellers in such written notice. If the Parties are unable to agree on any matter set forth on the Objection Notice disputed by Sellers in accordance with this Section 2.05(b) within thirty (30) days after receipt by Purchaser of such Objection Notice, then either of the Parties may refer such dispute to Ernst & Young LLP, or if such firm is unwilling or unable to serve as such, an independent public accounting firm mutually acceptable to Purchaser and Sellers (the "Independent Accountant"), which firm shall make a final and binding determination as to only those matters in dispute under this Section 2.05(b) on a timely basis, and in any event within thirty (30) days following its appointment, and promptly shall notify the Parties in writing of its resolution. The Parties will cooperate with the Independent Accountant during the term of its engagement. The Independent Accountant's determination will be based solely on written presentations by Sellers and Purchaser, which are in accordance with the guidelines and procedures set forth in this Agreement (not on the basis of an independent review). The Independent Accountant shall not have the power to modify or amend any term or provision of this Agreement or modify previously agreed to items among the Parties. In resolving any matters in dispute, the Independent Accountant may not assign a value to any item in dispute (i) greater than the greatest value for such item assigned by Sellers in the Objection Notice or Purchaser in the Closing Statement, as applicable, or (ii) less than the smallest value for such item assigned by Seller in the Objection Notice or Purchaser in the Closing Statement, as applicable. The determination of the Independent Accountant shall constitute an arbitral award that is final, binding and non-appealable upon which a judgment may be entered by a court of competent jurisdiction. Sellers and Purchaser shall [***] under this Section 2.05. The [***] of the Independent Accountant shall be borne [***] by Sellers, on the one hand, and Purchaser, on the other hand. If Sellers do not object to any matter set forth on the Closing Statement within the specified time period and in the manner set forth in the first sentence of this Section 2.05(b), or if Seller accepts the Closing Statement and components thereof, including the Purchase Price, in writing, then such Closing Statement and Purchase Price shall become final and binding upon the Parties for all purposes hereunder.

(c) If the Purchase Price with respect to any of CPV Power Holdings LP, CPVI or CPV REC, as finally determined as provided in Section 2.05(b), exceeds the Estimated Purchase Price with respect to such applicable entity, then Purchaser shall pay, or cause to be paid, to the applicable Seller an amount, in cash, equal to the amount of such excess (if any) within two (2) Business Days after such amounts are determined pursuant to Section 2.05(b), by wire transfer of immediately available funds to an account or accounts designated in writing by the applicable Seller (which amount shall be treated as an adjustment to the Purchase Price). If the Purchase Price with respect to any of CPV Power Holdings LP, CPVI and CPV REC, as finally determined as provided in Section 2.05(b), is less than the Estimated Purchase Price with respect to such applicable entity, then the applicable Seller shall pay, or cause to be paid, to Purchaser, an amount in cash equal to the amount of such deficit (if any) within two (2) Business Days after such amounts are determined pursuant to Section 2.05(b), by wire transfer of immediately available funds, to an account designated in writing by Purchaser.

(d) Any payments made pursuant to this Section 2.05 shall constitute an adjustment to the applicable Purchase Price for Tax purposes and shall be treated as such by the Parties on their Tax Returns and in any communications with any Taxing Authorities to the fullest extent permitted by applicable Law.

Section 2.06 Withholding Taxes. Purchaser shall be entitled to deduct and withhold from consideration otherwise payable to any Person pursuant to this Article 2, such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of federal, state, local or foreign Tax law; provided, however, (a) that Purchaser shall provide Seller notice of its intent to withhold at least ten (10) Business Days prior to the anticipated consideration payment date and, in reasonable detail, the authority, basis and method of calculation for the proposed deduction or withholding in order for Sellers to (i) obtain reduction of, or relief from, such deduction or withholding from the applicable Taxing Authority and/or (ii) execute and deliver to, or file with, such Taxing Authority and/or Purchaser such affidavits, certificates and other documents as may reasonably be expected to afford to Sellers reduction of or relief from such deduction or withholding, and (b) Purchaser shall use commercially reasonable efforts to cooperate with Sellers and shall take any action reasonably requested by Sellers to eliminate, mitigate or reduce such deduction or withholding. If Purchaser made such deduction and withholding, such amounts shall be treated for all purposes of this Agreement as having been paid to Sellers. Purchaser shall furnish to Sellers official receipts (or copies thereof), to the extent provided, evidencing the payment of any such Taxes.

Section 2.07 Other Post-Closing Payments.

(a) Purchaser hereby agrees that, promptly (and in any event within five (5) Business Days) following the receipt by CPVI or any of its Affiliates after Closing of the $[***] fee [***] payable by [***] to CPVI or its Affiliates pursuant to [***], Purchaser shall pay or cause to be paid to GIP II CPV 2, as additional consideration for the CPVI Shares, by wire transfer of immediately available funds to an account designated in writing by GIP II CPV 2, an amount in cash equal to the [***] on after-tax basis (determined by multiplying (x) the [***] by (y) one (1) *minus* the highest combined federal and state income tax rate (expressed as a decimal) applicable to a corporation doing business in the state of [***] at the time the [***] is received by CPVI, taking into account the deductibility of state income taxes for federal income tax purposes), which amount shall be treated as additional Purchase Price paid to GIP II CPV 2 in respect of the CPVI Shares. From and after the Closing, Purchaser shall not, and shall cause CPVI and its Affiliates not to, amend, amend and restate, modify, or terminate the Training and Support Agreement in any manner that would reasonably be expected to adversely affect CPVI's or its Affiliates right to receive the [***] or the timing of payment thereof to CPVI or its Affiliates.

(b) Purchaser hereby agrees that, promptly (and in any event within five (5) Business Days) following the receipt by CPV Power Holdings LP or any of its Affiliates after Closing of any amounts payable to CPV Power Holdings LP or its Affiliates pursuant to (i) Section 2.02(b) of that certain Purchase and Sale Agreement, dated as of August 21, 2020, by and between CPV Power Holdings LP and [***], *less* the amount of the [***] and the [***] (each as defined in that certain Purchase and Sale Agreement, dated as of August 21, 2020, by and between [***] and [***] relating to the [***]) (ii) Section 2.02(b) of that certain Purchase and Sale Agreement, dated as of August 21, 2020, by and between CPV Power Holdings LP and [***], *less* the amount of the [***] and the [***] (each as defined in that certain Purchase and Sale Agreement, dated as of August 21, 2020, by and between [***] and[***] relating to the [***]), and (iii) the corresponding provisions of any other Contracts entered into by CPV Power Holdings LP or its Affiliate after the date hereof and prior to Closing relating to the sale or syndication of an up to 7.5% equity interest in CPV Three Rivers held by CPV Power Holdings LP or its Affiliate (such amounts, collectively, the "[***]"), Purchaser shall pay or cause to be paid to GIP II CPV, as additional consideration for the CPV Power Holdings Interests, by wire transfer of immediately available funds to an account designated in writing by GIP II CPV, an amount in cash equal to the [***], which amounts shall be treated as additional Purchase Price paid to GIP II CPV in respect of the CPV Power Holdings Interests. From and after the Closing, Purchaser shall not, and shall cause CPV Power Holdings LP and its Affiliate not to, amend, amend and restate, modify, or terminate the any agreement described in clauses (i) - (iii) above in any manner that would reasonably be expected to adversely affect CPV Power Holding LP's or its Affiliates right to receive the [***] or the timing of payment thereof to CPV Power Holdings LP or its Affiliates.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as disclosed in the Seller Disclosure Schedule, each Seller hereby represents and warrants to Purchaser, as of the date hereof and as of the Closing Date, as to itself and its Acquired Companies, as follows:

Section 3.01 Organization and Existence. Such Seller is a limited partnership, organized under the Laws of Delaware. Such Seller has all requisite power and authority to enter into this Agreement and consummate the transactions contemplated hereby. Such Seller is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization. Such Seller is duly qualified or licensed to do business in each other jurisdiction where the actions required to be performed by it hereunder makes such qualification or licensing necessary, except in those jurisdictions where the failure to be so qualified or licensed would not, individually or in the aggregate, reasonably be expected to have a Seller Material Adverse Effect.

Section 3.02 Authorization. The execution, delivery and performance by such Seller of this Agreement and the other agreements and instruments to be delivered hereunder, and the consummation by such Seller of the transactions contemplated hereby and thereby, have been duly authorized by all necessary action on the part of such Seller and, if applicable, its general partner. This Agreement has been duly executed and delivered by such Seller. This Agreement constitutes (assuming the due execution and delivery by Purchaser and Purchaser GP) a valid and legally binding obligation of such Seller, enforceable against such Seller in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

Section 3.03 Governmental Consents; Litigation. No consent, approval, license, permit, order, waiver, notification or authorization (each, a "Consent") of, or registration, declaration, notification or filing (each, a "Filing") with, any Governmental Entity is required to be obtained or made by such Seller which has not been obtained or made by such Seller in connection with the execution and delivery of this Agreement and the other agreements and instruments to be delivered hereunder by such Seller and the consummation by such Seller of the transactions contemplated hereby and thereby, other than (a) the Governmental Entity authorizations, approvals and actions set forth in Section 3.03 of the Seller Disclosure Schedule (the "Sellers' Required Consents") and (b) other Consents and Filings the failure of which to obtain or make would not, individually or in the aggregate, reasonably be expected to have a Seller Material Adverse Effect or a Material Adverse Effect. No legal action, suit, arbitration, governmental investigation or other legal, judicial or administrative proceeding is pending or, to the Knowledge of Sellers, threatened, against any Seller or any of their respective Affiliates that would, individually or in the aggregate, reasonably be expected to have a Seller Material Adverse Effect or a Material Adverse Effect.

Section 3.04 Noncontravention. The execution, delivery and performance of this Agreement and the other agreements and instruments to be delivered hereunder (including, if applicable, the Seller Note, the Pledge Agreement and the Indemnification Agreement) by such Seller does not, and, subject to receipt of the Sellers' Required Consents, the consummation by such Seller of the transactions contemplated hereby and thereby will not contravene, conflict with or violate any provision of (a) the Organizational Documents of such Seller, (b) any mortgage, lease, franchise, license, permit, agreement or other instrument to which such Seller is a party or by which such Seller is bound, or result in the termination or acceleration thereof, or entitle any party to accelerate any obligation or Indebtedness thereunder, or constitute (with due notice or lapse of time or both) a default (or give rise to any termination, cancellation or acceleration or other required repayment, or any right to the foregoing) thereunder, or (c) any Law to which such Seller is subject, except, in the case of clauses (b) and (c), as would not, individually or in the aggregate, reasonably be expected to have a Seller Material Adverse Effect or a Material Adverse Effect.

Section 3.05 Title to Transferred Interests; Claims.

(a) Such Seller is the direct beneficial and record owner of, and has good and marketable title to, the Transferred Interests owned by it as set forth in Section 3.05(a) of the Seller Disclosure Schedule, free and clear of all Liens, other than Liens arising pursuant to (i) this Agreement, (ii) the Acquired Parent Companies' Organizational Documents or (iii) applicable securities Laws.

(b) Other than this Agreement and the Organizational Documents of the Acquired Parent Companies, the Transferred Interests are not subject to any voting trust agreement or any Contract restricting or otherwise relating to the voting, dividend rights or disposition of the Transferred Interests and no Person has any outstanding or authorized option, warrant or other right relating to the purchase, sale or voting of the Transferred Interests or pursuant to which (i) such Seller is or may become obligated to issue, sell, transfer or otherwise dispose of, redeem or acquire any Transferred Interests or (ii) such Seller has granted, or may be obligated to grant, a right to participate in the profits of any Acquired Parent Company.

(c) Seller and its Affiliates (other than the Acquired Companies) have no Claims against any Acquired Company or JV Entity and, from and after the Closing, no Acquired Company or JV Entity will have any obligations under Contract or otherwise to Seller or its Affiliates, other than as set forth herein or, if applicable, the Seller Note and the Pledge Agreement.

Section 3.06 Brokers. Except as set forth in Section 3.06 of the Seller Disclosure Schedule, neither such Seller nor any of its Affiliates has any liability or obligation to pay fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

Section 3.07 Exclusive Representations and Warranties. Except for the representations and warranties contained in this Article 3 (as modified by the Seller Disclosure Schedule), neither Sellers nor any other Person on their behalf make any other express or implied representation or warranty with respect to Sellers, and Sellers disclaim any other representations or warranties with respect to Sellers, express or implied, whether made by Sellers or any other Person.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES RELATING TO THE ACQUIRED COMPANIES AND THE JV ENTITIES

Except as disclosed in the Seller Disclosure Schedule, each Seller hereby represents and warrants to Purchaser, as of the date hereof and as of the Closing Date, as to itself and its Acquired Companies and JV Entities, as follows:

Section 4.01 Organization and Existence. Each Acquired Company and each JV Entity, (a) is duly organized and validly existing and in good standing under the Laws of its jurisdiction of organization, (b) has all requisite power and authority to own, lease and operate its assets and properties and to carry on its portion of the Business as it is now being conducted and (c) is duly qualified or licensed to do business in each other jurisdiction in which the properties owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except, in the case of this clause (c), where the failure to be so qualified or licensed would not, individually or in the aggregate, reasonably be expected to have a material and adverse effect on the ownership or operation in the ordinary course of the Business as it is currently being conducted by such entity.

Section 4.02 Capitalization. The legal name, jurisdiction of organization and Sellers' or their Subsidiary's ownership of each Acquired Company and each JV Entity is set forth in Section 4.02 of the Seller Disclosure Schedule. Except as set forth in Section 4.02 of the Seller Disclosure Schedule, no Acquired Company or JV Entity owns any direct or indirect Equity Interest, participation or voting right in any other Person or any options, warrants, convertible securities, exchangeable securities, subscription rights, conversion rights, exchange rights, stock appreciation rights, phantom stock, profit participation or other similar rights in or issued by any other Person, and no such interests, securities or rights are outstanding (other than pursuant to this Agreement) in respect of any such Acquired Company or JV Entity.

Section 4.03 Consents. No Consent of or Filing with any Governmental Entity is required to be obtained or made by any Acquired Company or JV Entity which has not been obtained or made by such Acquired Company or JV Entity in connection with the consummation of the transactions contemplated hereby, other than (a) Sellers' Required Consents and (b) other Consents and Filings the failure of which to obtain or make would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or to prevent, materially delay or materially impair the consummation of the transactions contemplated hereby.

Section 4.04 Noncontravention. The execution, delivery and performance of this Agreement and the other agreements and instruments to be delivered hereunder (including, if applicable, the Seller Note and the Pledge Agreement) by each Seller does not, and, subject to such Seller obtaining the Sellers' Required Consents, the consummation of the transactions contemplated hereby and thereby will not, with respect to any Acquired Company or JV Entity, contravene, conflict with or violate any provision of (a) the Organizational Documents of such Acquired Company or JV Entity, (b) except for matters set forth in Section 4.04 of the Seller Disclosure Schedule, any Material Contract (as defined below) to which such Acquired Company or JV Entity is a party or is bound, or result in the termination or acceleration thereof, or entitle any party to accelerate any obligation or Indebtedness thereunder, or constitute (with due notice or lapse of time or both) a default (or give rise to any termination, cancellation or acceleration or other required repayment, or any right to the foregoing) thereunder, or (c) any Law to which such Acquired Company or JV Entity is subject or by which any property or asset of any Acquired Company or JV Entity is bound or affected except, in the case of clauses (b) and (c), as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 4.05 Title to Subsidiaries and JV Entities. Each Acquired Company is the direct legal and beneficial owner of, and has good and marketable title to, the Equity Interests reflected as owned by such Person in Section 4.05 of the Seller Disclosure Schedule, free and clear of all Liens other than those arising pursuant to this Agreement, its respective Organizational Documents, applicable securities Laws, or Permitted Equity Liens. The Equity Interests set forth in Section 4.05 of the Seller Disclosure Schedule (a) are, to the extent applicable, duly authorized, validly issued, fully paid and non-assessable, (b) were issued in compliance with applicable Law, (c) were not issued in breach or violation of any preemptive rights or Contract and (d) other than as set forth in Section 4.05 of the Seller Disclosure Schedule, constitute all of the outstanding Equity Interests of each entity to which such Equity Interests relate. Other than (x) this Agreement and the Organizational Documents of the applicable Acquired Companies and JV Entities, (y) as set forth in Section 4.05 of the Seller Disclosure Schedule and (z) Permitted Equity Liens, such Equity Interests are not subject to any voting trust agreement or any Contract restricting or otherwise relating to the voting, dividend rights or disposition of such interests, and no Person has any outstanding or authorized option, warrant or other right relating to the purchase, sale or voting of such interests or pursuant to which (i) any Acquired Company or JV Entity is or may become obligated to issue, sell, transfer or otherwise dispose of, redeem or acquire any of such interests or (ii) any Acquired Company or JV Entity has granted, or may be obligated to grant, a right to participate in the profits of any Acquired Company or JV Entity. The execution, delivery and performance of this Agreement and the other agreements and instruments to be delivered hereunder by each Seller does not, and, subject to such Seller obtaining the Sellers' Required Consents, the consummation of the transactions contemplated hereby and thereby will not, with respect to any Acquired Company or JV Entity, give any Person the right or option to require and cause an Acquired Company, a JV Entity, Seller, any Affiliate of a Seller, Purchaser or any Affiliate of Purchaser to purchase, acquire and receive an assignment of any Equity Interests in an Acquired Company or JV Entity.

Section 4.06 Financial Statements; Absence of Changes; No Undisclosed Liabilities.

(a) Section 4.06(a) of the Seller Disclosure Schedule sets forth (i) the unaudited consolidated balance sheets of each of CPV Power Holdings LP, CPVI, CPV REC and each JV Entity as of [***] (the "Balance Sheet Date"), together with the unaudited consolidated statements of operations and cash flows of each of CPV Power Holdings LP, CPVI, CPV REC and each JV Entity for the [***], and (ii) the audited (or with respect to CPV Mason Road and CPV Three Rivers, unaudited) consolidated balance sheets of each of CPV Power Holdings LP, CPVI, CPV REC and each JV Entity as of [***], together with the audited (or with respect to CPV Mason Road and CPV Three Rivers, unaudited) consolidated statements of operations and cash flows of each of CPV Power Holdings LP, CPVI, CPV REC and each JV Entity for the years then ended (clauses (i) and (ii), collectively, the "Financial Statements"). The Financial Statements have been prepared in accordance with GAAP consistently applied (other than, with respect to the unaudited Financial Statements, normal recurring year-end adjustments and the absence of footnotes) and from the books and records of the Acquired Companies and the JV Entities on a consistent basis and fairly present in all material respects, the combined financial position and combined results of operations of the Acquired Companies and the JV Entities as of the date thereof or for the period set forth therein.

(b) Except as set forth in Section 4.06(b) of the Seller Disclosure Schedule, since the Balance Sheet Date, (i) the Business has been conducted in accordance with the ordinary course of business consistent with past practices in all material respects, (ii) there has not been any change, event or circumstance relating to the Acquired Companies or, to the Knowledge of Sellers, the JV Entities that, individually or in the aggregate, resulted in, or would reasonably be expected to result in, a Material Adverse Effect and (iii) none of the Acquired Companies or, to the Knowledge of Sellers, the JV Entities has taken any action which, if taken after the date hereof, would require the consent of Purchaser pursuant to Sections 6.02(a)(ii) or (iv) through (x).

(c) Except for liabilities disclosed in Section 4.06(c) of the Seller Disclosure Schedule, as of the date of this Agreement, the Acquired Companies have no liabilities that would be required to be reflected on a balance sheet prepared in accordance with GAAP consistently applied, except for liabilities (i) reflected or reserved against in the Financial Statements or disclosed in the notes thereto, (ii) that have arisen or been incurred in the ordinary course of business of the Acquired Companies or the JV Entities since the Balance Sheet Date, (iii) incurred in connection with the transactions contemplated by this Agreement or (iv) liabilities that are not in excess of $[***] individually or $[***] in the aggregate.

(d) Section 4.06(d) of the Seller Disclosure Schedule sets forth each bank account of the Acquired Companies as of the Closing Date.

Section 4.07 Litigation. Except as disclosed in Section 4.07 of the Seller Disclosure Schedule or as would not reasonably be expected to have a Material Adverse Effect or a Seller Material Adverse Effect, there are no Claims pending or, to the Knowledge of Sellers, threatened, against any Acquired Company or any JV Entity by or before any Governmental Entity or arbitrator.

Section 4.08 Compliance with Laws and Permits. Except as set forth on Section 4.08 of the Seller Disclosure Schedule, (a) the Acquired Companies and the JV Entities in each case that own Operating Facilities are, and have since the Lookback Date been, in compliance in all material respects with all applicable Laws, (b) the Acquired Companies and the JV Entities in each case that own Operating Facilities are not in violation of the terms of any material permits, certificates, licenses, franchises, writs, variances, exemptions, orders and other authorizations of any Governmental Entity, used in the operation of their respective portion of the Business as currently conducted (collectively, "Permits"), (c) the Development Project Companies have all material Permits that are required to own, lease or operate their properties and assets and to conduct their respective portion of the Business as currently conducted, taking into consideration the current stage of development of the Development Projects owned by such Development Project Companies, (d) all material Permits held by Acquired Companies and JV Entities are in full force and effect, and (e) no Claim to revoke, limit or modify any of the material Permits described in clause (d) has been served upon any of the Acquired Companies or the JV Entities, or is pending or, to the Knowledge of Sellers, threatened.

Section 4.09 Contracts.

(a) Other than Contracts with respect to which no Acquired Company or JV Entity will be bound or have liability after the Closing or which are terminable on ninety (90) days or less notice without material penalty, Section 4.09 of the Seller Disclosure Schedule sets forth a list of the following Contracts in effect on the date of this Agreement to which any of the Acquired Companies or JV Entities is a party or by which any of their respective assets are bound (such Contracts listed on Section 4.09 of the Seller Disclosure Schedule, collectively, the "Material Contracts"): [***].

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the term "Material Contracts" shall not include any Contracts by which any Acquired Company or JV Entity obtained (or will hereafter obtain), the right to use or occupy the Real Property (as defined below) or any other real property.

(b) Purchaser has been provided access to true and correct copies of all Material Contracts, including all amendments, exhibits and schedules thereto.

(c) Each Material Contract (other than a Material Contract that terminates or expires by its terms prior to Closing) constitutes the valid and binding obligation of the Acquired Company or JV Entity, as applicable, that is a party thereto and, to the Knowledge of Sellers, the other parties thereto, and is in full force and effect in all material respects, and is enforceable by each of the Acquired Companies or JV Entities to the extent a party thereto in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law). No Acquired Company, or, to the Knowledge of Sellers, any JV Entity or any counterparty to any Material Contract, is in breach, violation or default (or would be in breach, violation or default but for the existence of a cure period) thereof in any material respect, and no event has occurred that with notice or the lapse of time or both constitute a material breach or default or repayment event thereunder by any Acquired Company, or to the Knowledge of Sellers, any JV Entity or any counterparty to any Material Contract. As of the date hereof, no Acquired Company or JV Entity has received written notice from any other party to any Material Contract that such party intends to terminate or not renew any such Material Contract.

Section 4.10 Real Property; Ownership of Assets.

(a) Section 4.10(a) of the Seller Disclosure Schedule sets forth a true and complete list of all real property owned in fee, and all real property in which an option to acquire a fee interest in such real property is held, by any Acquired Company or any JV Entity as of the date of this Agreement that is material to the Operating Facility or Development Project to which such real property relates (the "Owned Real Property"). The Owned Real Property is sufficient in all material respects for the operation of the business as currently conducted.

(b) Section 4.10(b) of the Seller Disclosure Schedule sets forth, as of the date of this Agreement, a true and complete list of all leases, subleases, licenses, and option agreements to acquire any leasehold or subleasehold interests or licenses, and any other similar agreements (including all amendments, modifications, and extensions thereto in effect as of the date hereof, collectively the "Leases") in effect as of the date hereof pursuant to which any Acquired Company or JV Entity leases, uses or occupies, or has the right to occupy, or, pursuant to an option agreement and following the exercise of the option provided thereby, will have the right to lease, use or occupy, any real property as of the date hereof that is material to the Project to which each such Lease relates (the "Leased Real Property"). The Leased Real Property is sufficient in all material respects for the operation of the business as currently conducted, and has been maintained in all material respects in the manner and to the standard required under the applicable Lease. Sellers have provided Purchaser with true and correct copies of all Leases in all material respects. With respect to each Lease, (i) such Lease is in full force and effect and, to the Knowledge of the Sellers, enforceable against each party to such Lease, (ii) there is no existing default by the applicable Acquired Company or JV Entity or, to the Knowledge of Sellers, any other party to such Lease, or to the Knowledge of Sellers, any condition, event or act which, with notice or lapse of time or both, would constitute such a default, except, in each case, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (iii) to the Knowledge of Sellers, there are no material disputes with respect to such Lease, and (iv) the applicable Acquired Company or JV Entity has not collaterally assigned or granted any other security interest in such Lease or any interest therein (other than pursuant to the Financing Facility Documents).

(c) Section 4.10(c) of the Seller Disclosure Schedule sets forth, as of the date of this Agreement, a true and complete list of easement interests in effect as of the date hereof, and any option agreements to acquire any easement interests, pursuant to which any Acquired Company or JV Entity uses or occupies, or has or will have the right to use or occupy any real property as of the date hereof that is material to the Operating Facility or Development Project to which each such easement interest relates (the "Easement Real Property", and together with the Owned Real Property and the Leased Real Property, collectively, the "Real Property").

(d) Except as set forth in Section 4.10(d) of the Seller Disclosure Schedule, the Acquired Companies and JV Entities own and possess (or, following the exercise of an option to acquire a fee, leasehold or easement interest in real property, will own and possess) (i) good, marketable and indefeasible fee simple title to the Owned Real Property; (ii) good and valid leasehold interests in and to the Leased Real Property, provided, however, that no representation is made regarding leasehold interests in oil, gas, mineral and water rights; (iii) good and valid title to all material tangible personal property held by such Acquired Company or JV Entity, as applicable; and (iv) good and valid interests in and to the Easement Real Property, in each case of clauses (i)-(iv), free and clear of all Liens other than Permitted Liens.

(e) Except as set forth in Section 4.10(d) of the Seller Disclosure Schedule, none of the interests of the Acquired Companies or JV Entities in any Real Property is subject to or encumbered by any purchase option, right of first refusal, right of first offer or other similar contractual right or obligation of any Acquired Company or JV Entity to sell, assign or otherwise dispose of such interests in such Real Property.

(f) Neither Sellers nor any of their Affiliates (other than the Acquired Companies and the JV Entities) own any material assets used in the Business as presently conducted.

Section 4.11 Employee Matters.

(a) Section 4.11(a) of the Seller Disclosure Schedule contains a list of each material Benefit Plan. With respect to each material Benefit Plan, Sellers have made available to Purchaser, as applicable, copies of (i) such Benefit Plan, including all amendments thereto, (ii) each trust, insurance, annuity or other funding Contract related thereto, (iii) the most recent financial statements and actuarial or other valuation reports prepared with respect thereto, (iv) the most recent annual reports on Form 5500 required to be filed with the IRS with respect thereto, if any, and (v) the most recent favorable determination letter issued for each Benefit Plan and related trust which is intended to be qualified under Section 401(a) of the Code.

(b) Each Benefit Plan (and any related trust or other funding vehicle) has been maintained, operated and administered in material compliance with applicable Laws and with the terms of such Benefit Plan, and there are no pending or, to the Knowledge of the Sellers, threatened claims, litigations or Governmental Entity audits with respect to any Benefit Plan (other than routine claims for benefits).

(c) No Benefit Plan is, and none of the Acquired Companies nor any ERISA Affiliate has within the prior six (6) years sponsored, contributed to, or had or has any liability with respect to, (i) a multiemployer pension plan (as defined in Section 3(37) or 4001(a)(3) of ERISA) that is subject to Title IV of ERISA, (ii) a "pension plan" (as defined in Section 3(2) of ERISA) that is subject to Section 412 or 430 of the Code or Section 302 or Title IV of ERISA or (iii) a multiple employer welfare arrangement within the meaning of Section 3(40) of ERISA.

(d) No Benefit Plan provides health, medical or other welfare benefits after retirement or other termination of employment to any Acquired Company Employee (other than for continuation coverage required under Section 4980B(f) of the Code or for which the former employee pays the full cost).

(e) Each Benefit Plan that is intended to be qualified within the meaning of Section 401(a) of the Code (i) has received a favorable determination or opinion letter as to its qualification, (ii) has been established under a standardized master and prototype or volume submitter plan for which a current favorable IRS advisory letter or opinion letter has been obtained by the plan sponsor and is valid as to the adopting employer, or (iii) has time remaining under applicable Laws to apply for a determination or opinion letter or to make any amendments necessary to obtain a favorable determination or opinion letter.

(f) Except as set forth in Section 4.11(f) of the Seller Disclosure Schedule, none of the Acquired Companies is a party to any collective bargaining agreements and no labor union represents employees of any Acquired Company. No union certification or decertification petition or proceeding has been filed and, to the Knowledge of Sellers, no union authorization card campaign or other union organizing activity has been conducted relating to employees of an Acquired Company since the Lookback Date. Except as set forth in Section 4.11(f) of the Seller Disclosure Schedule, since the Lookback Date, there have been no strikes, lockouts, slowdowns, picketing, unfair labor practice charges, material grievances or arbitrations or other material labor stoppages or disputes against or affecting any Acquired Company, nor, to the Knowledge of Sellers, are any strikes, lockouts, slowdowns, picketing, unfair labor practice charges, material grievances or arbitrations or other material labor stoppages or disputes pending or threatened. Neither the execution of this Agreement, nor the consummation of the transactions contemplated by this Agreement, will result in any breach of any collective bargaining agreement or employment-related agreement to which any Acquired Company is a party.

(g) No Benefit Plan provides for any "gross-up" or similar payment to any Acquired Company Employee on account of any Tax under Sections 4999 or 409A of the Code.

(h) Each Benefit Plan that constitutes a nonqualified deferred compensation plan within the meaning of Section 409A of the Code has been operated and maintained in operational and documentary compliance in all material respects with Section 409A of the Code and all IRS guidance promulgated thereunder.

(i) Except as set forth on Section 4.11(i)(i), (ii) or (iii), respectively, of the Seller Disclosure Schedule, neither the execution, delivery and performance of this Agreement nor the consummation of the transactions contemplated hereby will, either alone or in combination with any other event, (i) entitle any Acquired Company Employee or natural person consultant of any Acquired Company to severance pay or any other similar termination payment, (ii) accelerate the time of payment or vesting, or increase the amount of or otherwise enhance any benefit due to any such Acquired Company Employee or natural person consultant or (iii) result in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code.

(j) The Acquired Companies have not engaged in layoffs, furloughs or employment terminations, whether temporary or permanent, since January 1, 2020, through the date hereof. The Acquired Companies have no plans to engage in any layoffs, furloughs or employment terminations, whether temporary or permanent, within the next six (6) months.

(k) None of the Acquired Companies has applied for or received a loan under 15 U.S.C. 636(a)(36). The Acquired Companies have complied in all material respects as applicable with the requirements of (i) the Families First Coronavirus Response Act, (ii) any applicable federal, state or local stay-at-home orders (i.e., directives that order residents to stay at home unless performing certain essential activities), (iii) Section 2302 of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and (iv) Sections 2301 and 3606 of the CARES Act.

Section 4.12 Environmental Matters. Except as disclosed in Section 4.12 of the Seller Disclosure Schedule:

(a) the Acquired Companies and the JV Entities are now, and have been since the Lookback Date, in compliance in all material respects with all applicable Environmental Laws;

(b) the Acquired Companies and the JV Entities that own Operating Facilities have obtained all Environmental Permits necessary for the development, construction and operation of such Operating Facilities. The Development Project Companies and CPV Three Rivers have obtained all Environmental Permits, in each case, as are required for the current stage of development or construction, as applicable, for each of the projects owned by such entities. Such Acquired Companies and JV Entities are and have been since the Lookback Date in material compliance with the terms and conditions of such Environmental Permits. No Claim to revoke, limit or modify any of the Environmental Permits obtained by the Operating Facilities, the Development Project Companies or CPV Three Rivers has been served upon any of the Acquired Companies or the JV Entities, or is pending or, to the Knowledge of Sellers, threatened. To the Knowledge of Sellers, there are no facts, circumstances, or conditions that are reasonably likely to result in a Claim to revoke, or materially limit or materially modify any such Environmental Permits;

(c) there are no Claims pending or, to the Knowledge of Sellers, threatened against any Acquired Company or JV Entity alleging any violation of, or liability under, any Environmental Law or Environmental Permit;

(d) none of the Acquired Companies or JV Entities are subject to any administrative or judicial decree, order or judgment pursuant to Environmental Law, including any administrative or judicial decree, order or judgment requiring the investigation or cleanup of any Hazardous Substance at any real property owned or operated currently or since the Lookback Date by the Acquired Companies or the JV Entities;

(e) there have not been any Releases of any Hazardous Substances at the Owned Real Property, the Leased Real Property, or any other real property currently or, to the Knowledge of Sellers, formerly owned, leased or operated by the Acquired Companies or the JV Entities, that are reasonably likely to (i) result in any material obligations or liabilities pursuant to Environmental Law, including any obligation to investigate or remediate such Hazardous Substances or reimburse other Persons for the investigation or remediation of such Hazardous Substances or (ii) materially interfere with or limit the operation of the Business;

(f) none of the Acquired Companies or JV Entities has agreed to stand-alone environmental indemnification obligations (excluding general indemnification obligations under contracts or agreements for the sale of equity in any JV Entity) for material liabilities of any other Person arising pursuant to Environmental Law or with respect to Hazardous Substances in connection with the sale or conveyance by any Acquired Company of any real property, business or entity, excluding any such obligations under agreements that have expired or been terminated; and

(g) with respect to the Acquired Companies and the JV Entities, Sellers have made available to Purchaser copies of the final versions of all material environmental assessments, reports, studies, results of investigations and audits relating to actual or potential environmental liabilities or compliance or noncompliance with applicable Environmental Laws or Environmental Permits, and all material outstanding orders, decrees and judgments relating to Environmental Law, that are in their possession or are reasonably available to them.

Section 4.13 Taxes.

(a) (i) All income and other material Tax Returns required to be filed by any Acquired Companies and the JV Entities have been filed when due in accordance with applicable Law and all such Tax Returns were true, correct and complete in all material respects, (ii) all material Taxes, whether or not shown as due and payable on a Tax Return, of the Acquired Companies and of the JV Entities, have been paid within the time required by Law, (iii) there is no action, suit, proceeding, investigation, audit or Claim now pending or threatened in writing with respect to any material Tax of the Acquired Companies or the JV Entities, (iv) there are no outstanding agreements extending the statutory period of limitation applicable to any Claim for, or the period for the collection or assessment of, material Taxes of the Acquired Companies or the JV Entities, (v) the Acquired Companies and the JV Entities have timely and properly collected, withheld and remitted to the Taxing Authority to whom such payment is due all amounts required to be collected or withheld by them for the payment of Taxes, (vi) there are no Liens for any Taxes upon the assets of the Acquired Companies, or the JV Entities other than Permitted Liens, (vii) CPV Power Holdings GP and CPV Power Holdings LP are each properly classified as a "disregarded entity" for U.S. federal income Tax purposes, (viii) CPV Power Holdings LP is not treated as a "publicly traded partnership" within the meaning of Section 7704(b) of the Code and (ix) and the classification of each Acquired Company and each JV Entity for U.S. federal income tax purposes is correctly set forth in Section 4.13(a) of the Seller Disclosure Schedule.

(b) No claim has been made by a Taxing Authority in a jurisdiction where the Acquired Companies or the JV Entities, do not file Tax Returns that the Acquired Companies or the JV Entities are or may be subject to taxation by that jurisdiction.

(c) Neither CPVI, CPV REC nor any of their Subsidiaries have been a member of an affiliated group filing a consolidated federal income Tax Return or any similar group for federal, state, local or foreign Tax purposes (other than a group the common parent of which is CPVI or CPV REC, as applicable).

(d) The Acquired Companies and the JV Entities are not a party to, and do not have any liability under, any Tax sharing, Tax allocation, Tax indemnity, or similar agreement or arrangement (other than any agreement entered into in the ordinary course of business the primary purpose of which is not related to Taxes).

(e) No Person will be required to include any item of income in, or exclude any item of deduction from, taxable income with respect to the Acquired Companies or any of the JV Entities for any taxable period (or portion thereof) beginning after the Closing Date as a result of (i) any “closing agreement” as described in Section 7121 of the Code (or any comparable, analogous or similar provision under any state, local or foreign Tax Law) executed on or before the Closing Date, (ii) any installment sale or open transaction disposition made on or before the Closing Date, (iii) an election pursuant to Section 108(i) of the Code made on or before the Closing Date, (iv) the application of Section 965 of the Code, (v) any prepaid amount received on or before the Closing Date, (vi) any adjustment under Section 481(a) of the Code (or any comparable, analogous or similar provision under any state, local or foreign Tax Law) by reason of a change in method of accounting initiated on or before the Closing Date or (vii) Section 952 of the Code related to subpart F income realized during a taxable period that begins on or before the Closing Date.

(f) None of the Acquired Companies or any of the JV Entities has entered into, participated in or engaged in any “listed transaction” as defined in Treasury Regulations section 1.6011-4(b) (or any comparable, analogous or similar provision under any state, local or foreign Tax Law).

(g) (i) [***] executed a contract with [***] on August 5, 2020 for the manufacture of a main power transformer [***], a true and correct copy of which has been provided to Purchaser, (ii) pursuant to the [***], the [***] is required to complete the manufacturing of certain components specified in the [***] on or prior to December 31, 2020, (iii) [***] has made all payments to the [***] as and when required by the [***], (iv) the [***] has not been modified or amended from the time of its execution by [***] and (v) no default, breach, unsatisfied condition or other event has occurred or circumstance exists that constitutes or that, with the giving or notice or the passage of time (including the passage of time during which a default has occurred and has not yet been cured during any applicable grace period) or both, would constitute a breach or grounds for termination with respect to the [***].

(h) (i) [***] executed a contract with [***] on August 25, 2020 for the manufacture of a main power transformer [***], a true and correct copy of which has been provided to Purchaser, (ii) pursuant to the [***], the [***] is required to complete the manufacturing of certain components specified in the [***] on or prior to December 31, 2020, (iii) [***] has made all payments to the [***] as and when required by the [***], (iv) the [***] has not been modified or amended from the time of its execution by [***] and (v) no default, breach, unsatisfied condition or other event has occurred or circumstance exists that constitutes or that, with the giving or notice or the passage of time (including the passage of time during which a default has occurred and has not yet been cured during any applicable grace period) or both, would constitute a breach or grounds for termination with respect to the [***].

Section 4.14 Brokers. None of the Acquired Companies or the JV Entities has any liability or obligation to pay fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement.

Section 4.15 Intercompany Obligations. Except as set forth in Section 4.15 of the Seller Disclosure Schedule and, following the Closing this Agreement and (if applicable), the Seller Note and the Pledge Agreement, no Contracts or other liabilities exist between any of the Acquired Companies or JV Entities, on the one hand, and Sellers or any of their respective Affiliates (other than the Acquired Companies or JV Entities), on the other hand, that will continue in effect following the Closing.

Section 4.16 Insurance. Section 4.16 of the Seller Disclosure Schedule sets forth a list, as of the date hereof, of all material insurance policies maintained by any Acquired Company or JV Entity with respect to which such Acquired Company or JV Entity, respectively, is a named insured or otherwise the beneficiary of coverage (collectively, the "Insurance Policies"). Such Insurance Policies are in full force and effect on the date of hereof and all premiums due on such Insurance Policies have been paid. As of the date hereof, no written notice of cancellation, non-renewal, disallowance or reduction in coverage or Claim or termination, nor any written notice of breach or default under any such Insurance Policy, has been received by any Acquired Company or JV Entity, and, to the Knowledge of Sellers, no such action has been threatened.

Section 4.17 Intellectual Property. Except as set forth in Section 4.17 of the Seller Disclosure Schedule, the Acquired Companies and the JV Entities own, free and clear of all Liens (other than Permitted Liens) or possess adequate licenses or other valid rights to use all existing software, trade secrets, technology, patents, trademarks, trade names, service marks, materials subject to copyright Laws, and other intangible intellectual property rights currently used in the Business (the "Intellectual Property"), except where the failure to do so would not, individually or in the aggregate, reasonably be expected to be material to the operation of its portion of the Business. Except as would not individually or in the aggregate, reasonably be expected to be material to the operation of the Business as currently conducted, (a) none of the Acquired Companies or JV Entities has received any written notice or other written communication that any of the Acquired Companies or JV Entities is infringing any Intellectual Property of any other Person and (b) to the Knowledge of Sellers, (i) no Person is infringing upon any Intellectual Property of any Acquired Company or JV Entity in any material respect and (ii) none of the Acquired Companies or JV Entities is infringing upon any Intellectual Property of any other Person in any material respect. The Acquired Companies take commercially reasonable measures to protect the material trade secrets, personally identifiable information and other confidential information, as well as the information systems, possessed by the Acquired Companies. To the Knowledge of Sellers, the Acquired Companies have incurred no material confidentiality, privacy or information system security breaches, nor any material information system outages or deficiencies, since the Lookback Date. The Acquired Companies are, and have since the Lookback Date been, in compliance in all material respects with their respective privacy policies and contractual obligations regarding data privacy and security.

Section 4.18 Regulatory Matters.

(a) Each of the Acquired Companies and JV Entities set forth on Section 4.18(a) of the Seller Disclosure Schedule meets the requirements for, and has filed a self-certification with FERC to be, an "exempt wholesale generator" within the meaning of PUHCA.

(b) Each of the Acquired Companies and JV Entities set forth on Section 4.18(b) of the Seller Disclosure Schedule has received authorization from FERC pursuant to Section 205 of the Federal Power Act to sell electric energy, capacity and ancillary services at wholesale and at market-based rates under a tariff accepted by FERC (an "MBR Tariff") and issuance of a final and non-appealable order by FERC providing for such authorization and MBR Tariff acceptance, which order is not subject to any pending challenge, investigation, complaint, or other proceeding, as set forth on Section 4.18(b) of the Seller Disclosure Schedule or except as would not reasonably be expected to result in a Material Adverse Effect. Each of the Acquired Companies and JV Entities has been granted such waivers and blanket authorizations (including blanket authorization to issue securities and to assume liabilities under Section 204 of the Federal Power Act, as amended, and Part 34 of FERC's regulations) as are customarily granted to entities authorized by FERC to sell electric energy, capacity and ancillary services at wholesale and at market-based rates.

(c) None of the Acquired Companies or JV Entities that own an Operating Facility is subject to, or not exempt from, regulation as a "holding company" under PUHCA, as that term is defined in PUHCA, other than as a holding company of an EWG and Section 1265 of PUHCA.

Section 4.19 Exclusive Representations and Warranties. Except for the representations and warranties contained in this Article 4 (as modified by the Seller Disclosure Schedule), neither Sellers nor any other Person on their behalf makes any express or implied representation or warranty with respect to any Acquired Company or JV Entity or the transactions contemplated by this Agreement, and Sellers disclaim any other representations or warranties, express or implied, whether made by Sellers or any other Person.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Except as disclosed in the Purchaser Disclosure Schedule, Purchaser hereby represents and warrants to Sellers, as of the date hereof and as of the Closing Date, as follows:

Section 5.01 Organization and Existence. Each of Purchaser and OPC Power Ventures is a limited partnership organized, and Purchaser GP is a corporation incorporated, under the Laws of the state of Delaware. Each of Purchaser and Purchaser GP has all requisite power and authority required to enter into this Agreement and consummate the transactions contemplated hereby. Each of Purchaser, OPC Power Ventures and Purchaser GP is duly organized, validly existing and in good standing in its jurisdiction of organization or incorporation, as applicable. Each of Purchaser, OPC Power Ventures and Purchaser GP is duly qualified or licensed to do business in each other jurisdiction where the actions required to be performed by it hereunder make such qualification or licensing necessary, except in those jurisdictions where the failure to be so qualified or licensed would not reasonably be expected to result in a material adverse effect on Purchaser's, OPC Power Ventures's or Purchaser GP's ability to perform its obligations hereunder or to consummate the transactions contemplated hereby.

Section 5.02 Authorization. The execution, delivery and performance by each of Purchaser, OPC Power Ventures and Purchaser GP of this Agreement and the other agreements and instruments to be delivered hereunder, as applicable, and the consummation by Purchaser, OPC Power Ventures and Purchaser GP of the transactions contemplated hereby and thereby, have been duly authorized by all necessary action on the part of Purchaser, OPC Power Ventures and Purchaser GP, respectively. This Agreement has been duly executed and delivered by Purchaser and Purchaser GP. This Agreement constitutes (assuming the due execution and delivery by Sellers) a valid and legally binding obligation of each of Purchaser and Purchaser GP, enforceable against Purchaser and Purchaser GP in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

Section 5.03 Consents. No Consent of, or Filing with, any Governmental Entity which has not been obtained or made by Purchaser, OPC Power Ventures or Purchaser GP is required to be obtained or made by Purchaser, OPC Power Ventures or Purchaser GP in connection with the execution and delivery of this Agreement and the other agreements and instruments to be delivered hereunder by Purchaser, OPC Power Ventures or Purchaser GP and the consummation by Purchaser, OPC Power Ventures and Purchaser GP of the transactions contemplated hereby and thereby, other than (a) the Governmental Entity authorizations, approvals and actions set forth in Section 5.03 of the Purchaser Disclosure Schedule (the "Purchaser's Required Consents") and (b) other Consents and Filings the failure of which to obtain or make would not reasonably be expected to result in a material adverse effect on Purchaser's, OPC Power Ventures's or Purchaser GP's ability to perform its obligations hereunder or to consummate the transactions contemplated hereby.

Section 5.04 Guarantee. The Purchaser Parent Guarantee is in full force and effect, has not been amended or modified, and is a legal, valid, binding and enforceable obligation of the Purchaser Guarantor. As of the date hereof, no event has occurred which, with or without notice, lapse of time, or both, would constitute a default on the part of the Purchaser Guarantor under the Purchaser Parent Guarantee.

Section 5.05 Noncontravention. The execution, delivery and performance of this Agreement and the other agreements and instruments to be delivered hereunder (including, if applicable, the Seller Note, the Pledge Agreement and the Indemnification Agreement) by each of Purchaser, OPC Power Ventures and Purchaser GP, as applicable, does not, and, subject to obtaining the Purchaser's Required Consents, the consummation by Purchaser or Purchaser GP of the transactions contemplated hereby and thereby will not contravene or violate any provision of (a) the Organizational Documents of Purchaser, OPC Power Ventures or Purchaser GP, (b) any mortgage, lease, franchise, license, permit, agreement or other instrument to which Purchaser, OPC Power Ventures or Purchaser GP is a party or by which Purchaser or Purchaser GP is bound, or result in the termination or acceleration thereof, or entitle any party to accelerate any obligation or Indebtedness thereunder, or constitute (with due notice or lapse of time or both) a default (or give rise to any termination, cancellation or acceleration or other required repayment, or any right to the foregoing) thereunder or (c) any Law to which Purchaser, OPC Power Ventures or Purchaser GP is subject or by which any property or asset of Purchaser or Purchaser GP is bound except, in the case of clauses (b) and (c), as would not, individually or in the aggregate, reasonably be expected to result in a material adverse effect on Purchaser's, OPC Power Ventures's or Purchaser GP's ability to perform its obligations hereunder or to consummate the transactions contemplated hereby.

Section 5.06 Litigation. There are no Claims pending or, to Purchaser's Knowledge, threatened, against or otherwise relating to Purchaser, OPC Power Ventures or Purchaser GP or any of their Affiliates before any Governmental Entity or any arbitrator, that would, individually or in the aggregate, reasonably be expected to result in a material adverse effect on Purchaser's, OPC Power Ventures's or Purchaser GP's ability to perform its obligations hereunder or to consummate the transactions contemplated hereby. Each of Purchaser, OPC Power Ventures and Purchaser GP is not subject to any judgment, decree, injunction, rule or order of any Governmental Entity or any arbitrator that prohibits the consummation of the transactions contemplated by this Agreement or would, individually or in the aggregate, reasonably be expected to result in a material adverse effect on Purchaser's, OPC Power Ventures's or Purchaser GP's ability to perform its obligations hereunder or to consummate the transactions contemplated hereby.

Section 5.07 Compliance with Laws. Each of Purchaser, OPC Power Ventures and Purchaser GP is not in violation of any applicable Law, except for violations that would not, individually or in the aggregate, reasonably be expected to result in a material adverse effect on Purchaser's, OPC Power Ventures's or Purchaser GP's ability to perform its obligations hereunder or to consummate the transactions contemplated hereby.

Section 5.08 Brokers. Neither Purchaser nor any of its Affiliates (including OPC Power Ventures and Purchaser GP) has any liability or obligation to pay fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which Sellers or their respective Affiliates or, following the Closing, any Acquired Company or JV Entity, could become liable or obliged.

Section 5.09 Investment Intent. Purchaser acknowledges that neither the offer nor the sale of the Transferred Interests has been registered under the U.S. Securities Act of 1933, as amended (together with the rules and regulations promulgated thereunder, the "Securities Act"), or under any state or foreign securities laws. Purchaser is acquiring the Transferred Interests for its own account for investment, without a view to, or for a resale in connection with, the distribution thereof in violation of the Securities Act or any applicable state or foreign securities laws and with no present intention of distributing or reselling any part thereof. Purchaser will not so distribute or resell any of the Transferred Interests in violation of any such Laws.

Section 5.10 Available Funds; Source of Funds. Purchaser and OPC Power Ventures has, or will have at the Closing, sufficient cash or other sources of immediately available funds to pay in cash the cash portion of the Estimated Purchase Price in accordance with Article 2 and for all other actions necessary for Purchaser to consummate the transactions contemplated in this Agreement. Purchaser represents and warrants that all funds paid to Sellers shall not have been derived from, or constitute, either directly or indirectly, the proceeds of any criminal activity under the anti-money laundering Laws of the United States or any other applicable jurisdiction. Purchaser has delivered to each Seller a true, complete and correct copy of (a) the subscription agreement between OPC Power Ventures LP, a Delaware limited partnership ("OPC Power Ventures"), and Purchaser (the "Power Ventures Subscription Agreement"), pursuant to which OPC Power Ventures has agreed, subject to the terms and conditions contained in such Power Ventures Subscription Agreement, to acquire limited partnership interests in Purchaser at or before the Closing, the consideration for which will be used by Purchaser to fund the Purchase Price, and (b) one or more subscription agreements (each, an "Investor Subscription Agreement" and, together with the Power Ventures Subscription Agreement, the "Subscription Agreements") between OPC Power Ventures and each of [***] and Purchaser Guarantor (collectively, the "Investors"), pursuant to which each such Investor has agreed, subject to the terms and conditions contained in each such Investor Subscription Agreement, to acquire (directly or indirectly) limited partnership interests in OPC Power Ventures at or before the Closing, the consideration with respect to each such Investor Subscription Agreement will be used by OPC Power Ventures to fund a portion of its obligation under the Power Ventures Subscription Agreement. Each Subscription Agreement is in full force and effect and is a legal, valid and binding obligation of the counterparty thereto; provided, that Sellers are made an express third party beneficiary of (i) the Power Ventures Subscription Agreement for the sole purpose of enforcing the Power Ventures Subscription Agreement against OPC Power Ventures on behalf of Purchaser and (ii) the Investor Subscription Agreement of Purchaser Guarantor for the sole purpose of enforcing such Investor Subscription Agreement against Purchaser Guarantor on behalf of OPC Power Ventures. Each Subscription Agreement is enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law). As of the date hereof, no Subscription Agreement has been withdrawn, terminated, repudiated, rescinded, amended, supplemented or modified, in any respect, and no such withdrawal, termination, repudiation, rescission, amendment, supplement or modification is contemplated. There are no side letters and (except for the Subscription Agreements) there are no agreements, contracts, arrangements or understandings, whether written or oral, with the counterparties thereto or any other Person relating to the equity financing or other financial support that is the subject of such Subscription Agreement that, in each case, could permit such counterparty to reduce its commitments with respect to such equity financing or other financial support. Purchaser and OPC Power Ventures, as applicable, has fully paid all commitment fees or other fees in connection with the Subscription Agreements that are payable on or prior to the date hereof. In no event shall the receipt by, or the availability of any funds or financing to, OPC Power Ventures or Purchaser or any of its Affiliates or any other financing be a condition to Purchaser's obligation to consummate the transactions contemplated hereunder. Purchaser has delivered to Sellers as of the date hereof a true, correct and complete copy of the Organizational Documents of Purchaser and OPC Power Ventures, in each case, as in effect on such date, together with all amendments thereto.

Section 5.11 Investigation. Purchaser is a sophisticated entity, knowledgeable about the industry in which the Acquired Companies and JV Entities operate, experienced in investments in such businesses and able to bear the economic risk associated with the purchase of the Transferred Interests. Purchaser has such knowledge and experience as to be aware of the risks and uncertainties inherent in the purchase of interests of the type contemplated in this Agreement, as well as Knowledge of the Acquired Companies and JV Entities and their operations in particular, and has independently made its own analysis and decision to enter into this Agreement. Purchaser has had access to the books, records, of the Acquired Companies and JV Entities and senior management of CPVI, including all documents made available to Purchaser in the electronic data-room established by Sellers, for purposes of conducting Purchaser's due diligence investigation of the Acquired Companies and JV Entities. Purchaser has been granted the opportunity to ask questions of, and receive answers from, Representatives of Sellers concerning the Transferred Interests, Acquired Companies, JV Entities, Operating Facilities and Development Projects.

Section 5.12 Disclaimer Regarding Projections. Purchaser may be in possession of certain projections and other forecasts regarding the Acquired Companies, JV Entities, Operating Facilities or Development Projects, including projected financial statements, cash flow items and other data of the Acquired Companies and JV Entities and certain business plan information of the Acquired Companies and JV Entities. Purchaser acknowledges that there are substantial uncertainties inherent in attempting to make such projections and other forecasts and plans, that Purchaser is not relying on such projections and other forecasts and plans, that Purchaser is familiar with such uncertainties, that Purchaser is taking full responsibility for making its own evaluation of the adequacy and accuracy of all projections and other forecasts and plans so furnished to it, and Purchaser shall not have any Claim against any Person with respect thereto. Accordingly, Purchaser acknowledges that, without limiting the generality of Section 3.07 or Section 4.19, neither Sellers nor any of their respective Affiliates, Representatives, agents or advisors has made any representation or warranty with respect to such projections and other forecasts and plans.

Section 5.13 Legal Impediments. To the Knowledge of Purchaser, subject to receipt of the Purchaser's Required Consents, there are no facts relating to Purchaser, any applicable Law or any Contract to which Purchaser is a party that would disqualify, prevent or materially impair Purchaser from acquiring the Transferred Interests or obtaining joint control of the Acquired Companies or becoming an minority equity owner of any JV Entity on or prior to the Outside Date.

Section 5.14 Exclusive Representations and Warranties. Purchaser acknowledges that except for the representations and warranties contained in Article 3 with respect to Sellers and Article 4 with respect to the Acquired Companies and the JV Entities, as applicable (in each case, as modified by the Seller Disclosure Schedule and subject to Section 6.09), neither Sellers nor any other Person on their behalf, makes any other express or implied representation or warranty with respect to Sellers, the Acquired Companies, the JV Entities or the transactions contemplated by this Agreement, and Sellers disclaims, and Purchaser acknowledges and agrees that it is not relying on and disclaims any such reliance on, any other representations or warranties, whether made by Sellers, the Acquired Companies, the JV Entities or any of their respective Affiliates or Representatives.

ARTICLE 6
COVENANTS

Section 6.01 Information Pending Closing. From the date of this Agreement until the earlier of the Closing or the termination of this Agreement pursuant to Section 10.01 (the "Interim Period"), Sellers shall provide Purchaser and its Representatives as to the Acquired Companies (and shall use Commercially Reasonable Efforts to provide as to the JV Entities), as reasonably requested by Purchaser (x) information to the extent such information is readily available to Sellers or can be obtained by Sellers without any unreasonable interference with the Business or operations of Sellers, the Acquired Companies or the JV Entities and (y) reasonable access at reasonable times and upon reasonable prior notice during normal business hours, to the officers, properties and books and records of the Acquired Companies and the JV Entities, but only to the extent such access does not unreasonably interfere with the Business or operations of Sellers, the Acquired Companies or the JV Entities. Notwithstanding the foregoing, Sellers shall not be required to provide any information (a) which Sellers reasonably believe they, the Acquired Companies or the JV Entities are prohibited from providing to Purchaser by reason of applicable Law, which, based on advice of Counsel, constitutes or allows access to information protected by attorney/client privilege, or which Sellers, the Acquired Companies or the JV Entities are required to keep confidential or prevent access to by reason of any Contract with a third party, (b) relating to pricing or other matters that are highly sensitive if the exchange of such documents (or portions thereof) or information, as determined by counsel, (c) relating to any potential sale of any of the Acquired Companies or the Equity Interest in any JV Entity to any other Person, provided that the Parties will use commercially reasonable efforts to make appropriate substitute disclosure arrangements, or seek appropriate waivers or consents, under circumstances in which the restrictions of clause (a) of this sentence apply. Notwithstanding anything contained herein, during the Interim Period, (i) Purchaser shall not be permitted to contact any of Sellers, the Acquired Companies' or the JV Entities' respective equity owners, officers, employees, vendors, customers or suppliers without receiving prior written authorization from Sellers, other than unrelated to the transactions contemplated by this Agreement, and (ii) Sellers shall be entitled to take, or cause or permit any Acquired Company or JV Entity to take, any COVID Actions which may limit Purchaser's physical access which it would otherwise be entitled to undertake as set forth herein (provided Sellers are treated substantially the same as other third parties with respect to such COVID Actions). All information provided pursuant to this Section 6.01 shall be subject to the Confidentiality Agreement (as defined below). Notwithstanding anything in this Agreement to the contrary, prior to the Closing, Purchaser and its Representatives shall not be permitted to perform any environmental sampling at any Real Property, including sampling of soil, groundwater, surface water, building materials or air or wastewater emissions.

Section 6.02 Conduct of Business Pending the Closing.

(a) Except as contemplated by this Agreement or otherwise consented to in writing by Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed), during the Interim Period, Sellers shall cause each Acquired Company (and shall use Commercially Reasonable Efforts to cause each JV Entity) to (i) subject to any COVID Action, operate in the ordinary course of business consistent with past practices in all material respects and (ii) use commercially reasonable efforts to (A) preserve, maintain and protect the assets and properties of the Acquired Companies (and use Commercially Reasonable Efforts to preserve, maintain and protect the assets and properties of the JV Entities), and keep intact their respective business organizations and goodwill, and keep available the services of their respective officers and key employees, (B) maintain all material Permits, and (C) maintain all material relationships with customers, suppliers, Governmental Entities and others having business relationships with them. Without limiting the foregoing, except (w) as otherwise contemplated by this Agreement or in connection with any Permitted Financing, (x) actions taken by CPVI in its capacity as asset manager under any Asset Management Agreement, (y) as set forth in Section 6.02(a) of the Seller Disclosure Schedule or (z) actions consented to in writing by Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed), during the Interim Period, Sellers shall cause each of the Acquired Companies, and shall use Commercially Reasonable Efforts to cause each of the JV Entities, not to do the following:

(i) sell, lease, transfer, encumber, convey or otherwise dispose of any assets, other than (A) in the ordinary course of business in an amount not in excess of $[***] in the aggregate, (B) sales, transfers, conveyances or other dispositions of obsolete fixtures, equipment and tangible personal property, (C) sales of electricity, capacity, RECs, ancillary services and transfers or dispositions of assets in the ordinary course of business (including sales of fuel permitted under the risk management policies of the JV Entities), (D) sales of fuel in the ordinary course of business, or (E) Permitted Liens or Permitted Financings;

(ii) merge or consolidate with any other Person or acquire all or substantially all of the assets of any other Person;

(iii) enter into, terminate, materially amend, grant any waiver of any material term under, grant any material consent with respect to, or fail to comply in any material respect with, any Material Contract or Contract that would be a Material Contract if in existence on the date hereof (other than pursuant to any Permitted Financing or entry into Contracts for the purchase or sale of fuel in the ordinary course of business);

(iv) issue, reserve for issuance, pledge or otherwise encumber, redeem or sell any of its Equity Interests (other than pursuant to any Permitted Financing);

(v) liquidate, dissolve or otherwise wind up its business or operations (other than the dissolution of [***];

(vi) purchase any Equity Interests of any Person;

(vii) amend or modify its respective Organizational Documents (other than in connection with any Permitted Financing);

(viii) except as required by changes in applicable Law or GAAP, change any material accounting method;

(ix) effect any recapitalization, reclassification or other change in its capitalization (other than pursuant to any Permitted Financing);

(x) engage in any material new line of business, other than additional services in the context of the provision of asset management services to third parties (including the provision of additional energy management services);

(xi) other than any Indebtedness solely between Acquired Companies, create, incur or assume any Indebtedness other than in the ordinary course of business (which includes any Permitted Financing);

(xii) waive, release, compromise or settle any Claim, in each case in an amount in excess of $[***] (in the aggregate for all Claims) or in a manner that is otherwise materially adverse to the Business of the Acquired Companies and the JV Entities, taken as a whole;

(xiii) fail to maintain, cancel or materially change coverage under any material Insurance Policy;

(xiv) settle or compromise any material liability for Taxes, amend any material Tax Return, adopt or change in any material respect any method of accounting for Tax purposes, make any material Tax election, or enter into any closing agreement with respect to any material Tax, in each case, that would materially increase the Taxes of any Acquired Company or JV Entity except, in each case, as required by applicable Law;

(xv) except (A) to the extent required by applicable Law, (B) to the extent required by any Benefit Plan as in effect on the date of this Agreement, or (C) in the ordinary course of business and consistent with past practices, in the case of Acquired Company Employees who are not a senior vice president or higher position of any Acquired Company, (i) grant any increase in compensation, benefits or severance pay, (ii) adopt, enter into or amend any Benefit Plan; (iii) take any action to fund or in any other way secure the payment of compensation or benefits under any Benefit Plan or accelerate the vesting, or the lapsing of any restrictions with respect to, or payment of any compensation or benefit under any Benefit Plan or (iv) hire or engage, or terminate the employment or engagement (other than for cause) of, any Acquired Company Employee or natural person consultant of any Acquired Company with an annual base compensation that exceeds $[***];

(xvi) enter into or modify in any material respect, terminate, cancel, renew or assign any material Permit other than (A) in the ordinary course of business or (B) any such Permit that will expire or be satisfied in full prior to the Closing;

(xvii) purchase or otherwise acquire any real property or any interest therein (other than any lease or easement entered into in the ordinary course of business, provided that such lease or easement shall not (A) provide for rental payments in excess of $[***] annually or (B) in the case of any office lease, have a lease term in excess of [***]);

(xviii) make any material change to the accounts receivable or accounts payable policies of the Business related to the JV Entities, including policies relating to timing of payments, collections, extensions of credit, or credit terms; or

(xix) agree or commit to do any of the foregoing.

(b) Notwithstanding Section 6.02(a) or any other provision herein, the Acquired Companies may take commercially reasonable actions (whether or not permitted by Section 6.02(a)) as reasonably required to comply with applicable Laws or in response to any emergency situations which are reasonably likely to threaten human health or the material assets of the Acquired Companies (provided that any such action shall be limited in the reasonable judgment of the Sellers for no longer than, and for no broader scope than, is required by any such emergency); provided, that Sellers shall, to the extent practicable (i) give advance written notice to Purchaser of such actions to be taken by any Acquired Company or, to the Knowledge of Sellers, any JV Entity, and shall in any event use reasonable best efforts give written notice within forty-eight (48) hours after such actions and (ii) shall consider in good faith the views of Purchaser in respect thereof prior to taking of such actions.

(c) Nothing contained in this Section 6.02(a) is intended to give Purchaser the right to control or direct the Business or the operations of the Acquired Companies or the JV Entities prior to the Closing. Prior to the Closing, Sellers and the Acquired Companies shall exercise complete control and supervision over the Business and the operations of the Acquired Companies.

Section 6.03 Tax Matters.

(a)

(i) Pre-Closing Tax Returns. Purchaser shall prepare in a manner consistent with past practice (except as otherwise required by applicable Law) and timely file, or shall cause to be prepared and timely filed, all Tax Returns in respect of the Acquired Companies that relate to taxable periods ending on or before the Closing Date but that are required to be filed after the Closing Date and all Tax Returns in respect of the Acquired Companies that relate to a Straddle Period. If any such Tax Return prepared by Purchaser is expected to result in a change to the Closing Date Working Capital Amount, Purchaser shall provide a copy of such Tax Return to Sellers at least twenty (20) Business Days prior to the due date for the filing of such Tax Return for Sellers' review and comment. Purchaser shall reflect any reasonable comments that Sellers submit to Purchaser no less than five (5) Business Days prior to the due date of such Tax Returns.

(ii) Straddle Period Taxes. For purposes of this Agreement, the portion of any Tax with respect to a Straddle Period that is allocable to the portion of the taxable period ending on the Closing Date will be: (i) in the case of all real property Taxes, personal property Taxes and similar ad valorem Taxes, deemed to be the amount of such Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of calendar days of such Straddle Period in the Pre-Closing Tax Period and the denominator of which is the number of calendar days in the entire Straddle Period, and (ii) in the case of all other Taxes, determined as though the taxable year of the relevant entity terminated at the close of business on the Closing Date.

(b) Cooperation. Purchaser and Sellers shall cooperate fully, and shall cause their respective Affiliates to cooperate fully, as and to the extent reasonably requested by any Party, in connection with the filing of Tax Returns and any Tax contest or other proceeding with respect to such Tax Returns. Such cooperation shall include the retention and (upon a Party's request) the provision of records and information which are reasonably relevant to any such Tax contest or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The requesting Party shall reimburse the cooperating Parties for all reasonable costs and expenses incurred by such cooperating Parties.

(c) Transfer Taxes. All Transfer Taxes arising out of, or in connection with, the sale of the Transferred Interests shall be borne [***]. Purchaser and Sellers shall cooperate in good faith to minimize, to the extent permissible under applicable Law, the amount of any such Transfer Taxes. Purchaser shall file, and Sellers shall cooperate with the filing of, all Tax Returns required to be filed to report Transfer Taxes imposed on or with respect to the transactions contemplated by this Agreement.

(d) Transaction Tax Deductions. Notwithstanding anything in this Agreement to the contrary, the Parties agree that all Transaction Tax Deductions arising on or prior to the Closing Date have been or will be incurred before the Closing, and except as otherwise required by Law, the Parties agree to, and agree to cause their respective Affiliates to, treat for all Tax purposes all such Transaction Tax Deductions as deductions allocable to Pre-Closing Tax Periods.

(e) Intended Tax Treatment. [***].

(f) Purchase Price Allocation. [***].

(g) Acquired Partnerships. [***].

(h) Post-Closing Actions. Purchaser and its Affiliates (including on or after the Closing Date, the Acquired Companies) shall not (i) amend an income Tax Return of an Acquired Company for any taxable period ending on or prior to the Closing Date, (ii) file any ruling or request with any Governmental Entity that relates to income Taxes or Tax Returns of an Acquired Company for any taxable period ending on or prior to the Closing Date, (iii) enter into any voluntary disclosure with any Governmental Entity regarding any income Tax or Tax Returns of an Acquired Company for any taxable period ending on or prior to the Closing Date, or (iv) make any Tax election with respect to an Acquired Company that relates to, or is retroactive to, any taxable period ending on or prior to the Closing Date, in each case, without the prior written consent of the applicable Seller (such consent not to be unreasonably withheld, conditioned or delayed), if any such action would have the effect of increasing a Tax liability or decreasing a Tax asset of Sellers (including by increasing a Tax liability or decreasing a Tax asset included in the calculation of Closing Date Working Capital Amount).

(i) Tax Proceedings. Purchaser agrees that in the event of any Tax audit, investigation or other proceeding with respect to a Pre-Closing Tax Period that could result in a Tax liability or adjustment with respect to the Tax obligations of any Seller or its director or indirect owners (a "Pass-Through Tax Proceeding") Purchaser shall, and shall cause the applicable Acquired Partnership to, promptly notify Sellers of such Pass-Through Tax Proceeding. Purchaser agrees that Sellers shall have the right to control, to the extent within the power of the Purchaser under the terms of the applicable limited liability company agreement, any such Pass-Through Tax Proceeding, and Purchaser shall have the right to participate in such proceeding, and Sellers shall not settle or compromise any such Pass-Through Tax Proceeding without Purchaser's consent, such consent not to be unreasonably withheld, conditioned or delayed.

Section 6.04 Confidentiality; Publicity.

(a) Purchaser acknowledges that the information being provided to it in connection with this Agreement and the consummation of the transactions contemplated hereby is subject to the terms of a confidentiality agreement, dated as of [***], by and between OPC Energy LTD. and CPV Power Holdings LP, as amended by Amendment No. 1 thereto, dated as of [***], as further amended by Amendment No. 2 thereto, dated as of [***] (the "Confidentiality Agreement"), the terms of which are incorporated herein by reference. Effective upon, and only upon, the Closing, the Confidentiality Agreement shall terminate with respect to information relating solely to the Acquired Companies and the JV Entities. Each Seller acknowledges that it shall not, and it shall cause its Affiliates not to, for a period of [***] after the Closing Date, disclose any Confidential Information (as defined in the Confidentiality Agreement) which relates to the Acquired Companies or the JV Entities to anyone other than Purchaser, except (i) for any such information that does not relate primarily to the Acquired Companies or JV Entities or which is requested by any Governmental Entity or that is required by applicable Law to be disclosed by it in connection with any Claim, and then, if permitted by Law, only after such Seller has given written notice to Purchaser of its obligation to disclose such information so that Purchaser may waive compliance with the provisions of this Section 6.04(a) or be given an opportunity to obtain an appropriate protective order with respect to such disclosure, and Sellers shall reasonably cooperate with Purchaser in connection with obtaining such protective order; provided that, if in the absence of a protective order or the receipt of a waiver from Purchaser, such Seller has been advised by legal counsel that it is required to disclose such information, such Seller may disclose such information, and (ii) notwithstanding anything to the contrary contained in this Section 6.04, each such Seller and its Affiliates may, without the prior consent of Purchaser, issue any non-public release or statement or otherwise disclose Confidential Information, including information with respect to this Agreement, the Transaction Documents or the transactions contemplated hereby or thereby (including the Purchase Price and other terms of the Agreement or the Transaction Documents), to any of their respective Affiliates, representatives, current and potential lenders, and current and potential investors, in each case which are subject to fiduciary obligations or contractual confidentiality obligations with respect to such information disclosed to them.

(b) None of Purchaser, Sellers, or any of their respective Affiliates shall make any public announcement or issue any public communication regarding this Agreement or the transactions contemplated hereby, or any matter related to the foregoing, without first obtaining the prior consent of Sellers or Purchaser, as applicable (which consent shall not be unreasonably withheld, conditioned or delayed), except if such announcement or other communication is required by Law or legal process (including rules of any national securities exchange or stock exchange), applicable to the Parties or their Affiliates, in which case Sellers or Purchaser, as applicable, shall use its or their reasonable best efforts to coordinate or communicate such announcement or communication with Sellers or Purchaser, as applicable, prior to announcement or issuance; provided, however, that, subject to Section 6.04(a), each Party and its Affiliates may make internal announcements regarding this Agreement and the transactions contemplated hereby to their and their Affiliates' respective directors, officers, employees, legal and accounting advisors, current and potential lenders, and current and potential investors without the consent of the other Party; and provided, further, that, subject to Section 6.01 and Section 6.04(a), the foregoing shall not prohibit any Party from communicating with third parties to the extent necessary for the purpose of seeking any third party consent.

Section 6.05 Post-Closing Books and Records. Following the Closing and subject to Section 6.04(a), Sellers and their respective Affiliates shall be entitled to retain copies (at Sellers' [***]) of any such books, records and other documents which pertain solely to the ownership or operation by Sellers of the Business, the Acquired Companies and the JV Entities.

Section 6.06 Expenses. Except as otherwise provided in this Agreement, whether or not the Closing takes place, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses, including any fees, expenses or other payments incurred or owed by a Party to any brokers, financial or legal advisors or comparable other persons retained or employed by such Party in connection with the transactions contemplated by this Agreement.

Section 6.07 Further Actions.

(a) During the Interim Period, subject to the terms and conditions of this Agreement, each Party agrees to use reasonable best efforts (except where a different efforts standard is specifically contemplated by this Agreement, in which case such different standard shall apply) to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement in an expeditious manner.

(b) The Parties will use their respective reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to obtain (x) the Required Consents, (y) any Consents of third parties to Contracts with the Acquired Companies or the JV Entities, as applicable; provided, that, Sellers shall be responsible for the payment of any consent fees or other fees due under due under the such Contracts in connection with obtaining such Consents, and (z) any Filings or Consents with or from any Governmental Entity, including (i) preparing and filings as soon as practicable (and in any event, within ten (10) Business Days following the date of this Agreement) all necessary Filings required to be made with the United States Federal Trade Commission and the Antitrust Division of the United States Department of Justice under the HSR Act and any other applicable antitrust or competition Laws with respect to the transactions contemplated by this Agreement; provided, that, without limiting the foregoing, the Parties shall request and shall use reasonable best efforts to obtain early termination of the waiting period under the HSR Act; provided, further, Purchaser shall be responsible for the payment of any filing fees due under the HSR Act, (ii) preparing and filing as soon as practicable (and in any event, within fifteen (15) Business Days following the date of this Agreement) all necessary Filings required to be made with the Federal Energy Regulatory Commission under Section 203 of the Federal Power Act, as amended, which shall be submitted to FERC in a form mutually acceptable to the Parties, (iii) as soon as practicable (and in any event, within fifteen (15) Business Days following the date of this Agreement) preparing and filing a draft notice pursuant to the CFIUS Statute with regard to the transactions contemplated by this Agreement and, after receipt of confirmation that CFIUS has no further comment to the draft notice, promptly submitting a final notice in accordance with the CFIUS Statute; provided, further, that Purchaser shall pay the filing fee for the notice submitted pursuant to the CFIUS Statute, (iv) preparing and filing as soon as practicable all other Filings or Consents with or from any Governmental Entity or other Person that are required to be filed or obtained in order to consummate the transactions contemplated hereby, (v) assuring that all such Filings are in material compliance with the requirements of applicable Laws, (vi) making available to the other party such information as the other party may reasonably request in order to complete the Filings or to respond to information requests by any relevant Governmental Entity, (vii) subject to applicable legal limitations and the instructions of any Governmental Entity, keeping each other apprised of the status of matters relating to the completion of the transactions contemplated thereby, including but not limited to promptly furnishing the other with copies of notices or other communications, Filings or correspondence between the Parties, or any of their respective Subsidiaries, and any Governmental Entity (or members of their respective staffs) with respect to the transactions, (viii) responding to and complying with, as promptly as reasonably practicable, any request for information or documentary material regarding the transactions from any relevant Governmental Entity (including responding to any "second request" for additional information or documentary material under the HSR Act as promptly as reasonably practicable), (ix) ensuring the prompt expiration or termination of any applicable waiting period and clearance or approval by any relevant Governmental Entity, including defense against, and the resolution of, any objections or challenges, in court or otherwise, by any relevant Governmental Entity preventing consummation of the transactions, (x) taking all actions necessary to cause all conditions set forth in Article 7 to be satisfied as soon as practicable and (xi) executing and delivering any additional instruments necessary to fully carry out the purposes of this Agreement.

(c) Prior to communicating any information to any Governmental Entity (or members of their respective staffs) in oral or written form, each Party shall permit counsel for the other Parties a reasonable opportunity to review and provide comments thereon, and consider in good faith the views of the other Parties in connection with, any proposed communication to any Governmental Entity (or members of their respective staffs) to the extent permitted by applicable Law. Each of Purchaser and Sellers agree not to participate in any meeting or discussion, either in person, by telephone or by other electronic means, with any Governmental Entity in connection with the proposed transaction unless it consults with each other Party in advance and, to the extent not prohibited by such Governmental Entity or by applicable Law, gives each other Party the opportunity to attend and participate where appropriate and advisable under the circumstances.

(d) Notwithstanding anything to the contrary contained in this Agreement, Purchaser and its Affiliates shall commit to any and all divestitures, licenses, hold separate or similar arrangements, conduct of business restrictions, mitigation measures, national security agreements, letters of assurance and other actions and non-actions with respect to its assets and businesses as a condition to obtaining any and all Consents from Governmental Entities, as promptly as practicable, but in no event later than the Outside Date, including committing to take any and all actions necessary in order to ensure that (x) no requirement for non-action, a waiver, consent or approval of the United States Federal Trade Commission, the Antitrust Division of the United States Department of Justice, any State Attorney General, CFIUS or other Governmental Entity, (y) no decree, judgment, injunction, temporary restraining order or any other order in any suit or proceeding, and (z) no other matter relating to any antitrust or competition law or regulation, would preclude the occurrence of the Closing by the Outside Date. Purchaser shall not, without the written consent of Sellers, "pull-and-refile" pursuant to 16 C.F.R. 803.12 any Filing made under the HSR Act, or take any similar action before any other Governmental Entity without the prior written approval of Sellers.

(e) Except as required by applicable Law, neither Party shall enter into any agreement with any Governmental Entity agreeing not to consummate the transactions contemplated by this Agreement.

(f) Subject to the compliance of the Parties with this Section 6.07, Purchaser, on the one hand, and Sellers, on the other hand, shall not have any liability whatsoever to the other Parties arising out of or relating to the failure to obtain any Consents or make any Filings, or because of the termination of, or default under, any Contract, in each case to the extent such Consents, Filings or Contracts are listed on Section 3.03 of the Seller Disclosure Schedule, Section 4.03 of the Seller Disclosure Schedule or Section 5.03 of the Purchaser Disclosure Schedule.

Section 6.08 No Solicitation; Alternative Transactions. During the Interim Period, neither Sellers nor any Acquired Company shall, and Sellers shall cause their Affiliates and Representatives not to, directly or indirectly, encourage, solicit, participate in or initiate discussions or negotiations with, or provide any information to, any Person or group (other than any Party or any Affiliate, associate or designee of any Party) concerning any proposal for the sale, merger, combination, joint venture or other transaction involving all or any part of the Transferred Interests or the assets of the Acquired Companies, other than as reasonably required in connection with any Permitted Financing and providing information in connection the transaction contemplated hereby in accordance with the terms hereof.

Section 6.09 R&W Insurance Policy. [***].

Section 6.10 Employee Matters.

(a) [***].

(b) From and after the Closing, Purchaser [***].

(c) Purchaser shall use commercially reasonable efforts to [***].

(d) Sellers hereby covenant and agree that during the period beginning on the Closing Date and ending on the [***] of the Closing Date, each Seller will not, and will cause its Affiliates not to, without the prior consent of Purchaser, directly or indirectly, (i) recruit, induce or solicit for employment or engagement as a consultant, independent contractor or other service provider, or in any manner attempt to recruit, induce or solicit for employment or engagement as a consultant, independent contractor or other service provider, any individual who is or was an Acquired Company Employee as of the date of this Agreement; (ii) induce or attempt to induce any such Acquired Company Employee from leaving the employ or engagement as a consultant, independent contractor or other service provider of any Acquired Company, Purchaser or any of its Affiliates, or in any way interfere with the relationship between any Acquired Company, Purchaser or any of its Affiliates, on the one hand, and any such an Acquired Company Employee, on the other hand; or (iii) hire or engage as a consultant, independent contractor or other service provider any such Acquired Company Employee as a consultant, independent contractor or other service provider; provided, however, nothing in this Section 6.10(d) shall prohibit any Seller or its Affiliates from, directly or indirectly, engaging in general advertisements or solicitations not specifically directed at or targeting any such Acquired Company Employee and hiring any Acquired Company Employee who has been terminated by the Acquired Companies without cause.

(e) All provisions contained in this Section 6.10 are included for the sole benefit of the Parties. This Agreement is not intended by the Parties to, and nothing herein shall, (i) constitute an amendment to any Benefit Plan or any Purchaser Plan or (ii) confer on any Acquired Company Employee or any other Person (other than the Parties) any rights or remedies (including any right to employment or other service relationship or any third-party beneficiary rights).

Section 6.11 IFRS Financial Statements; Cooperation.

(a) During the Interim Period, Sellers shall, and shall cause the Acquired Companies to, use commercially reasonably efforts to cooperate with any reasonable request by Purchaser to provide financial information relating to the Acquired Companies and JV Entities to the extent reasonably necessary or required to enable Purchaser and its Affiliates to comply with their reporting obligations under applicable law, rule, regulation and stock exchange rules. In furtherance of the foregoing, Sellers shall, and shall cause the Acquired Companies to, use commercially reasonably efforts to provide to Purchaser, upon request, the following:

(i) combined, consolidated financial statements for the Acquired Parent Companies, including (x) balance sheets as of [***]and, when available, [***] and (y) statements of changes in equity, income statement, cash flow statement for each of the years ended [***] and, when available, [***], in each case with customary notes thereto and prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), and audited by KPMG LLP, a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative, a Swiss entity ("KPMG"), in accordance with International Audit Standards ("ISAs"), together with such combined, consolidated financial information for any relevant interim period (including prior year) which has been reviewed by KPMG in accordance with ISAs (which interim information is expected to be required for the period ending [***] and for subsequent annual and quarterly periods during the Interim Period). Such financial information (A) for years ended [***] must be provided within sixty (60) days following execution of this Agreement and (B) for the year ended on [***] must be provided within fifty (50) days of year end and for [***] for such quarter and year to date period (and prior year period) within thirty-five (35) days from the end of the period;

(ii) the audit and review opinions issued by KPMG and delivered pursuant to Section 6.11(a)(i) will permit public filing and publication of such opinions and reviews as required under applicable law, regulation and stock exchange rules;

(iii) financial information related to each Acquired Company and JV Entity prepared under IFRS to enable the Purchaser to determine whether any of such companies are significant associated companies for purposes of reporting requirements applicable to Purchaser; provided, that in the event that any such JV Entity will be considered significant under standards applicable to Purchaser or its Affiliates, Sellers shall cause the Acquired Companies and use Commercially Reasonable Efforts to cause such JV Entities to prepare such annual financial statements (audited under ISAs by a "big-four" audit firm) and quarterly financial statements (reviewed under ISAs by a "big-four" audit firm) as Purchaser or its Affiliates reasonably required to comply with reporting obligations under applicable law, rule, regulation or stock exchange rule; and

(iv) other reasonable assistance to Purchaser and its Affiliates to enable them to comply with reporting requirements under applicable law, rule, regulation and stock exchange rule, including making the Acquired Parent Companies' accounting personnel and independent auditor available for cooperation in connection with the above described reporting requirements.

(b) During the Interim Period, at Purchaser's sole costs and expense, Sellers shall, and shall cause the Acquired Companies to, use commercially reasonable efforts to provide (and direct their respective Representatives to use commercially reasonable efforts to provide) all cooperation reasonably requested by Purchaser in writing necessary for the arrangement of any financing to fund the acquisition of the Acquired Parent Companies (provided, that such requested cooperation does not unreasonably interfere with the ongoing operations of the Acquired Parent Companies or any of their Affiliates), including using reasonable efforts to (i) cause senior management and other employees with appropriate seniority to participate (by telephone or videoconference only, and such senior management or other employees shall not be required to participate in any in-person meetings or travel to any such meetings) in a reasonable number of meetings with prospective investors, underwriters or others, presentations road shows, due diligence sessions, at reasonable times and with reasonable advance notice; (ii) provide reasonable and customary assistance in the preparation of customary marketing documents for any such financing; (iii) furnish, to the extent available, customary due diligence materials, financial data and such other financial information regarding the Businesses of the Acquired Companies and JV Entities; provided, that in the case of clause (ii) and this clause (iii), Sellers and the Acquired Companies shall not be required to provide or furnish (and Purchaser shall be solely responsible for) (A) the preparation of pro forma financial information, (B) any description of the proposed financing, and (C) any projections, risk factors and other forward-looking statements; provided, further, that Sellers shall have the right to review and comment on any offering documents, private placement memoranda, prospectuses and similar documents in respect of any such financing; (iv) requesting the independent accountants of the Acquired Companies and JV Entities to provide reasonable and customary assistance and cooperation in connection with any such financing, including providing customary consents and participating in a reasonable number of customary due diligence sessions (at reasonable times and with reasonable advance notice) and review of offering materials; and (v) furnish upon written request any documentation and other information reasonably required by a Governmental Entity under applicable "know your customer" and anti-money laundering rules and regulations; provided, in the case of the foregoing, (1) none of Sellers or, prior to the Closing, any of the Acquired Companies shall be required to incur any liability in connection with the financing contemplated by this Section 6.11, (2) the pre-Closing board of directors, board of managers, and general partner, as applicable, of the Acquired Companies, shall not be required to adopt resolutions approving or authorizing any agreements, documents or instruments in connection with the financing, (3) none of Sellers or, prior to the Closing, the Acquired Companies shall be required to take any corporate or other action, or execute any financing documents, including any notes, indentures, credit agreements, pledges, security documents, certificates, legal opinions or other documents in connection with the financing, and (4) none of Sellers or any Acquired Company shall be required to take any action that would reasonably be expected to result in a breach of any representation, warranty or covenant of Sellers under this Agreement. None of Sellers or any Acquired Company shall have any liability to Purchaser in respect of any financial statements, other financial information or data, or any other information provided pursuant to this Section 6.11. Except as otherwise provided in Article 4, Purchaser specifically acknowledges that Sellers have made no representation or warranty, and that Purchaser has not relied on any representation or warranty, as to any financial statements, other financial information or data, or any other information provided pursuant to this Section 6.11.

(c) Purchaser shall, promptly upon request by the Acquired Parent Companies, reimburse by the Acquired Companies and their respective Affiliates and Representatives for all reasonable out-of-pocket costs, fees and expenses incurred by them in connection any such cooperation required under this Section 6.11. The costs of all accounting and other advisors involved, at the request of any Party, in the preparation of financial statements and all other information provided pursuant to this Section 6.11 shall be borne solely by the Purchaser.

(d) Notwithstanding anything to the contrary in this Agreement, the condition set forth in Section 7.02(a), as it applies to Sellers' obligations under this Section 6.11, shall be deemed satisfied unless Sellers have knowingly and willfully materially breached an obligation under this Section 6.11. In no event shall the receipt by, or the availability of any funds or financing to, Purchaser or any of its Affiliates or any other financing be a condition to Purchaser's obligation to consummate the transactions contemplated hereunder.

Section 6.12 [***]. At or prior to the Closing, Sellers shall cause CPV Power Holdings to contribute to [***] an amount in cash equal to [***] in accordance with the [***]. In connection with, and subject to receipt by [***] of such capital contribution, CPV Power Holdings shall direct the beneficiary of the [***] to deliver the original [***] to GIP II CPV or its representative for cancellation and take such other actions as are necessary to cause Sellers and their respective Affiliates, as applicable, to be fully and unconditionally released from any obligations thereunder.

Section 6.13 [***]. At or prior to the Closing, Sellers shall cause [***] to pay all amounts necessary (including all outstanding principal and interest) to cause the full repayment and satisfaction of all obligations of [***] under that certain Credit Agreement, dated as of [***], among [***]and the other parties thereto (as such agreement may be amended, modified or refinanced in connection with a Permitted Financing) (the "[***]"). At least two (2) Business Days prior to the Closing Date, Sellers shall obtain and deliver to Purchaser a customary payoff letter in connection with the full repayment and satisfaction of the [***], which payoff letter shall contain the name and account number of each Person to which any portion of payoff amount shall be due and payable at the Closing and containing the portion of such payoff amount to be paid to each such Person at the Closing, and make arrangements for the delivery of, subject to the receipt of the applicable payoff amounts, customary lien releases, as applicable, to Purchaser as soon as practicable after the Closing.

ARTICLE 7
CONDITIONS TO CLOSING

Section 7.01 Conditions to Each Party's Obligations. The obligation of each Party to consummate the Closing is subject to the satisfaction (or waiver by such Party) on or prior to the Closing of each of the following conditions:

(a) HSR Act. The waiting period under the HSR Act shall have expired or been terminated.

(b) CFIUS Review. The CFIUS Approval has been obtained.

(c) Other Required Consents. Each of the Required Consents set forth on [***] shall have been obtained and be in full force and effect.

(d) No Injunction or Prohibition. No Governmental Entity shall have issued any order, decree or ruling or taken any other action, in each case which is in effect, restraining, enjoining or otherwise prohibiting the consummation of any of the transactions contemplated by this Agreement.

Section 7.02 Conditions to Obligations of Purchaser. The obligation of Purchaser to consummate the Closing is subject to the satisfaction (or waiver by Purchaser) on or prior to the Closing Date of each of the following additional conditions:

(a) Covenants of Sellers. Sellers shall have performed in all material respects each of their covenants and agreements set forth in this Agreement required to be performed by them at or prior to the Closing.

(b) Representations and Warranties of Sellers. (i) The representations and warranties of Sellers set forth in Article 3 and Article 4 (other than the representations set forth in [***] (collectively, the "Seller Fundamental Representations")) shall be true and correct (disregarding all qualifications set forth therein relating to materiality or Material Adverse Effect) in all respects at and as of the date hereof and as of the Closing Date (except that those representations and warranties that are made as of a specific date need only be true and correct in all respects as of such date), except where the failure of such representations and warranties to be true and correct would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and (ii) the Seller Fundamental Representations shall be true and correct at and as of the date hereof and as of the Closing Date (except (i) that those representations and warranties that are made as of a specific date need only be true and correct as of such date and (ii) [***] inaccuracies).

(c) Officer's Certificate of Sellers. Each Seller shall have delivered to Purchaser a certificate, dated as of the Closing Date, executed on behalf such Seller by an authorized officer thereof, certifying that the conditions specified in Section 7.02(a) and Section 7.02(b) have been fulfilled.

(d) Material Adverse Effect. Since the date of this Agreement, no change, event or effect shall have occurred and be continuing that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

(e) Contractual Consents. All of the Consents set forth on Section 7.02(e) of the Purchaser Disclosure Schedule shall have been obtained.

(f) Closing Documents. Sellers shall have delivered to Purchaser all agreements, instruments and documents required to be delivered by Sellers under Section 2.04(a).

Section 7.03 Conditions to Obligations of Sellers. The obligation of Sellers to consummate the Closing is subject to the satisfaction (or waiver by Sellers) on or prior to the Closing Date of each of the following additional conditions:

(a) Covenants of Purchaser. Purchaser shall have performed in all material respects each of its covenants and agreements set forth in this Agreement required to be performed by it at or prior to the Closing, including the delivery to Sellers of all amounts required to be paid by Purchaser at the Closing under Section 2.02.

(b) Representations and Warranties of Purchaser. (i) The representations and warranties of Purchaser set forth in Article 5 (other than the representations and warranties set forth in Sections 5.01, 5.02 and 5.08 (collectively, the "Purchaser Fundamental Representations")) shall be true and correct (disregarding all qualifications set forth therein relating to materiality or material adverse effect) in all respects at and as of the date hereof and as of the Closing Date (except that those representations and warranties that are made as of a specific date need only be true and correct in all respects as of such date), except where the failure of such representations and warranties to be true and correct would not, individually or in the aggregate, have a material adverse effect on the ability of Purchaser to consummate the transactions contemplated hereby, and (ii) the Purchaser Fundamental Representations shall be true and correct as of the date hereof and as of the Closing Date (except (i) that those representations and warranties that are made as of a specific date need only be true and correct as of such date and (ii) for *de minimis* inaccuracies).

(c) Officer's Certificate of Purchaser. Purchaser shall have delivered to Sellers a certificate, dated as of the Closing Date, executed on behalf of Purchaser by an authorized officer thereof, certifying that the conditions specified in Section 7.03(a) and Section 7.03(b) have been fulfilled.

(d) Closing Documents. Purchaser shall have delivered to Sellers all agreements, instruments and documents required to be delivered by Purchaser under Section 2.04(b).

Section 7.04 Frustration of Closing Conditions. Neither of Purchaser nor Sellers may rely on the failure of any condition set forth in this Article 7 to be satisfied if such failure was caused by such Party's failure to act in good faith or to comply with its obligations under Section 6.07. All conditions to the Closing shall be deemed to have been satisfied or waived from and after the Closing.

ARTICLE 8
SURVIVAL AND RELEASE

Section 8.01 No Survival of Representations and Warranties. None of the representations, warranties, covenants or agreements in this Agreement or in any instrument, document or certificate delivered pursuant to this Agreement (other than the Seller Note and the Pledge Agreement) shall survive the Closing, except for (a) the Seller Fundamental Representations and the Purchaser Fundamental Representations, which shall survive for a period of two (2) years after the Closing Date and (b) those covenants and agreements contained herein and therein which by their terms expressly apply in whole or in part after the Closing and then only to such extent and until such covenants and agreements have been fully performed. In furtherance of the foregoing, except as set forth in Section 8.05, each Party hereby waives on behalf of itself and its Affiliates and its and their respective Representatives, from and after the Closing, to the fullest extent permitted under applicable Law, any and all rights, Claims and causes of action it may have against any Party relating to this Agreement based upon predecessor or successor liability, contribution, tort, strict liability or any Law or otherwise, in each case, other than with respect to actual and intentional fraud, with respect to the representations and warranties set forth in this Agreement.

Section 8.02 "As Is" Sale; Release.

(a) EXCEPT FOR ANY REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN Article 3 AND Article 4, THE TRANSFERRED INTERESTS ARE BEING TRANSFERRED TO PURCHASER "AS IS, WHERE IS," AND SELLERS AND THEIR RESPECTIVE AFFILIATES (INCLUDING THE ACQUIRED COMPANIES) EXPRESSLY DISCLAIM (AND PURCHASER ACKNOWLEDGES THAT IT HAS NOT RELIED ON) ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO LIABILITIES, OPERATIONS, BUSINESS AND ASSETS (INCLUDING TITLE, CONDITION, VALUE OR QUALITY THEREOF) OF THE ACQUIRED COMPANIES, THE JV ENTITIES OR THE PROSPECTS (FINANCIAL AND OTHERWISE), RISKS AND OTHER INCIDENTS OF THE ASSETS OF THE ACQUIRED COMPANIES, THE JV ENTITIES, OR THEIR RESPECTIVE ASSETS (INCLUDING TITLE, CONDITION, VALUE OR QUALITY THEREOF). SELLERS AND THEIR RESPECTIVE AFFILIATES (INCLUDING THE ACQUIRED COMPANIES) EXPRESSLY DISCLAIM, AND PURCHASER HEREBY WAIVES, ANY REPRESENTATION OR WARRANTY OF QUALITY, MERCHANTABILITY, NON-INFRINGEMENT, USAGE, OR SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE ASSETS OF THE ACQUIRED COMPANIES OR THE JV ENTITIES (OR ANY PORTION THEREOF) OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, OR COMPLIANCE WITH ENVIRONMENTAL REQUIREMENTS, OR AS TO THE CONDITION OF THE ASSETS OF THE ACQUIRED COMPANIES OR THE JV ENTITIES (OR ANY PORTION THEREOF), INCLUDING WHETHER THE ACQUIRED COMPANIES AND THE JV ENTITIES POSSESS SUFFICIENT REAL PROPERTY OR PERSONAL PROPERTY TO OPERATE THE BUSINESS, IN EACH CASE EXCEPT AS EXPRESSLY SET FORTH IN Article 3 AND Article 4. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS EXPRESSLY PROVIDED HEREIN, NO MATERIAL OR INFORMATION PROVIDED BY OR COMMUNICATIONS MADE BY OR ON BEHALF OF SELLERS, THE ACQUIRED COMPANIES OR ANY OF THEIR RESPECTIVE AFFILIATES OR BY ANY REPRESENTATIVE, AGENT, ATTORNEY, ADVISOR, CONSULTANT, ACCOUNTANT, BROKER OR INVESTMENT BANKER OF SELLERS, INCLUDING ANY INFORMATION OR MATERIAL CONTAINED IN THE CONFIDENTIAL INFORMATION PRESENTATION OR ANY MANAGEMENT PRESENTATION RECEIVED BY PURCHASER, ITS AFFILIATES OR THEIR RESPECTIVE REPRESENTATIVES (IN EACH CASE, INCLUDING ANY SUPPLEMENTS THERETO), INFORMATION PROVIDED DURING DUE DILIGENCE (INCLUDING INFORMATION IN ANY "VIRTUAL DATA ROOM"), AND ANY ORAL, WRITTEN OR ELECTRONIC RESPONSE TO ANY INFORMATION REQUEST PROVIDED TO PURCHASER, ITS AFFILIATES OR THEIR RESPECTIVE REPRESENTATIVES, WILL CAUSE OR CREATE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, CONDITION, VALUE OR QUALITY OF THE TRANSFERRED INTERESTS, THE ASSETS OF THE ACQUIRED COMPANIES AND THE JV ENTITIES THAT IS NOT SET FORTH HEREIN.

(b) NO PARTY SHALL HAVE, AND EACH PARTY EXPRESSLY WAIVES, ANY RIGHT TO RECOVER ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE OR EXEMPLARY LOSSES, DAMAGES, COSTS, EXPENSES OR LIABILITIES AS A RESULT OF ANY BREACH BY ANY OTHER PARTY OF ANY REPRESENTATION, WARRANTY, COVENANT, AGREEMENT OR OBLIGATION HEREUNDER, EXCEPT IN THE CASE OF ACTUAL AND INTENTIONAL FRAUD.

(c) Effective as of the Closing, Purchaser, for itself and its Affiliates and their respective successors, assigns, executors, heirs, officers, directors, managers, partners and employees (each a "Releasor"), hereby irrevocably, knowingly and voluntarily releases, discharges and forever waives and relinquishes all Claims, demands, obligations, liabilities, defenses, affirmative defenses, setoffs, counterclaims, actions and causes of action of whatever kind or nature, whether known or unknown, which any of the Releasors has, might have or might assert now or in the future, against Sellers and any of their respective Affiliates (including the Acquired Companies) and their respective successors, assigns, officers, directors, managers, partners and employees or any of their respective heirs or executors (in each case in their capacity as such) (each, a "Releasee"), in each case, to the extent arising out of or resulting from the ownership and/or operation of the Acquired Companies or based upon or resulting from any Contract, transaction, event, circumstance, action, failure to act or occurrence of any sort or type, whether known or unknown, and which occurred, existed or was taken or permitted at or prior to the Closing in respect of the ownership and/or operation of the Acquired Companies; provided, however, that nothing contained in this Section 8.02(c) shall release, waive, discharge, relinquish or otherwise affect the rights or obligations of any Party to the extent arising out of this Agreement (including the right to indemnification under Section 8.05) or the other Transaction Documents. Purchaser shall, and shall cause its Affiliates to, refrain from, directly or indirectly, asserting any Claim or demand, or commencing, instituting or causing to be commenced any legal proceeding, of any kind against a Releasee based upon any matter released pursuant to this Section 8.02(c).

Section 8.03 No Setoff. Except as set forth in Section 8.05, each of the Parties acknowledges and agrees (on its behalf of itself and its Affiliates) that it and its Affiliates shall have no right hereunder or pursuant to applicable Law to, and shall not, offset any amounts due and owing (or that becomes due and owing) pursuant to this Agreement to any other Party or such Party's Affiliates against any amounts due and owing to such other Party or such other Party's Affiliates pursuant to this Agreement or any other Contract.

Section 8.04 No Recourse Against Non-Party Affiliates. Other than pursuant to and to the extent provided in the Purchaser Parent Guarantee or Section 8.05, all Claims, obligations, liabilities, or causes of action (whether in contract or in tort, in equity or at Law, or granted by statute) that may be based upon, in respect of, arise under, out or by reason of, be connected with, or relate in any manner to this Agreement or the Transaction Documents, or the negotiation, execution, or performance of this Agreement and the Transaction Documents (including any representation or warranty made in, in connection with, or as an inducement to, this Agreement), may be made only against (and are those solely of) the entities that are expressly identified as Parties hereto in the preamble to this Agreement. Other than pursuant to and to the extent provided in the Purchaser Parent Guarantee, Seller Note, Pledge Agreement or Section 8.05, no Person who is not a Party, including any past, present or future Representative, incorporator, member, partner, stockholder, officer, director, manager, employee or Affiliate of such Party or its Affiliates (collectively, "Non-Party Affiliates"), shall have any liability (whether in contract or in tort, in equity or at Law, or granted by statute) for any Claims, obligations, liabilities or causes of action arising under, out of, in connection with, or related in any manner to this Agreement or based on, in respect of, or by reason of this Agreement or in its negotiation, execution, performance, or breach; and, to the maximum extent permitted by applicable Law, each Party hereby waives and releases all such liabilities, Claims, obligations and causes of action against any such Non-Party Affiliates. Without limiting the generality of the foregoing, to the maximum extent permitted by applicable Law, other than pursuant to and to the extent provided in the Purchaser Parent Guarantee, (a) each Party hereby waives and releases any and all rights, Claims, demands, or causes of action that may otherwise be available in equity or at Law, or granted by statute, to avoid or disregard the entity form of a Party or otherwise impose liability of a Party on any Non-Party Affiliate, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise and (b) each Party disclaims any reliance upon any Non-Party Affiliates with respect to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement.

Section 8.05 Indemnification for Fundamental Representations.

(a) From and after the Closing Date, Sellers, jointly and severally, agree to indemnify Purchaser and its Affiliates, and each of their respective managers, officers, directors, employees, agents, representatives, successors and assigns (collectively, the "Indemnified Purchaser Entities"), and to hold each of them harmless from and against, any and all Losses suffered, paid or incurred by any such Indemnified Purchaser Entity (whether directly, pursuant to a Claim by a third party or otherwise) arising out of or related to any breach of any of the Seller Fundamental Representations. Any payment required to be made by Sellers pursuant to this Section 8.05(a) shall be paid solely by offset against any amounts due and owing under the Seller Note, which shall be the sole source of recovery for the Indemnified Purchaser Entities for payments from Sellers pursuant to this Section 8.05(a).

(b) For purposes of this Section 8.05, whether any representation or warranty has been breached, and the determination and calculation of any Losses resulting from such breach, shall be determined without giving effect to any qualification as to "materiality" (including the words "material" or "material adverse effect").

(c) Notwithstanding anything in this Agreement to the contrary, in the event of any claim for indemnification under Section 8.05(a), Purchaser shall use reasonable best efforts to recover any Losses under the R&W Insurance Policy to the extent such Loss is recoverable thereunder before prosecuting any such claim against Sellers.

(d) No claim for indemnification under Section 8.05(a) shall be made or have any validity unless the Indemnified Purchaser Entities shall have given written notice of such claim to Sellers prior to the date set forth in Section 8.01 for the applicable Seller Fundamental Representation to expire, which notice shall contain a good faith summary of such facts and information as are then reasonably available, including a good faith non-binding estimate of the amount of Losses (to the extent estimable) and the specific basis for indemnification hereunder to the extent known.

(e) Any payment made pursuant to or in connection with this Section 8.05 shall be treated as an adjustment to the Purchase Price for federal, state, local and foreign income Tax purposes to the extent permitted by applicable Law.

ARTICLE 9
SUPPORT OBLIGATIONS

Section 9.01 Replacement of Support Obligations.

(a) Following the date hereof, Purchaser shall use its reasonable best efforts, including offering replacement guarantees, letters of credit and surety bonds, to ensure that effective as of the Closing Date, Sellers and their respective Affiliates (other than the Acquired Companies and the JV Entities) are fully and unconditionally released from one hundred percent (100%) of the amount of, and all obligations and liabilities relating to, arising under or out of, or in connection with the guarantees, letters of credit and surety bonds listed in Section 9.01(a) of the Seller Disclosure Schedule (collectively, the "Support Obligations"). In each case such release shall be evidenced (i) with respect to any letter of credit, by Sellers' receipt at or prior to the Closing of the original letter of credit, and (ii) with respect to any cash collateral, by Sellers' receipt at Closing of an amount in cash equal to such cash collateral (to the extent such amount is not otherwise included in the Closing Date Cash Amount, in which case Purchaser's obligations under this Section 9.01 in respect of such cash collateral Support Obligation shall be deemed satisfied). Purchaser shall provide (or cause to be provided) at or prior to Closing replacement guarantees, letters of credit or cash collateral, as applicable, to the beneficiaries thereof for one hundred percent (100%) of the amount of, and all obligations and liabilities relating to, such Support Obligations, in each case in form and substances acceptable to the beneficiary thereof. In the event that following the date hereof, any Seller or its Affiliate (other than the Acquired Companies) provides, in the ordinary course of business consistent with past practices or in connection with any Permitted Financing, any guaranty, letter of credit, surety bond or other credit assurances of a comparable nature for the benefit of the Acquired Companies or the JV Entities not listed as Support Obligations in Section 9.01(a) of Seller Disclosure Schedule as of the date hereof (each, an "Additional Support Obligation"), Sellers shall promptly provide Purchaser with notice thereof, together with reasonable supporting documentation, and, upon the written consent of Purchasers (such consent not to be unreasonably withheld, conditioned or delayed), such Additional Support Obligations shall be deemed Support Obligations for all purposes hereunder.

(b) To the extent Sellers and their respective Affiliates (other than the Acquired Companies and the JV Entities) are not fully and unconditionally released from one hundred percent (100%) of any Support Obligations as of the Closing Date (any such Support Obligations being referred to herein as an "Outstanding Support Obligation"), Purchaser shall indemnify Sellers and their respective Affiliates, as applicable, for all liabilities, costs and expenses incurred by Sellers and their respective Affiliates after the Closing Date in respect of such Outstanding Support Obligations, including any amounts drawn or called in respect of such Outstanding Support Obligations. Following the Closing, Purchaser shall use its reasonable best efforts, including offering replacement guarantees, letters of credit and surety bonds, to ensure that as soon as practicable thereafter, Sellers and their respective Affiliates (other than the Acquired Companies and the JV Entities) are fully and unconditionally released from one hundred percent (100%) of the amount of, and all obligations and liabilities relating to, arising under or out of, or in connection any Outstanding Support Obligations. In furtherance and not in limitation of the foregoing, Purchaser agrees that if the Outstanding Support Obligation in respect of the letter of credit issued by [***] is still outstanding, Purchaser will cause the Acquired Companies to terminate, at Purchaser's sole cost and expense, the interconnection Contract giving rise to such Outstanding Support Obligation and cause the original of such letter of credit to be returned to Sellers not later than the six (6)-month anniversary of the Closing Date.

Section 9.02 Purchaser Backstop Credit Support. Without limiting Purchaser's obligations under Section 9.01(a), at the Closing, Purchaser shall provide to Sellers (and shall maintain for so long as any Outstanding Support Obligations remain outstanding) a letter of credit issued by a U.S. commercial bank (or the U.S. branch of a foreign commercial bank) that has a long-term unsecured debt rating of "A-" or higher by Standard and Poor's Corporation and "A3" or higher by Moody's Investors Service, Inc., which letter of credit shall be in form and substance reasonably acceptable to Sellers (including a provision that allows the beneficiary thereof to draw the full amount of such letter of credit within thirty (30) days prior to expiration thereof if such letter of credit has not been extended or renewed by such date) in an amount at all times equal to or greater than the aggregate amount of all Outstanding Support Obligations.

ARTICLE 10
TERMINATION

Section 10.01 Termination. This Agreement may be terminated at any time prior to the Closing Date:

(a) by mutual written agreement of Purchaser and Sellers;

(b) by either Purchaser or Sellers by giving written notice to the other Parties if the Closing shall not have occurred on or prior to April 7, 2021 (the "Outside Date"); provided, however, that the Outside Date may be extended by either Purchaser or Sellers, by written notice to the other Parties, to the date that is sixty (60) days after the Outside Date (the "Extended Outside Date") in the event that all conditions to the Closing set forth in Article 7 (other than Section 7.01(a) through Section 7.01(c) (the "Regulatory Conditions")) have been or are reasonably capable of being satisfied at the time of such extension and the Regulatory Conditions are reasonably capable of being satisfied on or prior to the Extended Outside Date; provided, that the right to terminate this Agreement under this Section 10.01(b) shall not be available to any Party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date;

(c) by either Purchaser or Sellers by giving written notice to the other Parties if any Governmental Entity shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the consummation of any of the transactions contemplated by this Agreement, and such order, decree, ruling or other action shall not be subject to appeal or shall have become final and nonappealable; provided, that the right to terminate this Agreement under this Section 10.01(c) shall not be available to any Party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, such order, decree, ruling or other action;

(d) by Purchaser by giving written notice to Sellers if there has been a breach by any Seller of any representation, warranty, covenant or other agreement of a Seller contained in this Agreement and such breach (i) would result in the failure to satisfy one or more of the conditions to the Closing set forth in Section 7.01 or Section 7.02 and (ii) if such breach is capable of being cured, is not cured by Sellers within thirty (30) days of their receipt of such written notice from Purchaser; provided, that Purchaser shall not be permitted to terminate this Agreement if Purchaser or Purchaser GP is then in breach of any of its representations, warranties, covenants or other agreements contained herein and such breach would result in the failure to satisfy one or more of the conditions to the Closing set forth in Section 7.01 or Section 7.03;

(e) by Sellers by giving written notice to Purchaser if there has been a breach by Purchaser or Purchaser GP of any representation, warranty, covenant or other agreement of Purchaser or Purchaser GP contained in this Agreement and such breach (i) would result in the failure to satisfy one or more of the conditions to the Closing set forth in Section 7.01 or Section 7.03 and (ii) if such breach is capable of being cured, is not cured by Purchaser within thirty (30) days of its receipt of such written notice from Sellers; provided, that Sellers shall not be permitted to terminate this Agreement if Sellers are then in breach of any of their respective representations, warranties, covenants or other agreements contained herein and such breach would result in the failure to satisfy one or more of the conditions to the Closing set forth in Section 7.01 or Section 7.02; or

(f) by Sellers if (i) all the conditions set forth in Section 7.01 and Section 7.02 have been satisfied (and continue to be satisfied) or irrevocably waived (other than any such conditions which by their terms are not capable of being satisfied until the Closing Date) and (ii) Purchaser does not consummate the transactions contemplated hereby within two (2) Business Days of the day the Closing is required to occur pursuant to Section 2.03.

Section 10.02 Effect of Termination.

(a) If this Agreement is validly terminated in accordance with Section 10.01, subject to Section 10.02(d), such termination shall be without liability of any Party to any other Party, except liability of any Party to the other Parties for any intentional and willful breach of this Agreement or actual and intentional fraud occurring prior to such termination.

(b) If this Agreement is terminated by any Party pursuant to Section 10.01, written notice thereof shall forthwith be given to the other Parties and the transactions contemplated by this Agreement shall be terminated, without further action by any Party; provided, that Purchaser, at its option, shall, and shall cause its Affiliates and Representatives to, promptly either (i) return to Sellers or (ii) destroy (and deliver a certificate to Sellers confirming such destruction) all documents and other material received from Sellers, their respective Affiliates or their respective Representatives or other advisors relating to this Agreement, the Acquired Companies, the JV Entities and transactions contemplated by this Agreement, whether so obtained before or after the execution of this Agreement [***] and continue to treat all Confidential Information (as defined in the Confidentiality Agreement) in accordance with the Confidentiality Agreement, which shall remain in full force and effect notwithstanding the termination hereof.

(c) If this Agreement is terminated, this Agreement shall become null and void and of no further force and effect, except for the following provisions which shall survive such termination: Section 6.04 (*Confidentiality; Publicity*), Section 6.06 (*Expenses*), Section 6.11(c) (*IFRS Financial Statements; Cooperation*), Section 10.01 (*Termination*), this Section 10.02 (*Effect of Termination*) and Article 11 (*Miscellaneous*).

(d) If this Agreement is terminated by (x) Sellers pursuant to Section 10.01(e) or Section 10.01(f), or (y) Sellers or Purchaser pursuant to Section 10.01(b) and, at the time, Sellers could have terminated this Agreement pursuant to Section 10.01(e), then Purchaser shall pay to Sellers, by wire transfer of cash in immediately available funds within two (2) Business Days following the date of termination, the amount of $[***] (the "Purchaser Termination Fee"). Until such time as this Agreement is actually terminated in the circumstances provided in the first sentence of this Section 10.02(d) and Purchaser pays the Purchaser Termination Fee in accordance with this Section 10.02(d), nothing in this Section 10.02(d) shall prohibit Sellers from their right to seek specific performance pursuant to, and on the terms and conditions set forth in, Section 11.08; provided, that Sellers shall not be entitled under any circumstances to obtain both (i) a recovery of monetary damages in the form of the Purchaser Termination Fee plus amounts due pursuant to Section 10.02(e) and any other amounts payable pursuant to Section 6.11(c), and (ii) specific performance of the consummation of the Closing pursuant to this Agreement. Notwithstanding anything contained herein to the contrary, upon termination of this Agreement in the circumstances provided in the first sentence of this Section 10.02(d), Sellers' right to receive the Purchaser Termination Fee (plus amounts due pursuant to Section 10.02(e) and any other amounts payable pursuant to Section 6.11(c)) from Purchaser (or Purchaser Guarantor under the Purchaser Parent Guarantee) shall be the sole and exclusive remedy of Sellers and their respective Affiliates against Purchaser and its Affiliates for any losses, liabilities, damages, obligations, payments, costs and expenses suffered as a result of the failure of Closing of this Agreement to be consummated, and upon payment of such amount, neither Purchaser nor its Affiliates shall have any further rights, liability, or obligations arising out of or relating to this Agreement or the transactions contemplated hereby. The Parties agree that (1) damages suffered by Sellers, the Acquired Companies and the JV Entities in the event this Agreement pursuant is terminated in the circumstances provided in the first sentence of this Section 10.02(d) are incapable or very difficult to accurately estimate and (2) the Purchaser Termination Fee is a reasonable forecast of just compensation for such termination. The Parties acknowledge that (i) the agreements contained in this Section 10.02(d) are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, the Parties would not enter into this Agreement; and (ii) the Purchaser Termination Fee payable to Sellers by Purchaser pursuant to this Section 10.02(d) is not a penalty, but is liquidated damages in an amount that shall compensate Sellers for the efforts and resources expended and the opportunities foregone while negotiating this Agreement and in reliance upon this Agreement and on the expectation of the consummation of the transactions contemplated herein, and for the loss suffered by reason of the failure of such consummation, which amount would otherwise be uncertain and incapable of accurate determination. The Parties further agree that, if applicable, the Purchaser Termination Fee (and any amounts due pursuant to Section 10.02(e)) shall be allocated among Sellers in the same percentages that the Purchase Price would have otherwise been allocated pursuant to Section 2.02(d) if the Closing occurred, as reasonably determined by Sellers.

(e) If Purchaser fails promptly to pay any amount due pursuant to Section 10.02(d), it shall also pay, together with the Purchaser Termination Fee, any costs and expenses incurred by Sellers and their Affiliates in connection with enforcing this Agreement, together with interest on such unpaid amount, at a rate per annum, compounded on a daily basis, equal to seven percent (7%) from (and including) the date such amount was required to be paid up to (but excluding) the payment date.

ARTICLE 11
MISCELLANEOUS

Section 11.01 Notices. All notices, requests, consents, Claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt), (b) on the next Business Day if sent overnight by a nationally recognized overnight courier, or (c) on the date sent by e-mail (with confirmation of transmission) if sent prior to 5:00 p.m. on a Business Day in the place of receipt, and on the next Business Day if sent after 5:00 p.m. in the place of receipt or on any day that is not a Business Day in the place of receipt. Such communications must be sent to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 11.01).

(i) if to Purchaser or Purchaser GP, to:

CPV Group LP
c/o OPC Energy Ltd.
121 Menachem Begin Road
Tel-Aviv, P.O.B Israel 20709
Email: [***]
Attention: [***]

with copies (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington, DC 20005
Email: [***]
Attention: [***]

Skadden, Arps, Slate, Meagher & Flom LLP
40 Bank Street, Canary Wharf
London, E14 5DS
Email: [***]
Attention: [***]

(ii) if to any Seller, to:

Global Infrastructure Management, LLC
1345 Avenue of the Americas, 30th Floor
New York, New York 10105
Email: [***]
Attention: [***]

with a copy (which shall not constitute notice) to:

Latham & Watkins LLP
885 Third Avenue
New York, New York 10022
Email: [***]
Attention: [***]

Section 11.02 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is found to be invalid or unenforceable in any jurisdiction, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, to the extent valid or enforceable, such provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 11.03 Further Cooperation. Each Party agrees to cooperate with the other Parties and to execute and deliver such further instruments of assignment and transfer and to perform such additional acts as a necessary to consummate or implement the transactions contemplated by this Agreement. After Closing, upon prior reasonable written request and at the requesting Party's sole cost and expense, each Party shall use commercially reasonable efforts to cooperate with each other in furnishing records, information, oral or written testimony, oral or written attestations and certifications, and other assistance in connection with transition matters and any inquiries or proceedings involving the Acquired Companies or the JV Entities, but excluding any proceedings arising from disputes among the Parties. Each such requesting Party shall reimburse such cooperating Party for any reasonable out-of-pocket expenses (including fees and expenses of counsel) paid or incurred by such cooperating Party as a result of any such requested cooperation.

Section 11.04 Amendments and Waivers. This Agreement may not be amended except by an instrument in writing signed by Purchaser and Sellers. Each Party may, by an instrument in writing signed on behalf of such Party, waive compliance by any other Party with any term or provision of this Agreement that such other Party was or is obligated to comply with or perform. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Except as otherwise provided herein, the rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

Section 11.05 Entire Agreement; No Third Party Beneficiaries. This Agreement, the Transaction Documents and the Confidentiality Agreement (together with the written Schedules and certificates referred to herein or delivered pursuant hereto) constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof and thereof. Except as provided in Section 5.10, Section 6.09, Section 8.02, Section 8.04, Section 8.05 and Section 11.12, this Agreement is for the sole benefit of the Parties and their successors and permitted assigns and is not intended to confer upon any other Person any rights or remedies hereunder.

Section 11.06 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of New York.

Section 11.07 Consent to Jurisdiction; Waiver of Jury Trial. Each of the Parties hereto irrevocably submits to the exclusive jurisdiction of any state or federal court sitting in the Borough of Manhattan in the City of New York (or any appellate court therefrom) for the purposes of any suit, action or other proceeding arising out of this Agreement or any transactions contemplated hereby. Each of the Parties hereto further agrees that service of any process, summons, notice or document by U.S. certified mail to such Party's respective address set forth in Section 11.01 shall be effective service of process for any action, suit or proceeding in New York with respect to any matters to which it has submitted to jurisdiction as set forth above in the immediately preceding sentence. Each of the Parties hereto irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in any state or federal court sitting in the Borough of Manhattan in the City of New York (or any appellate court therefrom), and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 11.08 Specific Performance. The Parties agree that irreparable damage for which monetary damages, even if available, would not be an adequate remedy, would occur in the event that the provisions of this Agreement were not performed in accordance with its specific terms and that any remedy at Law for any breach of the provisions of this Agreement would be inadequate. Accordingly, the Parties acknowledge and agree that each Party shall be entitled to an injunction, specific performance or other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, as applicable. Notwithstanding the immediately foregoing sentence, it is explicitly agreed that the right of Sellers to seek specific performance or other equitable remedies to enforce Purchaser's obligation to cause the Purchase Price to be paid to fund the sale and purchase of the Transferred Interests (which includes without limitation the right of Sellers (i) to, or to cause Purchaser to, enforce OPC Power Ventures's funding obligation under the limited partnership agreement of Purchaser and the Power Ventures Subscription Agreement), (ii) to, or to cause OPC Power Ventures to, enforce Purchaser Guarantor's funding obligation under the limited partnership agreement of OPC Power Ventures and the Investor Subscription Agreement of Purchaser Guarantor and (iii) to cause OPC Power Ventures and Purchaser GP, as its general partner, to enforce the funding obligations of the counterparties to each of the other Investor Subscription Agreements under the limited partnership agreement of OPC Power Ventures and such other Investor Subscription Agreements, in the case of clauses (i) through (iii), for purposes of funding the sale and purchase of the Transferred Interests in accordance with this Agreement) shall be subject to the requirements that all of the conditions to Closing set forth in Section 7.01 and Section 7.02 were satisfied (other than those conditions that by their terms are to be satisfied by actions taken at Closing) at the time when the Closing would have been required to occur but for the failure of the Purchase Price to be paid. In furtherance, and not in limitation of the foregoing, Purchaser and Purchaser GP hereby agree to (I) deliver to Sellers the form of capital call notice to be delivered (A) by Purchaser GP on behalf of Purchaser to OPC Power Ventures and (B) by Purchaser GP on behalf of OPC Power Ventures to each of the Investors, in the case of clauses (A) and (B), not less than eight (8) Business Days (as defined in the limited partnership agreement of OPC Power Ventures) prior to the earlier to occur of (x) the date reasonably anticipated by Purchaser GP to be the Closing Date and (y) the date that the capital contributions contemplated by such capital call notices are due under the Organizational Documents of Purchaser and OPC Power Ventures and to deliver such capital call notices to OPC Power Ventures and to the Investors, as applicable, at such times as reasonably required under the Organizational Documents of Purchaser and OPC Power Ventures to permit the Closing to occur when required pursuant to Section 2.03 and otherwise in accordance with the terms and conditions of this Agreement. The capital call notices referenced in the immediately preceding sentence shall be in an aggregate amount sufficient to permit Purchaser to pay the Purchase Price to Sellers at the Closing and otherwise in form and substance reasonably acceptable to Sellers. Purchaser and Purchaser GP further agree that they not make, or cause or permit to be made, amendments to the Organizational Documents of Purchaser or OPC Power Ventures prior to Closing without the prior written consent of Sellers (such consent not to be unreasonably withheld, conditioned or delayed). Each Party agrees that it shall not oppose the granting of an injunction, specific performance and/or other equitable relief on any basis, including the basis that any other party has an adequate remedy at Law or that any award of an injunction, specific performance and/or other equitable relief is not an appropriate remedy for any reason at Law or in equity. The Parties acknowledge and agree that any Party seeking (a) an injunction to prevent breaches of this Agreement, (b) to enforce specifically the terms and provisions of this Agreement or (c) other equitable relief shall not be required to provide any bond or other security in connection with any such remedy.

Section 11.09 Assignment. Neither this Agreement nor any of the rights or obligations hereunder shall be assigned by (a) Purchaser or Purchaser GP without the prior written consent of Sellers or (b) any Seller without the prior written consent of Purchaser; provided, that any Seller may assign its right to receive any payments under Section 2.07 to an Affiliate without the consent of Purchaser. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns. Any attempted assignment in violation of the terms of this Section 11.09 shall be null and void, *ab initio*.

Section 11.10 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 11.11 Exhibits, Annexes and Schedules. Except as otherwise provided in this Agreement, all Exhibits, Annexes and Schedules referred to herein are intended to be and hereby are made a part of this Agreement. Any disclosure in the Seller Disclosure Schedule or Purchaser Disclosure Schedule with reference to any section or schedule of this Agreement shall be deemed to be a disclosure with respect to all other sections or schedules in the Seller Disclosure Schedule or Purchaser Disclosure Schedule, as applicable, to which the relevance of such disclosure is reasonably apparent. Certain information set forth in the Schedules is included solely for informational purposes, is not an admission of liability with respect to the matters covered by the information, and may not be required to be disclosed pursuant to this Agreement. The specification of any dollar amount in the representations and warranties contained in this Agreement or the inclusion of any specific item in the Schedules is not intended to imply that such amounts (or higher or lower amounts) are or are not material, and no Party shall use the fact of the setting of such amounts or the fact of the inclusion of any such item in the Schedules in any dispute or controversy among the Parties, or between any of them, as to whether any obligation, item, or matter not described herein or included in a Schedule is or is not material for purposes of this Agreement.

Section 11.12 Acknowledgement and Waiver.

(a) It is acknowledged by each of the Parties that Sellers have retained Latham & Watkins LLP ("Sellers' Counsel") to act as its counsel in connection with the transactions contemplated hereby and that Sellers' Counsel has not acted as counsel for any other Person in connection with the transactions contemplated hereby for conflict of interest or any other purposes. Purchaser agrees that any attorney-client privilege and the expectation of client confidence attaching as a result of Sellers' Counsel's representation of Sellers related to the preparation for, and negotiation and consummation of, the transactions contemplated by this Agreement, including all communications among Sellers' Counsel and Sellers and/or their Affiliates in preparation for, and negotiation and consummation of, the transactions contemplated by this Agreement, shall survive the Closing and shall remain in effect. Furthermore, effective as of the Closing, (i) all communications (and materials relating thereto) between the Acquired Companies and Sellers' Counsel related to the preparation for, and negotiation and consummation of, the transactions contemplated by this Agreement are hereby assigned and transferred to Sellers, (ii) Purchaser, on behalf of itself and its Affiliates, hereby releases all of their respective rights and interests to and in such communications and related materials, (iii) Purchaser, on behalf of itself and its Affiliates, hereby releases any right to assert or waive any privilege related to the communications and related materials referenced in this Section 11.12, and (iv) Purchaser, on behalf of itself and its Affiliates, acknowledges and agrees that all such rights described in clause (iii) shall reside with Sellers.

(b) Purchaser agrees that, notwithstanding any current or prior representation of the Acquired Companies or the JV Entities by Sellers' Counsel, Sellers' Counsel shall be allowed to represent Sellers or any of their respective Affiliates (including the Acquired Companies and the JV Entities) in any matters and disputes adverse to Purchaser or its Affiliates that either is existing on the date hereof or arises in the future and relates to this Agreement and the transactions contemplated hereby, and Purchaser, on behalf of itself and its Affiliates, hereby waives any conflicts or claim of privilege that may arise in connection with such representation. Further, Purchaser agrees that Sellers' Counsel and In-House Counsel (together, "Counsel") have acted as counsel for Sellers and the Acquired Companies and that, in the event that a dispute arises after Closing between Purchaser and Sellers or any of their respective Affiliates, Sellers' Counsel and any Sellers' in-house counsel may represent Sellers or such Affiliate (including the Acquired Companies) in such dispute even though the interests of Sellers or such Affiliate may be directly adverse to Purchaser or its Affiliates and even though Sellers' Counsel and Sellers' in-house lawyer may have represented any Acquired Company or JV Entity in a matter substantially related to such dispute prior to Closing.

(c) Purchaser acknowledges that any advice given by Sellers' Counsel to, or communication by Sellers' Counsel with, Sellers or any of their respective Affiliates (including the Acquired Companies prior to the Closing Date) or any JV Entity shall not be subject to any joint privilege and shall be owned solely by Sellers or such Affiliate (including the Acquired Companies) or by such JV Entity, as applicable. Purchaser hereby acknowledges that it has had the opportunity to discuss and obtain adequate information concerning the significance and material risks of, and reasonable available alternatives to, the waivers, permissions and other provisions of this Agreement, including the opportunity to consult with counsel other than Sellers' Counsel.

Section 11.13 Counterparts; Execution. This Agreement may be executed and delivered in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. The words "executed," "execute", "signed," "signature," and words of like import in or related to this Agreement and/or any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on nationally recognized electronic platforms (including DocuSign), or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Laws, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, the Delaware Limited Liability Company Act or any other similar applicable state laws based on the Uniform Electronic Transactions Act.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

SELLERS

GIP II CPV INTERMEDIATE HOLDINGS
PARTNERSHIP, L.P.

By: Global Infrastructure GP II, L.P., its general partner

By: Global Infrastructure Investors II, LLC, its general partner

By: /s/ [***]
Name: [***]
Title: Partner

GIP II CPV INTERMEDIATE HOLDINGS
PARTNERSHIP 2, L.P.

By: Global Infrastructure GP II, L.P., its general partner

By: Global Infrastructure Investors II, LLC, its general partner

By: /s/ [***]
Name: [***]
Title: Partner

CPV POWER HOLDINGS GP, LLC

By: /s/ [***]
Name: [***]
Title: Partner

[*Signature Page to Purchase and Sale Agreement*]

PURCHASER

CPV GROUP LP

By: OPC US INC., its general partner

By: /s/ [***]
Name: [***]
Title: [***]

By: /s/ [***]
Name: [***]
Title: [***]

Solely for purpose of Article 11:

PURCHASER GP

OPC US INC.

By: /s/ [***]
Name: [***]
Title: [***]

By: /s/ [***]
Name: [***]
Title: [***]

[*Signature Page to Purchase and Sale Agreement*]

Exhibit A

Defined Terms

(a) As used in the Agreement, the following terms have the respective meanings set forth below:

"Acquired Company" means each Acquired Parent Company and their respective direct and indirect Subsidiaries, each of which, as of the date hereof, is listed on Section 1.01(a) of the Seller Disclosure Schedule.

"Acquired Company Employee" means any current or former director, officer or employee of any Acquired Company.

"Acquired Parent Company" means CPV Power Holdings LP, CPVI and CPV REC.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person; provided, that such other Person shall be deemed an Affiliate for only so long as such control exists. For purposes of this Agreement, no JV Entity shall be deemed to be an Affiliate of Sellers, Purchaser or any Acquired Parent Company.

"Asset Management Agreement" means any Asset Management Agreement (together with all amendments, modifications and supplements thereto) between CPVI, on the one hand, and any Acquired Company, JV Entity or any other Person, on the other hand, that has been made available to Purchaser prior to the date hereof.

"Benefit Plan" means each "employee benefit plan" as defined in Section 3(3) of ERISA (whether or not subject to ERISA), and any other plan, policy, agreement or program providing health, welfare, pension, retirement, supplemental unemployment benefit, profit-sharing, bonus, deferred compensation, incentive compensation, stock purchase, stock option, restricted stock, restricted stock unit, phantom equity, or other equity-based, employment, consulting, retention, change in control, severance, fringe benefit or other benefit or compensation to any Acquired Company Employee or any natural person independent contractor or former natural person independent contractor, in each case that is maintained, sponsored or contributed to or required to be maintained or contributed by any Acquired Company or pursuant to which any Acquired Company or ERISA Affiliate has any obligation (current or contingent).

"Business Day" means any day other than a Saturday or Sunday or any day banks in the State of New York or Tel Aviv, Israel are authorized or required to be closed.

"Cash and Cash Equivalents" means, with respect to any Person, the sum of all (a) unrestricted cash, cash equivalents and liquid investments held by or on behalf of such Person, *plus* (b) all deposited but uncleared bank deposits and cash deposits held by or on behalf of such Person, *minus* (c) all outstanding checks and cash posted by counterparties of such Person, in each case required to be included on a consolidated balance sheet of such Person determined in accordance with the Accounting Principles, *plus* (d) in the event that any cash collateral Support Obligation is not replaced prior to Closing, the amount of such cash collateral.

"CFIUS" means the Committee on Foreign Investment in the United States and each member agency thereof acting in such capacity.

"CFIUS Approval" means (a) written notification issued by CFIUS that it has determined that the purchase and sale of the Transferred Interests is not a "covered transaction" pursuant to the CFIUS Statute; (b) Sellers and Purchaser shall have received written notice from CFIUS that CFIUS has concluded all action under the CFIUS Statute with respect to the purchase and sale of the Transferred Interests, and there are no unresolved national security concerns with respect to the purchase and sale of the Transferred Interests; or (c) if CFIUS shall have sent a report to the President of the United States requesting the President's decision with respect to the purchase and sale of the Transferred Interests, then either (i) the President shall have announced a decision not to take any action to suspend, prohibit or place any limitations on the purchase and sale of the Transferred Interests, or (ii) having received a report from CFIUS requesting the President's decision, the time permitted by the CFIUS Statute for such action shall have expired without any such action being announced or taken.

"CFIUS Statute" means section 721 of the Defense Production Act of 1950, as amended by the Foreign Investment Risk Review Modernization Act of 2018, as it may be further amended, modified, supplemented or replaced from time to time, and including all applicable regulations and interim rules issued and effective thereunder.

"Claim" means any demand, claim, action, legal proceeding (whether at law or in equity), investigation or arbitration.

"Closing Date Cash Adjustment Amount" means (a) with respect to CPV Power Holdings LP, an amount which may be positive or negative, equal to (i) the Closing Date Cash Amount of CPV Power Holdings LP *minus* (ii) the Target Cash Amount of CPV Power Holdings LP, (b) with respect to CPVI, an amount which may be positive or negative, equal to (i) the Closing Date Cash Amount of CPVI *minus* (ii) the Target Cash Amount of CPVI, and (c) with respect to CPV REC, an amount which may be positive or negative, equal to (i) the Closing Date Cash Amount of CPV REC *minus* (ii) the Target Cash Amount of CPV REC.

"Closing Date Cash Amount" means (a) with respect to CPV Power Holdings LP, the sum of the Cash and Cash Equivalents of CPV Power Holdings LP and each of its direct and indirect Acquired Companies, (b) with respect to CPVI, the sum of the Cash and Cash Equivalents of CPVI and each of its direct and indirect Acquired Companies, and (c) with respect to CPV REC, the sum of the Cash and Cash Equivalents of CPV REC and each of its direct and indirect Acquired Companies, in each case, determined without duplication in accordance with the Accounting Principles and as of the Effective Time without giving effect to the Closing.

"Closing Date Indebtedness Adjustment Amount" means (a) with respect to CPV Power Holdings LP, an amount which may be positive or negative, equal to (i) the Closing Date Indebtedness Amount of CPV Power Holdings LP *minus* (ii) the Target Indebtedness Amount of CPV Power Holdings LP, (b) with respect to CPVI, an amount which may be positive or negative, equal to (i) the Closing Date Indebtedness Amount of CPVI *minus* (ii) the Target Indebtedness Amount of CPVI, and (c) with respect to CPV REC, an amount which may be positive or negative, equal to (i) the Closing Date Indebtedness Amount of CPV REC *minus* (ii) the Target Indebtedness Amount of CPV REC.

"Closing Date Indebtedness Amount" means (a) with respect to CPV Power Holdings LP, the sum of the Indebtedness Amounts of CPV Power Holdings LP and each of its direct and indirect Acquired Companies and JV Entities, (b) with respect to CPVI, the sum of the Indebtedness Amounts of CPVI and each of its direct and indirect Acquired Companies, and (c) with respect to CPV REC, the sum of the Indebtedness Amounts of CPV REC and each of its direct and indirect Acquired Companies and JV Entities, in each case, determined without duplication in accordance with the Accounting Principles and as of the Effective Time without giving effect to the Closing (including issuance of the Seller Note).

"Closing Date Working Capital Adjustment Amount" means (a) with respect to CPV Power Holdings LP, an amount, which may be positive or negative, equal to (i) the Closing Date Working Capital Amount of CPV Power Holdings LP *minus* (ii) the Target Working Capital Amount of CPV Power Holdings LP, (b) with respect to CPVI, an amount, which may be positive or negative, equal to (i) the Closing Date Working Capital Amount of CPVI *minus* (ii) the Target Working Capital Amount of CPVI and (c) with respect to CPV REC, an amount, which may be positive or negative, equal to (i) the Closing Date Working Capital Amount of CPV REC *minus* (ii) the Target Working Capital Amount of CPV REC.

"Closing Date Working Capital Amount" means (a) with respect to CPV Power Holdings LP, the sum of the Working Capital Amounts of CPV Power Holdings LP and each of its direct and indirect Acquired Companies, (b) with respect to CPVI, the sum of the Working Capital Amounts of CPVI and each of its direct and indirect Acquired Companies and (c) with respect to CPV REC, the sum of the Working Capital Amounts of CPV REC and each of its direct and indirect Acquired Companies, in each case, determined without duplication in accordance with the Accounting Principles and as of the Effective Time without giving effect to the Closing; provided, however, that, in each case, current Tax liabilities and current Tax assets (but only with respect to Taxes which have been prepaid for the current year) shall be determined as of the end of the day on the Closing Date, and shall take into account the effect of the Closing, including the effect of the Transaction Tax Deductions, but shall not take into account any action taking on the Closing Date after the Closing that is outside of the ordinary course of business.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"Commercially Reasonable Efforts" means, with respect to any Acquired Company that holds an Equity Interest in any JV Entity, that such Acquired Company shall (a) not vote such Equity Interest (and shall cause any directors or managers appointed by such Acquired Company to the board of directors or board of managers, respectively, of such JV Entity to not vote) in favor of, and shall otherwise use commercially reasonable efforts (in its capacity as a member of the JV Entity and to the extent permitted under the JV Entity Organizational Documents, and otherwise to the extent permitted under any Asset Management Agreement) to cause the JV Entity not to take, any action that would reasonably be expected to violate, in any material respect, the covenants of Seller or any Acquired Company applicable to such JV Entity under this Agreement and (b) shall vote such Equity Interest (and shall cause any directors or managers appointed by such Acquired Company to the board of directors or board of managers, respectively, of such JV Entity to vote) in favor of, and shall otherwise use commercially reasonable efforts (in its capacity as a member of the JV Entity and to the extent permitted under the JV Entity Organizational Documents, and otherwise to the extent permitted under any Asset Management Agreement) to cause the JV Entity to take, any action for which Sellers or any Acquired Company are required to use Commercially Reasonable Efforts to cause a JV Entity to effect pursuant to the covenants of Seller or any Acquired Company under this Agreement. Notwithstanding the foregoing, nothing in this Agreement, including Section 6.02, shall be deemed to limit the ability of any Acquired Company to act (or refrain from acting) in its capacity as an asset manager to any JV Entity or any other Person.

"Contract" means any written or oral contract, lease, license, evidence of Indebtedness, mortgage, indenture purchase order, binding bid, letter of credit, security agreement, undertaking or other agreement that is legally binding.

"control" (including its correlative meanings "controlled by" and "under common control with") means possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a Person (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

"COVID Actions" means any commercially reasonable actions that Sellers, the Acquired Companies or the JV Entities reasonably determine are necessary or prudent for such Person to take in connection with (a) events surrounding any pandemic or public health emergency caused by COVID-19, (b) mitigating the adverse effects of such events, pandemic or public health emergency on any Acquired Company or JV Entity, (c) protecting the health and safety of customers, suppliers, employees and other business relationships of any Acquired Company or JV Entity and (d) ensuring compliance by each Acquired Company and JV Entity and their respective directors, officers, managers and employees with any quarantine, "shelter in place", "stay at home", workforce reduction, social distancing, shut down, closure, sequester or any other Law, directive, guidelines or recommendations by any Governmental Entity in connection with or in response to COVID-19; provided, that (i) any such actions shall be substantially consistent with the applicable Person's actions taken prior to the date of this Agreement or otherwise reasonable in light of then current facts and circumstances (including directives, guidelines recommendations of any Governmental Entity or applicable Law as in effect from time to time) and (ii) Sellers shall use commercially reasonable efforts to promptly notify Purchaser of any such potential actions and consider the reasonable requests of Purchaser with respect to such actions.

"CPV Fairview" means CPV Fairview, LLC, a Delaware limited liability company.

"CPV Maryland" means CPV Maryland, LLC, a Delaware limited liability company.

"CPV Shore Holdings" means CPV Shore Holdings, LLC, a Delaware limited liability company.

"CPV Three Rivers" means CPV Three Rivers, LLC, a Delaware limited liability company.

"CPV Towantic" means CPV Towantic, LLC, a Delaware limited liability company.

"Development Project Companies" means [***].

"Dollars" or "$" means the lawful currency of the United States of America.

"Environmental Law" means any applicable Law relating to (a) the protection, preservation or restoration of the environment (including air, surface water, groundwater, drinking water supply, surface land, subsurface land, plant and animal life or any other natural resource), cultural or historic resources, or human health and safety, (b) the exposure to, or the Release or disposal of Hazardous Substances, or (c) noise or visual impairment. For purposes of this definition, "Environmental Law" shall include the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. §§ 11001 et seq.), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §§ 6901 et seq.), the Clean Air Act (42 U.S.C. §§ 7401 et seq.), the Federal Water Pollution Control Act (also known as the Clean Water Act) (33 U.S.C. §§ 1251 et seq.), the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), the Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.), the Endangered Species Act (16 U.S.C. §§ 1531 et seq.), the Migratory Bird Treaty Act (16 U.S.C. §§ 703 et seq.), the Bald and Golden Eagle Protection Act (16 U.S.C. §§ 668 et seq.), the Oil Pollution Act of 1990 (33 U.S.C. §§ 2701 et seq.), the Occupational Safety and Health Act (29 U.S.C. §§ 651 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. §§ 1801 et seq.), National Environmental Policy Act of 1969 (42 U.S.C. §§ 4321 et seq.), each as amended, and any similar or analogous state and local statutes or regulations promulgated thereunder.

"Environmental Permits" means any permits, certificates, licenses, franchises, writs, variances, exemptions, orders and other authorizations of any Governmental Entities issued under any Environmental Law.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or non-voting,.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any trade or business, whether or not incorporated, that, together with any Acquired Company, is or has at any relevant time been treated as a single employer under Section 4001 of ERISA or Section 414 of the Code.

"Estimated Cash Adjustment Amount" means Sellers' good faith estimate of (a) with respect to CPV Power Holdings LP, the Closing Date Cash Adjustment Amount of CPV Power Holdings LP, (b) with respect to CPVI, the Closing Date Cash Adjustment Amount of CPVI and (c) with respect to CPV REC, the Closing Date Cash Adjustment Amount of CPV REC, in each case, as set forth on the notice delivered by Sellers pursuant to Section 2.02(b).

"Estimated Indebtedness Adjustment Amount" means Sellers' good faith estimate of (a) with respect to CPV Power Holdings LP, the Closing Date Indebtedness Adjustment Amount of CPV Power Holdings LP, (b) with respect to CPVI, the Closing Date Indebtedness Adjustment Amount of CPVI and (c) with respect to CPV REC, the Closing Date Indebtedness Adjustment Amount of CPV REC, in each case, as set forth on the notice delivered by Sellers pursuant to Section 2.02(b).

"Estimated Purchase Price" means (a) with respect to CPV Power Holdings LP, an amount equal to (i) the CPV Power Holdings Base Purchase Price *plus* (ii) the Estimated Cash Adjustment Amount in respect of CPV Power Holdings LP, *plus* (iii) the Estimated Working Capital Adjustment Amount in respect of CPV Power Holdings LP, *minus* (iv) the Estimated Indebtedness Adjustment Amount in respect of CPV Power Holdings LP, *plus* (v) the Three Rivers Purchase Price, (b) with respect to CPVI, an amount equal to (i) the CPVI Base Purchase Price *plus* (ii) the Estimated Cash Adjustment Amount in respect of CPVI, *plus* (iii) the Estimated Working Capital Adjustment Amount in respect of CPVI, *minus* (iv) the Estimated Indebtedness Adjustment Amount in respect of CPVI, and (c) with respect to CPV REC, and amount equal to (i) the CPV REC Base Purchase Price *plus* (ii) the Estimated Cash Adjustment Amount in respect of CPV REC, *plus* (iii) the Estimated Working Capital Adjustment Amount in respect of CPV REC, *minus* (iv) the Estimated Indebtedness Adjustment Amount in respect of CPV REC.

"Estimated Working Capital Adjustment Amount" means Sellers' good faith estimate of (a) with respect to CPV Power Holdings LP, the Closing Date Working Capital Adjustment Amount of CPV Power Holdings LP, (b) with respect to CPVI, the Closing Date Working Capital Adjustment Amount of CPVI and (c) with respect to CPV REC, the Closing Date Working Capital Adjustment Amount of CPV REC, in each case, as set forth on the notice delivered by Sellers pursuant to Section 2.02(b).

"FERC" means the Federal Energy Regulatory Commission or any successor agency.

"Financing Facility Documents" means the financing and security documents set forth on Section 1.01(b) of the Seller Disclosure Schedule, and any ancillary agreements referenced therein.

"GAAP" means United States generally accepted accounting principles.

"Governmental Entity" means any U.S. or foreign federal, state, provincial or local governmental authority, court, government or self-regulatory organization, commission, tribunal or organization or any regulatory, administrative, taxing or other agency, or any political or other subdivision, department or branch of any of the foregoing, including any governmental, quasi-governmental or non-governmental body administering, regulating, or having general oversight over gas, electricity, power or other energy-related markets or public health and safety.

"Hazardous Substance" means any substance or material listed, defined, classified or regulated as a pollutant, contaminant, hazardous substance, toxic substance, hazardous waste or special waste or words of similar meaning or regulatory effect, under any applicable Environmental Law, including petroleum, petroleum products, volatile organic compounds, semi-volatile organic compounds, pesticides, polychlorinated biphenyls, asbestos and asbestos-containing materials, polychlorinated biphenyls, radioactive materials, and per- and polyfluoroalkyl substances.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, any successor statute thereto, and the rules and regulations promulgated thereunder.

"In-House Counsel" means [***].

"Indebtedness" means, with respect to any Person, without duplication, any (a) indebtedness for borrowed money, (b) indebtedness for deferred purchase price of property, goods or services (other than current trade payables), (c) reimbursement obligations for letters of credit or similar instruments, in each case, solely to the extent drawn or called, and (d) indebtedness of the type described in clauses (a) through (c) above guaranteed, directly or indirectly, in any manner by such Person; provided, however, that Indebtedness shall exclude any of the foregoing obligations owed by any Acquired Company to any other Acquired Company.

"Indebtedness Amount" means (a) with respect to any Acquired Company, the aggregate amount of indebtedness for borrowed money required to be included on a consolidated balance sheet of such Acquired Company, determined in accordance with the Accounting Principles, and (b) with respect to any JV Entity, (i) (x) the aggregate amount of indebtedness for borrowed money required to be included on a consolidated balance sheet of such JV Entity *minus* (y) the Pro Rated Cash Amount of such JV Entity, *multiplied by* (ii) the Relevant Proportion of such JV Entity, determined in accordance with the Accounting Principles.

[***]

"IRS" means the U.S. Internal Revenue Service.

"JV Entity" means the entities listed on Section 1.01(c) of the Seller Disclosure Schedule; provided, however, that solely for purposes of determining the components of Purchase Price pursuant to Article 2, "JV Entity" shall not include [***].

"Knowledge" means, (a) in the case of Sellers, the actual knowledge of the individuals listed in Section 1.01(d) of the Seller Disclosure Schedule and (b) in the case of Purchaser, the actual knowledge of the individuals listed in Section 1.01(e) of the Purchaser Disclosure Schedule, as the case may be.

"Law" means, with respect to any Person, any domestic or foreign, federal, state, provincial or local statute, law, ordinance, rule, administrative interpretation, common law, regulation, order, writ, injunction, directive, judgment, decree or other requirement of any Governmental Entity applicable to such Person or any of its respective properties or assets, as amended from time to time.

"Lien" means any mortgage, pledge, assessment, security interest, lien, adverse claim, levy, encroachment, or other similar encumbrance or restriction.

"Lookback Date" means, with respect to any Acquired Company or JV Entity, the date that is [***] prior to the date hereof.

"Losses" means any and all claims, injuries, lawsuits, liabilities, losses, damages, judgments, fines, penalties, costs and expenses, including the reasonable fees and disbursements of counsel (including fees of attorneys and paralegals, whether at the pre-trial, trial, or appellate level, or in arbitration) and all amounts reasonably paid in investigation, defense, or settlement of any of the foregoing.

"[***]" means the construction, term debt and tax equity financing in respect of the solar power generation project owned by [***] a Delaware limited liability company.

"Material Adverse Effect" means the occurrence of any change, event or effect that, individually or in the aggregate, is materially adverse to the business, financial condition, assets, liabilities or results of operations of the Acquired Companies and the JV Entities, taken as a whole, except for any such change, event or effect resulting from or arising out of (a) any changes generally affecting the industries in which the Acquired Companies and the JV Entities operate (including the natural gas, coal and wind electric generating, transmission and distribution industries, or the provision of management services related thereto), whether international, national, regional, state, provincial or local, (b) changes in international, national, regional, state, provincial or local wholesale or retail markets for electric power, natural gas, coal or other fuel supply or transportation or related products and operations, including those due to actions by competitors and regulators, (c) changes in general regulatory or political conditions, including any acts of war or terrorist activities or as a result of any pandemic (including COVID-19), (d) changes in international, national, regional, state, provincial or local electric transmission or distribution systems, (e) changes in the markets for or costs of commodities or supplies, including fuel, (f) changes in the markets for or costs of electricity, (g) effects of weather, meteorological events or other natural disasters, natural occurrences or pandemics (including COVID-19) beyond the control of the Acquired Companies and the JV Entities and including the taking of any COVID Action, (h) any change of Law or regulatory policy (including any rate or tariff or any rule or regulation promulgated by PJM Interconnection LLC) or any change in interpretation or enforcement thereof, (i) changes or adverse conditions in the financial, banking or securities markets, in each case, including any disruption thereof and any decline in the price of any security or any market index, (j) the announcement, execution or delivery of this Agreement or the pendency or consummation of the transactions contemplated hereby (including losses or threatened losses of employees, customers, suppliers, distributors or others having relationships with the Acquired Companies or the JV Entities), (k) any change in accounting requirements or principles, (l) any labor strike, request for representation, organizing campaign, work stoppage, slowdown and other labor dispute, (m) any new generating facilities and their effect on pricing or transmission, (n) seasonal fluctuations in the Business, (o) any failure of any Acquired Company or any JV Entity to meet any projections or forecasts (provided, that this clause (o) shall not prevent a determination that any change or effect underlying such failure to meet projections or forecasts has resulted in a Material Adverse Effect to the extent such change or effect is not otherwise excluded from this definition of Material Adverse Effect), or (p) any actions (or the omission of any action) expressly required to be taken (or not taken) in accordance with this Agreement or consented to in writing by Purchaser; except, in the case of clauses (a), (b), (c), (d), (e), (f), (g), (h), (i), (k) and (m) above, to the extent that any such change, event or effect has a disproportionate effect on the business, financial condition, assets, liabilities or results of operations of the Acquired Companies and the JV Entities, relative to other natural gas, coal and wind electric generating power plants (or the management thereof) in the applicable regions where the Acquired Companies conduct the Business.

"Organizational Documents" means, with respect to any Person, as applicable, the articles or certificate of incorporation, formation or organization, by-laws, limited partnership agreement, limited liability company agreement, operating agreement or other organizational documents of such Person, including (i) in the case of Purchaser, the limited partnership agreement of Purchaser and the Power Ventures Subscription Agreement and (ii) in the case of OPC Power Ventures, the limited partnership agreement of OPC Power Ventures and the Investor Subscription Agreements.

"Permitted Equity Liens" means pledges, security interests and other Liens on Equity Interests provided to secure debt under any Financing Facility Document or otherwise arising under any Organizational Document of an Acquired Company or securities laws.

"Permitted Financing" means (a) the [***] on material terms and conditions (but excluding the identity of the counterparty to such [***]) consented to in writing by Purchaser (such consent not to be unreasonably withheld, conditioned or delayed), and (b) any amendment, modification or waiver of any Financing Facility Documents set forth on Section 1.01(b) of the Seller Disclosure Schedule under the subheading "[***]" or any refinancing in respect thereof; provided, that such amendment, modification or waiver or refinancing will be repaid prior to Closing and will not adversely impact any Acquired Company following the Closing.

"Permitted Liens" means (a) pledges, security interests and other Liens provided to secure debt under any Financing Facility Document, (b) such imperfections of title, easements, encumbrances, restrictions and other Liens set forth on Section 1.01(f) of the Seller Disclosure Schedule, (c) other imperfections of title, easements, encumbrances, restrictions and other Liens not shown on Section 1.01(f) of the Seller Disclosure Schedule in each case incurred in the ordinary course of business and which do not, in the aggregate, materially interfere with such Acquired Company's or JV Entity's, as applicable, ability to conduct their respective portion of the Business as currently conducted, (d) materialmen's, mechanics', carriers', workmen's, warehousemen's, repairmen's and other like Liens (i) arising in the ordinary course of business or incidental to the development or any restoration, which relate to amounts not yet delinquent or (ii) which are being contested in good faith and, in the case of this clause (ii), for which adequate reserves have been made and are maintained in form and substance reasonably acceptable to the administrative agent, (e) Liens for Taxes which are not yet delinquent or are being contested in good faith (and for which appropriate reserves are maintained to the extent required by GAAP), (f) Liens arising under conditional sales Contracts and equipment leases with third parties, (g) zoning, entitlement and other land use and environmental regulations promulgated by any Governmental Entity, in each case, which do not interfere with the Acquired Company's or JV Entity's, as applicable, ability to conduct their respective business in any material respect, and (h) all matters disclosed (i) on the Title Commitments or (ii) by real property records of the county or other jurisdiction in which the Real Property or any portion thereof is located and, in each case, which do not interfere with the Acquired Company's or JV Entity's, as applicable, ability to conduct their respective business in any material respect.

"Person" means any individual, corporation, partnership, joint venture, trust, association, organization, Governmental Entity or other entity.

"Pledge Agreement" means a Pledge Agreement, substantially in the form attached hereto as [***], to be entered into between CPV Power Holdings and GIP II CPV at Closing.

"Pre-Closing Tax Period" means any taxable period ending on or before the Closing Date and the portion of any Straddle Period ending on (and including) the Closing Date.

"Pro Rated Cash Amount" means, with respect to any JV Entity, (a) the aggregate amount of cash held in any revenue account of such JV Entity to the extent available to be used for debt principal payments and equity distributions as of the last day of the calendar quarter in which the Closing occurs (prior to taking into account any such debt principal payments or equity distributions), *multiplied by* (b) a fraction, the numerator of which is the number of days in such calendar quarter prior to and including the Closing Date, and the denominator of which is the total number of days in such calendar quarter; provided, that for purposes of determining the Estimated Indebtedness Adjustment Amount, the Pro Rated Cash Amount shall be based on Sellers' good faith estimate of such cash referred to in clause (a) of this definition as of the end of the calendar quarter in which the Closing occurs.

"PUHCA" means the Public Utility Holding Company Act of 2005, enacted as part of the Energy Policy Act of 2005, Pub. L. No. 109-58, as codified at § 1261 et seq., and the rules and regulations promulgated thereunder.

"Purchaser Disclosure Schedule" means the schedule attached hereto as [***].

"RECs" means any credits, certificates, green tags or similar environmental or green energy attributes (such as those for greenhouse reduction or the generation of green power or renewable energy) created by a Governmental Entity or an independent certification board or group generally recognized in the electric power generation industry and generated by or associated with any electric power generation project or electricity produced therefrom.

"Release" shall mean any release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, leaching or migration of Hazardous Substances into or through the environment.

"Relevant Proportion" means, with respect to any JV Entity, the pro-rata equity interest in such JV Entity held directly or indirectly by any Acquired Parent Company on the Closing Date, expressed as a percentage and determined in accordance with the Accounting Principles; provided that the "Relevant Proportion" with respect to CPV Keenan II Renewable Energy Company, LLC shall be [***].

"Representatives" means, as to any Person, the officers, directors, managers, employees, counsel, accountants, financial advisors and consultants of such Person.

"Required Consents" means, collectively, the Purchaser's Required Consents and the Sellers' Required Consents.

"Schedules" means, collectively, the Seller Disclosure Schedule and the Purchaser Disclosure Schedule.

"Seller Material Adverse Effect" means the occurrence of any change, event or effect that, individually or in the aggregate, that has a material adverse effect on the ability of any Seller to consummate the transactions contemplated by this Agreement, or that would prevent or materially impair the consummation of the transactions contemplated by this Agreement, in each case, prior to the Outside Date.

"Seller Note" means a promissory note, substantially in the form attached hereto as [***], to be issued by CPV Power Holdings LP and delivered to GIP II CPV at Closing, at Purchaser's option pursuant to Section 2.02(a)(i).

"Straddle Period" means any Tax period beginning before or on and ending after the Closing Date.

"Subsidiary" means, with respect to any Person, any corporation, partnership, limited liability company, joint venture or other entity in which such Person (a) owns, directly or indirectly, more than fifty percent (50%) of the outstanding voting securities, membership interests, equity securities, profits interest or capital interest, (b) is entitled to elect at least one-half of the board of directors or similar governing body or (c) in the case of a limited partnership or limited liability company, is a general partner or managing member and has the power to direct the policies, management and affairs of such entity, respectively; provided, that JV Entities shall not be deemed to be Subsidiaries for purposes of this Agreement.

"Target Cash Amount" means (a) with respect to CPV Power Holdings LP, an amount equal to [***] Dollars ($[***]), (b) with respect to CPVI, an amount equal to [***] Dollars ($[***]) *plus* the amount, if any, of accrued and unpaid employee bonus for calendar [***], and (c) with respect to CPV REC, an amount equal to [***] Dollars ($[***]).

"Target Indebtedness Amount" means (a) with respect to CPV Power Holdings LP, an amount equal to [***] Dollars ($[***]), (b) with respect to CPVI, an amount equal to [***] Dollars ($[***]), and (c) with respect to CPV REC, an amount equal to [***] Dollars ($[***]).

"Target Working Capital Amount" means (a) with respect to CPV Power Holdings LP, an amount equal to [***] Dollars ([***]), (b) with respect to CPVI, an amount (for the avoidance of doubt, excluding any accrued and unpaid employee bonuses) equal to [***] Dollars ($[***]) and (c) with respect to CPV REC, an amount equal to [***] Dollars ([***]).

"Tax" or "Taxes" means all taxes, assessments, charges, duties, fees, levies or other governmental charges including any United States or non-United States federal, state, local or foreign income, profits, franchise, gross receipts, capital gains, capital stock, transfer, value-added, windfall profits, stamp, license, withholding, ad valorem, personal property (tangible and intangible), employment, payroll, sales and use, social security, disability, occupation, real property, severance, excise and other taxes, charges, levies or other similar assessments of any kind whatsoever imposed by a Taxing Authority (whether payable directly or by withholding and whether or not requiring the filing of a Tax Return), all estimated taxes, deficiency assessments, interest, penalties or addition thereto.

"Tax Returns" means any return, report or similar statement required to be filed with a Taxing Authority with respect to any Taxes (including any attached schedules), including any information return, claim for refund, amended return and declaration of estimated Tax.

"Taxing Authority" means, with respect to any Tax, the Governmental Entity or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision.

"Three Rivers ECA" means that certain [***], dated as of [***] (as amended from time to time), by and among CPV Power Holdings LP, [***].

"Three Rivers LLCA" means that certain [***] of CPV Three Rivers, dated as of [***] (as amended from time to time), by and among [***].

"Three Rivers Purchase Price" means an amount equal to (a) ninety-five million twelve thousand seven hundred fifty Dollars ($95,012,750) *multiplied by* (b) a fraction, (x) the numerator of which is the equity ownership (expressed as a percentage) in CPV Three Rivers held by CPV Power Holdings LP immediately prior to the Closing and (y) the denominator of which is [***].

"Title Commitments" means, collectively, all title commitments, title pro formas, preliminary title reports and title policies set forth in Section 4.10(a) of the Seller Disclosure Schedule.

"Transaction Documents" means the Purchaser Parent Guarantee, the Indemnification Agreement and, if applicable, the Seller Note and the Pledge Agreement.

"Transaction Tax Deductions" means Tax benefits attributable to payments made by an Acquired Company in connection with the transactions contemplated by this Agreement that are deductible for U.S. federal income Tax purposes, and that are (a) the payments of any retention, sale, management or other amount paid to any officer, director or employee in the nature of a transaction, retention or other bonuses, including any payroll Taxes required to be paid with respect thereto or (b) other costs, fees and expenses paid by any Acquired Company (including professional services fees, investment banker fees, and similar fees).

"Transfer Taxes" means all transfer, real property transfer, sales, use, goods and services, value added, documentary, stamp duty, gross receipts, excise, and conveyance Taxes and other similar Taxes, duties, fees or charges.

"Working Capital Amount" means, with respect to any Person, an amount, which may be positive or negative, equal to (a) the sum of all current assets of such Person (excluding (i) Cash and Cash Equivalents and (ii) deferred Tax assets), *minus* (b) the sum of all current liabilities of such Person (excluding (i) Indebtedness, (ii) deferred Tax liabilities and (iii) accrued and unpaid employee bonuses), in each case, required to be included on a consolidated balance sheet of such Person determined in accordance with the Accounting Principles.

(b) The following terms have the meanings ascribed to them in the Sections specified below:

Defined Term	Section
Accounting Principles	Section 2.02(b)
Acquired Partnership	Section 6.03(g)
Additional Support Obligation	Section 9.01(a)
Agreement	Preamble
Allocation	Section 2.02(d)
Balance Sheet Date	Section 4.06(a)
Base Purchase Price	Section 2.02(a)(ii)
Business	Recitals
CARES Act	Section 4.11(k)
Closing	Section 2.03
Closing Date	Section 2.03
Closing Statement	Section 2.05(a)
Confidentiality Agreement	Section 6.04(a)
Consent	Section 3.03
Continuing Employees	Section 6.10(a)
Continuing Support Obligation	Section 9.01(b)
Counsel	Section 11.12(b)
CPV REC	Recitals
CPV REC Base Purchase Price	Section 2.02(a)(iii)
CPV REC Purchase Price	Section 2.02(a)(iii)
CPV Power Holdings	Recitals
CPV Power Holdings Base Purchase Price	Section 2.02(a)(i)
CPV Power Holdings Interests	Recitals
CPV Power Holdings LP	Recitals
CPV Power Holdings Note Amount	Section 2.02(a)(i)
CPV Power Holdings Purchase Price	Section 2.02(a)(i)
CPVI	Recitals
CPVI Base Purchase Price	Section 2.02(a)(ii)
CPVI Purchase Price	Section 2.02(a)(ii)
CPVI Shares	Recitals
Development Projects	Recitals
Easement Real Property	Section 4.10(c)

Effective Time	Section 2.03
Estimated Closing Date Statement	Section 2.02(b)
Extended Outside Date	Section 10.01(b)
Fairview Management Transition Fee	Section 2.07(a)
Filing	Section 3.03
Financial Statements	Section 4.06(a)
GIP II CPV	Recitals
GIP II CPV 2	Recitals
GP Designee	Section 2.02(a)
IFRS	Section 6.11(a)(i)
Independent Accountant	Section 2.05(b)
Insurance Policies	Section 4.16
Intellectual Property	Section 4.17
Interim Period	Section 6.01
Investors	Section 5.10
Investor Subscription Agreement	Section 5.10
ISA	Section 6.11(a)(i)
ITC Transformer Contract	Section 4.13(g)
ITC Transformer Supplier	Section 4.13(g)
KPMG	Section 6.11(a)(i)
Leases	Section 4.10(b)
Leased Real Property	Section 4.10(b)
Material Contracts	Section 4.09(a)
MBR Tariff	Section 4.18(b)
Mezzanine Credit Agreement	Section 6.13
Non-Party Affiliates	Section 8.04
Objection Notice	Section 2.05(b)
OPC Power Ventures	Section 5.10
Operating Facilities	Recitals
[***]	Section 2.07(a)
Outside Date	Section 10.01(b)
Owned Real Property	Section 4.10(a)
Party; Parties	Preamble
Pass-Through Tax Proceeding	Section 6.03(i)
Pass-Through Tax Return	Section 6.03(g)
Permits	Section 4.08
Permitted Liens	Section 4.10(a)
Power Ventures Subscription Agreement	Section 5.10
Pre-Closing Tax Return	Section 2.02(d)
PTC Transformer Contract	Section 4.13(h)
PTC Transformer Supplier	Section 4.13(h)
Purchaser	Preamble
Purchaser GP	Preamble
Purchase Price	Section 2.02(a)(ii)
Purchaser Fundamental Representations	Section 7.03(b)(i)
Purchaser Guarantor	Recitals

Purchaser Parent Guarantee	Recitals
Purchaser Plans	Section 6.10(b)
Purchaser Termination Fee	Section 10.02(d)
Purchasers’ Required Consents	Section 5.03
R&W Insurance Policy	Section 6.09
Real Property	Section 4.10(c)
Regulatory Conditions	Section 10.01(b)
Releasee	Section 8.02(c)
Releasor	Section 8.02(c)
Securities Act	Section 5.06
Sellers	Preamble
Sellers’ Counsel	Section 11.11
Sellers’ Election Notice	Section 2.05(a)
Sellers’ Required Consents	Section 3.03
Seller Fundamental Representations	Section 7.02(b)(i)
Subscription Agreement	Section 5.10
Support Obligations	Section 9.01(a)
Tangible Personal Property	Section 4.10(a)
Three Rivers Promote	Section 2.07(b)
Training and Support Agreement	Section 2.07(a)
Transferred Interests	Recitals
[***]	

Exhibit 4.16

Execution Version

October 29, 2020

To: Kenon Holdings Ltd.
1 Temasek Avenue #36-01
Millenia Tower
Singapore 039192

Re: Letter Agreement (the "Agreement") regarding additional undertakings in connection with the termination of the Deferred Payment Agreement

Ladies and Gentlemen:

Reference is hereby made to:

(a) that certain Deferred Payment Agreement, dated as of December 28, 2017, among Inkia Energy Limited ("Inkia Energy"), as original payor, Nautilus Energy Topco LLC, ("Nautilus TopCo") as payee and ISQ Global Infrastructure Fund II, L.P., as guarantor (as amended by that certain Amendment No. 1 to Deferred Payment Agreement, dated as of December 19, 2019 among Nautilus TopCo and Kenon Holdings Ltd. as payor ("Kenon") and that certain Amendment No. 2 to Deferred Payment Agreement, dated as of August 21, 2020, among Nautilus TopCo, Nautilus Inkia GP S.à.r.l, ("Inkia GP") and Kenon, and as further amended, supplemented and/or otherwise modified from time to time, the "DPA"); (b) that certain Payoff and Waiver Letter Agreement, dated as of the date hereof, by and between Kenon, Nautilus TopCo and Inkia GP (as amended, supplemented and/or otherwise modified from time to time, the "Pay-off Letter"); (c) that certain Amended and Restated Pledge Agreement, dated February 15, 2018, by and between Kenon and Nautilus Inkia Holdings LLC (as succeeded to by Nautilus Inkia Holdings SCS, "Nautilus Inkia") (as amended by that certain First Amendment to OPC Share Pledge Agreement, dated as of the date hereof, by and between Kenon and Nautilus Inkia, and as further amended, supplemented and/or otherwise modified from time to time, the "OPC Share Pledge Agreement"); (d) that certain Share Purchase Agreement, dated November 24, 2017, by and among Inkia Energy and IC Power Distribution Holdings, Pte., Ltd. ("IC Power" and together with Inkia Energy, the "Sellers"), as sellers, and Nautilus Inkia, Nautilus Distribution Holdings LLC and Nautilus Isthmus Holdings LLC, as buyers (as amended, supplemented and/or otherwise modified from time to time, the "SPA") and (e) that certain guarantee agreement, dated as of December 28, 2017, issued by Kenon, as guarantor for the account of the Sellers for the benefit of Nautilus Inkia (as amended, supplemented and/or otherwise modified from time to time, the "Sellers' Guarantee"). Capitalized terms used and not defined herein have the meanings assigned to them in the DPA and/or the Pay-off Letter, as the context so requires.

By their signatures below, Kenon, Nautilus TopCo and Nautilus Inkia hereby agree to the following:

1. Nautilus TopCo agrees to repay the Deferred Amount payable under the DPA as of the date of this Agreement in full in accordance with the terms of the DPA, with no withholdings, set off or deductions, it being agreed that the amount of the Deferred Payment payable to Kenon under the Deferred Payment Agreement on the date hereof is $217,810,020.82.

2. Kenon acknowledges that following prepayment of the Deferred Amount in accordance with the Pay-off Letter, Nautilus Inkia will no longer be able to offset certain indemnification claims against the Deferred Amount under the Section 10.10 of the SPA (which it otherwise would have been entitled to do until December 31 2021, unless it elected to prepay the Deferred Amount under the DPA) and, accordingly, in consideration for (and subject to) the prepayment of the Deferred Amount in accordance with Paragraph 1 above, Kenon has agreed to (i) increase the term and scope of the OPC Share Pledge Agreement, (ii) increase the term of the Sellers' Guarantee and (iii) undertake the following obligations for the benefit of Nautilus Inkia.

3. Kenon covenants and agrees with Nautilus Inkia that, subject to prepayment of the Deferred Amount in accordance with Paragraph 1 above, until December 31, 2021 (the "Termination Date"):

(a) Other than

(i)the Indebtedness (as defined below) set forth in Schedule 3(a) (the "Existing Indebtedness"), (ii) any refinancing, extension, replacement or renewal of the Existing Indebtedness and (iii) any Permitted Indebtedness (as defined below), Kenon shall not, directly create, incur, assume, suffer to exist or otherwise be or become liable with respect to any Indebtedness in an aggregate amount in excess of $3,000,000 (or the equivalent thereof in any other currency) at any one time outstanding. Notwithstanding anything to the contrary contained herein, nothing in this Agreement shall prevent any of Kenon's subsidiaries or associated companies from creating, incurring, assuming, suffering to exist or otherwise becoming liable for any Indebtedness, and any Indebtedness of Kenon's subsidiaries and associated companies shall not be subject to any limitations under this Agreement.

(b) For purposes of this Agreement, "Indebtedness" shall mean, with respect to any person or entity on any date, without duplication, (i) the principal amount of any indebtedness of such person for borrowed money or arising out of any credit facility or hedge agreement or for the deferred purchase price of goods or services, excluding any trade payables or other accrued liabilities incurred in the ordinary course of business, (ii) all guaranties by such person of Indebtedness of any other person, (iii) Indebtedness of any other person secured by any assets or revenue of such person and (iv) the net aggregate rentals under any lease by such person as lessee that under applicable accounting standards would be capitalized on the books of the lessee or that is the substantial equivalent of the financing of the property so leased, which in each case of (i)-(iv) above would be reflected as a liability on the balance sheet, of such person in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS") as in effect from time to time. "Indebtedness" shall not include: (1) anything accounted for as an operating lease in accordance with IFRS prior to the adoption of IFRS 16, (2) any salary, pension, benefits, tax or similar obligations, (3) performance, judgment, bid, appeal, indemnity, surety, customs, advance payment, VAT and other tax and completion bonds, guarantees or similar obligations, letters of credit, bank guarantees, bankers' acceptances and similar obligations not in connection with money borrowed, in each case, provided in the ordinary course of business and (4) in connection with a sale of a business or shares or assets, guarantees and indemnities to the extent the amount of such Indebtedness does not exceed the gross proceeds (including non-cash proceeds) actually received by Kenon in connection with such disposition and any post-closing adjustments in connection with a sale or purchase of a business where the payment is determined by a final closing balance sheet or is dependent on performance of the business following closing. All Indebtedness denominated in a currency other than US dollars shall be converted into US dollars on the date of incurrence at then-prevailing exchange rate.

(c) For purposes of this Agreement, "Permitted Indebtedness" shall mean:

(i) any Indebtedness owing to a subsidiary or associated company of Kenon, provided that such indebtedness is unsecured and expressly subordinated in right of payment and liquidation to any obligations owed by Kenon to Nautilus Inkia;

(ii) lease obligations in the ordinary course of business;

(iii) hedging obligations for bona fide hedging purposes and not for speculative purposes;

(iv) accruals of amounts owed to service providers, including payables to legal, accounting and other professional service providers and shall include legal fees and expenses and related accruals relating to bilateral investment treaty proceedings;

(v) Indebtedness in respect of workers' compensation and claims arising under similar legislation, or pursuant to self-insurance obligations, and not in connection with the borrowing of money or the obtaining of advances or credit;

(vi) Indebtedness relating to or incurred under Kenon's agreement with a capital provider to provide capital for expenses in relation to the pursuit of arbitration claims against the Republic of Peru and other cost; and

(vii) Indebtedness arising from amounts owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of Kenon with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of Kenon and its subsidiaries in aggregate amount not to exceed $100,000 outstanding at any one time.

(d) Kenon shall deliver to Nautilus Inkia, as soon as available, but in any event within sixty (60) days after the end of each fiscal quarter of each fiscal year of Kenon, a copy of the unaudited unconsolidated statements of income, retained earnings and cash flow of Kenon, and the related unaudited unconsolidated balance sheet of Kenon as of the end of such period, together with a certificate from an authorized representative of Kenon confirming compliance with Clause (2)(a) above.

(e) Kenon shall maintain an amount equal to $50,000,000 (the "Reserve Amount") in immediately available funds and free and clear of any liens, charges or other encumbrances other than ordinary course liens in connection with banking or brokerage arrangements (the "Cash Reserve"). For the avoidance of doubt, Kenon may maintain such funds in the form of any of the following (which shall not be inclusive):

(i) bank accounts;

(ii) obligations issued or guaranteed by any government or member state of the European Union, the United Kingdom, the United States, Switzerland Norway, Canada or Singapore

(iii) bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits (and similar instruments) with maturities of twelve months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of the European Union, the United Kingdom, the United States, Switzerland, Norway, Canada or Singapore; provided that such bank or trust company has capital, surplus and undivided profits aggregating in excess of €300.0 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "Baa3" or higher by Moody's, "BBB-" or higher by S&P, "BBB-" or higher from Fitch or the equivalent rating category of another internationally recognized rating agency;

(iv) commercial paper that is rated Baa3" or higher by Moody's, "BBB-" or higher by S&P, "BBB-" or higher from Fitch or the equivalent rating category of another internationally recognized rating agency;

(v) repurchase obligations with a term of not more than thirty days for underlying securities of the type described in clause (ii) or (iii) above, entered into with any financial institution meeting the qualifications described in clause (iii) above; and

(vi) (i) interests in money market funds managed by internationally recognized financial institutions and (ii) interests in any fund with at least a AA rating by S&P (or equivalent rating by another internationally recognized rating agency), in each case of (i) and (ii), at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (i) through (v) above.

(f) Kenon shall deliver to Nautilus Inkia, within ten (10) Business Days after the end of each fiscal quarter of each fiscal year of Kenon, account statements evidencing that Kenon has maintained the Cash Reserve in an amount equal to the Reserve Amount.

4. Kenon represents and warrants that:

(a) It is duly formed, validly existing under the laws of its jurisdiction of formation;

(b) It has full power, authority and legal right to incur and perform the obligations provided for in this Agreement;

(c) Neither the entry into this Agreement nor compliance with its terms will conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default or require any consent under, any indenture, mortgage, agreement or other instrument or arrangement to which it is a party or by which it is bound, or violate any of the terms or provisions of its organizational documents, judgment, decree or order or any statute, rule or regulation applicable to it, except for any such breaches or conflicts as would not have a material impact on Kenon's ability to perform its obligations under this Agreement;

(d) Other than the Existing Indebtedness listed in Schedule 3(a) or any Permitted Indebtedness, it has no outstanding Indebtedness on and as of the date hereof; and

(e) No default or event of default has occurred and is continuing under the OPC Share Pledge Agreement or the SPA.

5. Kenon hereby acknowledges and agrees that any failure to observe or perform the covenants or agreements set forth in this Agreement shall, following written notice to Kenon, unless such default has been cured within 5 Business Days of such notice (a "Side Letter Event of Default"), constitute an "Event of Default" but not an “Excluded Event of Default” under the OPC Share Pledge Agreement and shall entitle Nautilus Inkia to all the rights and remedies arising from, and relating to, an “Event of Default” in accordance therewith.

6. Each of the parties to this Agreement agrees to execute any further documents and instruments and take all further actions as the other party may reasonably request in order to effectuate the obligations and agreements contemplated by this Agreement.

7. Any notice, request or other communication to be given or made to the parties under this Agreement shall be in writing and shall be delivered by hand or overnight courier service, or mailed by certified or registered mail, or sent by e-mail, as follows:

(a) If to Kenon:
Kenon Holdings Ltd
1 Temasek Avenue #36-01 Millenia Tower
Singapore 039192
Attn: Robert Rosen, CEO
E:mail: robertr@kenon-holdings.com

(b) If to Nautilus TopCo:
Nautilus Energy Topco LLC
Calle Las Palmeras 435, Piso 7,
San Isidro, Lima, Perú
Attn: Gino Sangalli, General Counsel
E:mail: gino.sangalli@inkiaenergy.com.

(c) If to Nautilus Inkia:
Nautilus Inkia SCS
Calle Las Palmeras 435, Piso 7,
San Isidro, Lima, Perú
Attn: Gino Sangalli, General Counsel
E:mail: gino.sangalli@inkiaenergy.com.

8. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

9. To the fullest extent permitted by applicable law, each of the parties hereby irrevocably consent and agrees that any legal or equitable action or proceedings arising under or in connection with this Agreement shall be brought exclusively in the courts of the United States of America for the Southern District of New York or the courts of the State of New York sitting in the borough of Manhattan, New York City and by execution and delivery of this Agreement, each of the parties, irrevocably submits to and accepts, with respect to any such action or proceedings, for itself and in respect of its properties and assets, for purposes of this agreement, the jurisdiction of the aforesaid courts, and irrevocably waives any objection to venue in such courts. Each of the parties hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

10. EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED ON OR ARISING FROM THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

11. Kenon irrevocably and unconditionally:

(a) agrees not to claim any immunity from proceedings brought by Nautilus TopCo or Nautilus Inkia against it in relation to this Agreement and to ensure that no such claim is made on its behalf;

(b) consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and

(c) waives all rights of immunity in respect of it or its assets.

12. Kenon irrevocably appoints CT Corporation, with an office at 28 Liberty Street, New York, NY 10005 on the date hereof, as its agent under this Agreement for service of process in any proceedings.

(a) Kenon agrees that service of process in accordance with Paragraph 7 above shall be effective service of process in any proceedings, before the courts to the jurisdiction of which the parties submit pursuant to Paragraph 9 above. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

(b) If any person appointed as process agent is unable for any reason to act as agent for service of process, Kenon must immediately (and in any event within twenty days of such event taking place) appoint another agent on terms acceptable to each of Nautilus TopCo and Nautilus Inkia. Failing this, Nautilus TopCo and/or Nautilus Inkia may appoint another agent for this purpose.

(c) Kenon agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings.

13. This Agreement shall terminate on the earlier of (i) the Termination Date and (ii) December 31, 2020 if the Deferred Amount is not paid in full in accordance with Paragraph 1, above by December 31, 2020.

14. No provision of this Agreement may be amended, supplemented, modified or waived, except by a written instrument signed by the parties hereto.

15. This Agreement may be executed in several counterparts, each of which when so executed and delivered shall be deemed an original, but all of which together constitute one and the same agreement. Delivery of an executed counterpart of this Agreement electronically or by facsimile shall be effective as delivery of an original executed counterpart of this Agreement.

16. If a term of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction in relation to any party to this Agreement, that will not affect:

(a) in respect of such party the legality, validity or enforceability in that jurisdiction of any other term of this Agreement;

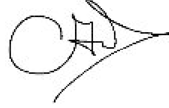
(b) in respect of any other party to this Agreement the legality, validity or enforceability in that jurisdiction of that or any other term of this Agreement; or

(c) in respect of any party to this Agreement the legality, validity or enforceability in other jurisdictions of that or any other term of this Agreement.

[*Signature pages follow*]

Sincerely,

NAUTILUS INKIA HOLDINGS SCS

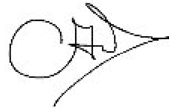


By: ____________________
Name: Alberto Victonico Triulzi
Title: Authorized Representative

By:____________________
Name: Sandra Carol Holme
Title: Authorized Representative

[Kenon Side Letter Signature Page]

NAUTILUS ENERGY TOPCO LLC



By: ____________________
Name: Alberto Victonico Triulzi
Title: Authorized Representative

By:____________________
Name: Sandra Carol Holme
Title: Authorized Representative

[Kenon Side Letter Signature Page]

ACKNOWLEDGED AND AGREED

KENON HOLDINGS LTD.,

By: /s/ Robert Rosen
Name: Robert Rosen
Title: CEO

[Kenon Side Letter Signature Page]

Schedule 3(a)

1. Kenon's guarantees of indebtedness of Qoros Automotive Ltd in existence on the date of this agreement.

2. Indebtedness relating to or incurred under Kenon's agreement with a capital provider to provide capital for expenses in relation to the pursuit of arbitration claims against the Republic of Peru and other costs; Kenon's obligations under this agreement are secured by pledges relating to the agreement.

3. Professional fees (including legal expenses of Kenon and third parties which Kenon is obligated to pay) relating to litigation and arbitration matters and ongoing advice (e.g. legal and accounting).

4. Amounts owing to Kenon’s subsidiaries in relation to management services, intercompany recharges and similar expenses.

5. Amounts owing to IC Power Asia Development Ltd in relation to the letter of undertaking dated Aug 29, 2018.

Exhibit 4.17

Execution Version

FIRST AMENDMENT TO THE AMENDED AND RESTATED PLEDGE AGREEMENT

This First Amendment to the Amended and Restated Pledge Agreement (this "**Amendment**") is entered into as of October 29, 2020 by and between **KENON HOLDINGS LTD.** (Company Registration Number: 201406588W), a company incorporated in Singapore and having its registered office at 160 Robinson Road, #17-01, Singapore Business Federation Centre, Singapore 068914 ("**Pledgor**"); and **NAUTILUS INKIA HOLDINGS SCS** (f/k/a Nautilus Inkia Holding LLC(, a company organized and existing under the laws of the Grand Duchy of Luxembourg, for itself and on behalf and for the benefit of Nautilus Distribution Holdings LLC ("**Buyer**" and the "**Pledgee**").

Recitals

(A) the Pledgor and the Pledgee (formerly organized as a Limited Liability Company under the laws of the Cayman Islands, redomiciled and registered by way of continuation as a common limited partnership (*société en commandite simple –SCS-*) in the Grand Duchy of Luxembourg) have entered into an Amended and Restated Pledge Agreement dated February 15, 2018 (the "**Pledge Agreement**"), pursuant to which the Pledgor granted to the Pledgee a first ranking pledge over, inter alia, the Pledged Assets, all as further described in the Pledge Agreement as a security for the Secured Obligations; and

(B) the Pledgor and the Pledgee wish to amend the Pledge Agreement on the terms set forth herein;

Now, therefore, the parties hereby agree as follows:

1. Defined Terms

Capitalized terms used herein and not otherwise defined shall have the meaning given to such terms in the Pledge Agreement.

2. Amendment to the Pledge Agreement

2.1 The following defined terms in the Pledge Agreement shall be amended as follows:

2.1.1 The definition of the term "**Event of Default"** shall be amended and replaced in its entirety by the following definition:

"the occurrence of any event, condition or circumstance that constitutes an "Event of Default" under this Pledge Agreement and any amendment thereto."

2.1.2 The definition of the term "**Pledged Shares"** shall be amended and replaced in its entirety by the following definition:

*"55,000,000 Company Shares, currently held in the Pledged Account, such amount of shares to be adjusted to take into account any share split, reverse share split, reclassification or any similar event with respect to the Pledged Shares. The aforementioned amount of Pledged Shares will be reduced following interim release of the Pledged Shares in accordance with clause 4 of this Pledge Agreement and/or following the release of the Pledged Shares pursuant to clause 6 of this Pledge Agreement. Pledged Shares shall include any Company Shares pledged pursuant to Clause 4 or 5.5 of this Agreement. Attached as **Exhibit A** is a confirmation of the Pledged Account Bank that the Pledged Shares are held in the Pledged Account."*

2.1.3 The definition of the term "**Release Date**" shall be amended and replaced in its entirety by the following definition:

"the earlier of: (i) December 31, 2021, unless upon such date any unresolved indemnity claim(s) under the Share Purchase Agreement is outstanding, whereupon this Pledge Agreement and the pledges created hereunder in favour of the Pledgor will continue to apply but only with respect to the Extended Assets (as defined below) in accordance with the provisions of clause 6 of this Pledge Agreement; and (ii) the date all Pledged Shares (including all proceeds received from the sale of Pledged Shares in accordance with clause 5.5 below) have been released from the pledge in accordance with clause 4 of this Pledge Agreement."

2.1.4 The definition of term "**Secured Obligations**" shall be amended and replaced in its entirety by the following definition:

"i) all indemnification claims by the Pledgee or by any Buyer Indemnitees that are Finally Determined as defined in and in accordance with the Share Purchase Agreement and have not been paid to Buyer less (a) the net proceeds from the realisation of the Pledged Assets that have been set-off by Buyer under clause 10.10 of the Share Purchase Agreement (if permissible thereunder), or (b) amounts actually paid to Buyer as indemnification claims under Article X of the Share Purchase Agreement; (ii) all obligations of the Pledgor under the Side Letter; (iii) all obligations of the Pledgor under this Pledge Agreement and any amendment thereto (including any rights to remedies of the Pledgee upon an Event of Default or any breach by the Pledgor of a representation, warranty covenant, agreement or condition contained herein); and (iv) any preservation and foreclosure costs and expenses incurred by the Pledgee (including costs and expenses in connection with an Enforcement Event, lawyers' fees and costs of any Receiver), in each case of (i)- (iv), unlimited in amount."

2.1.5 The following definition of the term "**Side Letter**" shall be added:

"Side Letter"- Side Letter, dated as of October 29, 2020, by and among, the Pledgor and the Pledgee, pursuant to which the Pledgor has undertaken upon itself to limit its ability to incur additional debt, to maintain a cash amount, to deliver account statements and additional other obligations, all as set forth therein."

2.2 Section 5.4 shall be amended and replaced in its entirety as follows:

"In addition to the right to draw dividends pursuant to clause 5.3 above, on one occasion during the period from October 29,2020 until the end of the term of this Agreement (and notwithstanding any exercise by the Pledgor of its right to draw dividends pursuant to this clause 5.4 prior to October 29,2020), and unless an Event of Default shall have occurred and be continuing, the Pledgor shall be entitled to receive and draw from the Applicable Account its pro rata share of dividends of up to the NIS equivalent (determined on the basis of the NIS/USD exchange rate quoted by Central Bank of Israel on the Tel Aviv Business Day immediately preceding the date of payment of the dividend) of USD 25 million paid by the Company in respect of all Pledged Shares. By way of example only, if the Company makes a distribution of US$ 50 million following the Original Effective Date, Pledgor shall be entitled to draw from the Applicable Account on account of such Pledged Shares US$ 6.25 million."

2.3 Section 6.1 shall be amended and replaced in its entirety as follows:

"*Following December 31, 2021, the Pledged Assets will be released in full from the pledge created hereby, provided that, to the extent on such date, there are any remaining Pledged Assets which were not released in accordance with clause 4 of this Pledge agreement (which such remaining Pledged Assets shall be defined as the "**Remaining Pledged Assets**"), and if there are unresolved claims for indemnity made by the Buyer under the Share Purchase Agreement, the pledges created under this Pledge Agreement will continue to apply for Pledged Assets not to exceed the Remaining Pledged Assets sufficient (in the case of Pledged Shares, based on a the VWAP Value per Company Share on December 31, 2021 (the "**Extended Assets**") to cover an amount determined by the Pledgor and the Pledgee together, each acting in good faith (or should the Pledgor and Pledgee be unable to agree, a third party evaluator; and in the absence of agreement on a third party evaluator, PwC shall act as third party evaluator or appoint a third party evaluator) equal to the sum, of (a) a reasonable estimate of the amount ultimately payable on an unresolved claim (including interest and penalties) to be paid under the Share Purchase Agreement, plus (b) a reasonable estimate of the amount of costs and expenses that are expected to be incurred to resolve the claim in accordance with the Share Purchase Agreement, plus (c) 10% of the aggregate of sub clauses (a) and (b) (together, the "**Reserve Amount**"); provided that (x) to the extent that such unresolved indemnity claims which results in an extension of the pledges created hereunder in a claim amount actually paid exceeding 110% of the Reserve Amount (for the avoidance of doubt being the value of the Extended Assets when the Reserve Amount is initially calculated), the Pledgor shall pay to the Pledgee interest in cash at a rate of 4% per annum on the difference between the amount paid and 110% of the Reserve Amount from December 31, 2021 until such payment, and (y) to the extent that such unresolved indemnity claims which in an extension of the pledges created hereunder results in a claim amount actually paid is less than 90% of the Reserve Amount (for the avoidance of doubt being the value of the relevant Extended Assets when the Reserve Amount is initially calculated), the Pledgee shall pay to the Pledgor interest in cash at a rate of 4% per annum on the difference between the amount paid and 90% of the Reserve Amount from December 31, 2021 until the Extended Assets are released from escrow.*

Any Extended Assets shall be released from the pledge following final settlement of any claims as described above."

2.4 Clause 11 (Events of Default) shall be amended and supplemented to include an additional Event of Default (Section 11.12), as follows:

"11.12 The Pledgor breaches any covenant or undertaking made by it under the Side Letter which constitutes a Side Letter Event of Default (as defined in the Side Letter)"

2.5 Section 11.2 under Clause 11 (Events of Default) shall be amended and replaced in its entirety as follows:

"*11.2 A representation or warranty made by the Pledgor in this Pledge Agreement or any amendment or supplement thereto, or the representation made by IC Power under the Undertaking and Consent, is incorrect in any material respect when made, unless the circumstances giving rise to the misrepresentation:*

11.2.1 are reasonably likely to be capable of remedy within the time provided in clause 11.2.2; and

11.2.2 are remedied within 30 days (or, with respect to clauses 9.1, 9.3 and/or 9.8- within 7 days) of the earlier of the Pledgee giving notice and the Pledgor or IC Power (as relevant) becoming aware of the breach and/or non-compliance."

2.6 Clause 12 (Realisation) shall be amended and supplemented to include the following additional provision (Clause 12.9) as follows:

2.9 *Transfer of the Pledged Shares or any rights deriving therefrom upon realisation (including to a receiver) in a manner which is deemed to be a transfer or purchase of control in the Company for the purpose of the Israeli Electricity Sector Law – 1996 ("Electricity Law") may require approval pursuant to the Electricity Law, and in such case, such transfer or purchase of control shall not be made without prior receipt of such approval."*

3. **<u>Additional obligations</u>**

3.1 The Pledgor hereby undertakes and confirms as follows:

3.1.1 it has furnished to the Pledgee certified corporate approvals of the Pledgor approving the execution, delivery and performance of all obligations under this Amendment.

3.1.2 it has furnished to the Pledgee a legal opinion from a reputable local counsel in Singapore in a form reasonably acceptable to the Pledgee.

3.1.3 it has furnished to the Pledgee a legal opinion from a reputable local counsel in Israel confirming that no consents, licenses, approvals or authorizations from any governmental authority in Israel are required by Pledgor for executing and performing its obligations under this Amendment.

3.1.4 it has provided the Pledged Account Bank a notice and irrevocable instructions, in the form attached hereto as **<u>Exhibit B</u>**, instructing the Pledged Account Bank to transfer 22,028,320 Company Shares and all Related Rights thereto to the Pledged Account, and has provided the Pledgee a countersigned acknowledgment thereof by the Pledged Account Bank.

3.1.5 it has duly signed and delivered to the Pledgee a Notice to the Pledges Registrar (form #5) for the purpose of amending the registration of the pledge created under the Pledge Agreement with the Israeli Pledges Registrar, adding to the registration the additional pledges hereby created under this Amendment, and has furnished to the Pledgee evidence of filing the aforementioned amendment to the registration for registration with the Israeli Pledges Registrar; and

3.1.6 it has duly signed and delivered to the Pledgee all such documents required under Singapore law for the purpose of registering the additional pledges hereby created under this Amendment with the ACRA and will furnish to the Pledgee evidence of its filing with the ACRA on the first succeeding day following the date of this Amendment.

3.2 Attached hereto as **<u>Exhibit C</u>** is a notice of the Pledgee to the Pledged Account Bank regarding the redomicile and migration of the Pledgee, acknowledged by the Pledged Account Bank.

3.3 Attached hereto as **<u>Exhibit D</u>** is a notice of the Pledgee to ESOP Management and Trust Services Ltd. ("**ESOP**") regarding the redomicile and migration of the Pledgee, acknowledged by ESOP.

4. Representations and Warranties

The Pledgor makes the following representations and warranties set out in this clause 4 as of the date of this Amendment.

4.1 The Pledgor is a limited liability company, duly incorporated and validly existing under the laws of Singapore.

4.2 The Pledgor has the requisite power and authority and the legal right to execute, deliver and perform this Amendment, including to create the pledge on the Pledged Assets pursuant to the Pledge Agreement as amended hereby, and has taken all necessary action to authorize its execution, delivery and performance of this Amendment.

4.1 The obligations of Pledgor hereunder are legal, valid and binding obligations and are enforceable in accordance with the terms hereof and, upon completion of proper registration with the Israeli Registrar of Pledges and the proper registration with the ACRA, this Amendment creates the first priority security which it purports to create and such security is valid, effective and enforceable.

4.2 Neither the execution and delivery of this Amendment or the other agreements and documents contemplated hereby to be executed and delivered by Pledgor, nor the performance or compliance with any of the provisions hereof or thereof, does or will (i) conflict with or result in a breach of any provisions of the constitutional documents of Pledgor, (ii) constitute or result in any default under any of its contracts, (iii) result in the creation or imposition of a lien upon any property or assets of Pledgor (other than the pledge contemplated by the Pledge Agreement as amended hereby), or (iv) violate any consent, permit, order or law applicable to Pledgor, the Pledged Assets or any of its other material properties, assets or businesses.

4.3 The Pledged Shares have been duly and validly granted and issued in accordance with Company's constitutional documents and the Pledgor is the record and beneficial owner of the Pledged Shares.

4.4 The Pledged Shares are not subject to a Lockup.

4.5 Other than as expressly set out herein, the Pledgor reaffirms all representations and warranties provided under the Pledge Agreement.

5. Effectiveness

This Amendment shall become effective immediately as of the date first written above.

6. Continuing Effect of the Pledge Agreement

6.1 This Amendment shall not constitute an amendment or waiver of any other provision of the Pledge Agreement or any other document and shall not be construed as such. Except as set forth expressly herein, the provisions of the Pledge Agreement shall remain in full force and effect.

6.2 For the avoidance of doubt, nothing in this Amendment shall be deemed to constitute any waiver by the Pledgee of any of its rights under the Pledge Agreement, and the remaining provisions of the Pledge Agreement will continue to apply to this Amendment as if expressly set out herein.

7. Governing Law

This Amendment shall be governed by, and construed in accordance with, the laws of the State of Israel (without regard to the conflict of law principles thereof).

8. Jurisdiction

The Parties hereby irrevocably agree, that the courts of Tel-Aviv shall have the exclusive jurisdiction to hear and determine any suit, action or proceedings and to settle any disputes, which may arise out of or in connection with this Amendment and, for such purposes, irrevocably submits to the jurisdiction of such courts.

The Pledgor hereby irrevocably waives any objection which it might now or hereafter have to the courts referred to in Clause 8 being nominated as the forum to hear and determine any actions and to settle any disputes and agrees not to claim that any such court is not a convenient or appropriate forum.

9. Amendment

This Amendment shall not be amended, modified or altered unless by an agreement in writing executed by Pledgor and Pledgee.

10. Entire Agreement

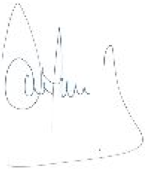
This Amendment (together with the Pledge Agreement, as amended hereby) contains the entire agreement between the Parties relating to the subject matter hereof and supersede all oral statements and prior writings with respect thereto. Prior drafts of this Amendment shall not be used for and shall have no affect with respect to the interpretation of this Amendment.

11. Counterparts

This Amendment and any ancillaries thereto may be executed in any number of counterparts (including counterparts transmitted via facsimile or in .pdf or similar format), and this has the same effect as if the signatures on the counterparts were on a single copy of this Amendment.

[*The remainder of this page is intentionally left blank*]

The undersigned executed this Amendment as of the date first set forth above.



____
Name: Gino Antonio Sangalli de los Ríos
Title: Authorised Signatory

PLEDGEE:

NAUTILUS INKIA HOLDINGS SCS

____
Name: Sandra Carol Holme Bowdin
Title: Authorised Signatory

PLEDGOR:

KENON HOLDINGS LTD.

____
Name:___________________
Title:____________________

The undersigned executed this Amendment as of the date first set forth above.

PLEDGEE:

NAUTILUS INKIA HOLDINGS SCS

____
Name:__________________
Title:___________________

PLEDGOR:

KENON HOLDINGS LTD.

By: /s/ Robert Rosen
Name: Robert Rosen
Title: CEO

Exhibit 4.18

PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED BECAUSE THEY ARE BOTH (i) NOT MATERIAL AND (ii) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. THE OMISSIONS HAVE BEEN INDICATED BY ASTERISKS ("[***]")

SALE AND PURCHASE AGREEMENT

THIS SALE AND PURCHASE AGREEMENT (this "Agreement") is entered into on April 13, 2021:

By and Between:

(1) **Quantum (2007) LLC**, a company organized and validly existing under the laws of State of Delaware, the United States of America, with its registered address at 16192 Coastal Highway Lewes Delaware 19958 USA (the "Vendor"); and

(2) **Hangzhou Chengmao Investment Co., Ltd.**, a company organized and validly existing under the laws of the PRC, with its registered address at Room 302, Xintiandi Business Center, Xiacheng District, Hangzhou City, Zhejiang Province, the PRC (the "Purchaser").

WHEREAS, the Vendor is the legal and beneficial owner of the 12% equity interest of Qoros Automotive Co., Ltd., a limited liability company organized under the laws of the PRC with its registered capital of RMB16,925,480,000 (the "Company"); and

WHEREAS, the Parties have agreed that the Vendor shall sell, and the Purchaser shall purchase, the Sale Shares (as defined below) on and subject to the terms and conditions of this Agreement.

IT IS THEREFORE AGREED as follows:

Article 1
Definition

1.1 Capitalized terms used herein and not otherwise defined in the context shall have the following meanings:

"Affiliate" means, with respect to any specified Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.

"AOA" means, the Articles of Association of the Company, dated as of January 6, 2019 (as amended from time to time).

"Business Day" means any day except a Saturday, Sunday, or other day on which commercial banks in New York, Hong Kong, or Beijing are authorized by law to close.

"Encumbrance" means a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or any type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect, provided, however, that the Encumbrance shall not include any Encumbrance in favor of the Purchaser.

"EXIM" means the Export-Import Bank of China.

"First Payment Date" means September 30, 2021.

"First Payment" means RMB 390,000,000 (equal to 25% of the Purchase Price).

"First Tranche" means the sum of the First Payment and the Second Payment.

"Fourth Payment Date" means March 31, 2023.

"Fourth Payment" means RMB 390,000,000 (equal to 25% of the Purchase Price).

"JV Contract" means the Joint Venture Contract, dated as of January 6, 2019, entered into by and among Wuhu Chery, the Purchaser and the Vendor (as amended from time to time).

"MOFCOM" means the Ministry of Commerce of PRC or its local counterpart.

"NDRC" means the National Development and Reform Commission or its local counterpart.

"Party" means each of the Vendor and the Purchaser, and the "Parties" means all of them together.

"Payment Date" means each of First Payment Date, Second Payment Date, Third Payment Date and Fourth Payment Date.

"Payment" means each of First Payment, Second Payment, Third Payment and Fourth Payment.

"Person" means an individual, partnership, corporation, business trust, joint-stock company, trust, unincorporated association, joint venture, or other similar entity.

"PRC" means the People's Republic of China, which for the purpose of this Agreement, does not include Hong Kong, Macau and Taiwan.

"RMB" means Renminbi yuan, the lawful currency of the PRC.

"Sale Shares" means 12% of the equity interest of the Company (equivalent to RMB 2,031,057,600 registered capital amount) held by the Vendor as of the date of this Agreement.

"SAMR" means the State Administration of Market Regulation or its local counterpart.

"Second Payment Date" means March 31, 2022.

"Second Payment" means RMB 390,000,000 (equal to 25% of the Purchase Price).

"Second Tranche" means the sum of the Third Payment and the Fourth Payment.

"Third Payment Date" means September 30, 2022.

"Third Payment" means RMB 390,000,000 (equal to 25% of the Purchase Price).

"Transfer Date" means the date when the First Tranche has been fully paid to the Vendor pursuant to Article 3.4.

"Wuhu Chery" means Wuhu Chery Automobile Investment Company Limited.

1.2 Any capitalized terms used but not defined herein shall have the meanings ascribed to them in the JV Contract.

1.3 Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or plural depending on the reference. References to an "Article" or a "Section" are, unless otherwise specified, to one of the articles or sections or subsections of this Agreement.

1.4 The titles of the Articles and Sections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

ARTICLE 2
SALE AND PURCHASE OF SHARES

2.1 The Vendor agrees to sell to the Purchaser the Sale Shares free from all Encumbrances (except for any Encumbrance resulting from the Articles of Association of the Company and except as may be required to be pledged to EXIM or another consortium bank), and the Purchaser agrees to purchase such Sale Shares, on the terms and conditions set out in this Agreement (the "**Transaction**").

ARTICLE 3
PURCHASE PRICE AND PAYMENT

3.1 As consideration for its purchase of the Sale Shares hereunder, the Purchaser agrees to pay to the Vendor a purchase price of RMB 1,560,000,000 (together with any late payment penalties, the "**Purchase Price**"). Please refer to Exhibit A attached hereto for the schedule of payment of the Purchase Price. If a payment with respect to any Payment Date fails to be fully paid within 30 days of the relevant Payment Date, such payment amount shall be subject to a "Price Adjustment" (which shall be deemed as late payment penalties) at a rate equal to the one-year loan prime rate (published by the People's Bank of China on the most recent practicable date prior to the Payment Date) calculated for a period starting from the relevant Payment Date to the date when all the due payment and the Price Adjustment have been paid in full. For clarity, the remedies provided in this Section 3.1 will not be exclusive of or limit other remedies that may be available to the Non-defaulting Party.

3.2 To secure the performance of the Purchaser's obligations under this Agreement, the Purchaser agrees to transfer an amount equal to RMB 78,000,000 (equal to 5% of the Purchase Price) ("**Deposit**") into an escrow account set up in the name of the Purchaser (the "**Escrow Account**") on the earlier of (i) the date on which Company or any of its subsidiaries resumes its production and (ii) July 31, 2021. The Parties agree that the Deposit shall be counted as part of the First Payment. On the First Payment Date, the Purchaser shall transfer an amount equal to the First Payment minus the Deposit to the Escrow Account; and on the Second Payment Date, the Purchaser shall transfer an amount equal to the Second Payment to the Escrow Account.

3.3 The Vendor shall take all necessary actions, with assistance and cooperation from the Purchaser, to obtain the approval of/filing with NDRC (if required by Applicable Laws), and subject to the full payment of the First Tranche into the Escrow Account pursuant to Section 3.2, complete the registration with the SAMR in relation to the transfer of the Sale Shares, and filing with MOFCOM (to the extent required by Applicable Laws), the amendment filings of the Company's foreign exchange information and tax filings with competent tax authority of the outbound remittance of the First Tranche under trade in services and other items. The Purchaser and the Vendor shall maintain their joint and respective specimen signatures/seals for the Escrow Account, and all funds under such Escrow Account shall be used and transferred only for the purpose of the payment of the Purchase Price or as otherwise provided by this Agreement.

3.4 The Vendor and the Purchaser agree that subject to (1) the approval of/ filing with the NDRC (if required by Applicable Laws); (2) the registration with the SAMR of the transfer by the Vendor of the Sale Shares and filing with MOFCOM (to the extent required by Applicable Laws); (3) the completion of the Company's foreign exchange information amendment filing for the transfer by the Vendor of the Sale Shares; and (4) the completion of the filing with competent tax authority of the outbound remittance of the First Tranche under trade in services and other items, the First Tranche shall be paid to the Vendor within five (5) Business Days upon the date when the matters set out in the aforesaid sub-sections (1), (2), (3) and (4) are completed. The Vendor further agrees that if it has received the First Tranche paid by the Purchaser before the Transfer Date, without the consent of the Purchaser, the Vendor shall not transfer or use the First Tranche in any manner.

3.5 The Purchaser shall pay the Third Payment to the Vendor on or before the Third Payment Date and pay the Fourth Payment to the Vendor on or before the Fourth Payment Date. The Purchaser shall, with the cooperation of the Vendor, take, and cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to complete the relevant tax filings and filing applications via the paying bank for the approval of the competent foreign exchange administration authority prior to the Third Payment Date and the Fourth Payment Date (as applicable).

3.6 If this Agreement is terminated in accordance with Article 8 of this Agreement or as a matter of law, (1) the Vendor shall (subject to the reversion set forth in sub-section (2) hereof) release the escrow so established under Section 3.2, and Section 3.5 (where applicable), and (2) in the event that the Purchaser has been registered as the holder of the Sale Shares, upon request by the Vendor, the Purchaser shall use its commercially reasonable efforts to cooperate with the Vendor to conduct the relevant formalities to reverse the Transaction, including assisting the Company to complete the approval, filing and registration procedures with relevant governmental authorities for the reversion of the title to the Sale Shares in the Company to the Vendor.

For the avoidance of doubt, if this Agreement is terminated in accordance with Section 8.2 of this Agreement, such termination or any performance of the Non-Defaulting Party (as defined below) of its respective obligations set forth in this Section 3.6 above shall not be deemed to constitute a waiver of any available remedy (including specific performance, if available) of the Non-Defaulting Party for any breach or misrepresentation of the Defaulting Party (as defined below), nor shall the Defaulting Party be relieved of any liability that has arisen or occurred for its breach of, or for any misrepresentation under this Agreement.

3.7 Both Parties shall procure the Company and shall use reasonable efforts to [***] take all necessary actions to obtain the approval or complete the registrations or filings set out in sub-sections (1), (2), (3) and (4) of Section 3.4, Section 3.5, Section 3.6 and Section 3.9, and the Parties shall cooperate with each other and the Company, and provide such information or assistance as may be required for the purpose of enabling the Company to obtain the said approval or complete the said registrations or filings. Further, the Purchaser shall sign all documents and perform such acts as may be necessary or desirable to effect the payment of the Purchase Price to the Vendor, including but not limited to filing applications via the paying bank for the approval of the competent foreign exchange administration authority of the payment of each Payment by the Purchaser and such paying bank.

3.8 The Purchaser shall take, and shall cause the Company to take, any and all actions necessary or desirable as required for the purpose of the Closing, including but not limited to (i) preparing all the applicable documents required for the submission to the competent government authorities; and (ii) to the extent required, notifying all lending banks of the transaction contemplated in this Agreement in writing, and shall use its best efforts to, to the extent required, cause the Company to obtain the written consent of or the waiver by the lending banks. [***].

3.9 The Purchaser agrees, and will take any action (and cause the Company and the other shareholders to take any action to ensure) that the Vendor is entitled to retain one (1) director at the board of directors of the Company, from the Transfer Date to the date the Purchaser has paid to Vendor the full amount of the Purchase Price. Notwithstanding the transfer of the Sale Shares, the Purchaser shall cause the person designated by the Vendor to be appointed as a director of the Company concurrently with the registration of the transfer of the Sale Shares with SAMR and the director designated by the Vendor shall be removed promptly after the Vendor has fully received the Fourth Payment pursuant to Section 3.5.

Article 4
Share Transfer

4.1 Subject to the Vendor's receipt of collateral or other security acceptable to it in its sole discretion, the transfer of the Sale Shares shall take place on the date on which the Vendor has fully received the First Tranche, or such other dates designated by the Vendor after all conditions set forth in Article 5 are satisfied (or waived by the relevant Party), and at the primary office of the Company or other places as agreed by the Parties. For the avoidance of doubt, the SAMR registration as provided under Article 3.3 shall be completed after the Vendor's receipt of such collateral or other security.

4.2 (a) Without prejudice to any rights and entitlements of Vendor under this Agreement, any other document to which the Vendor is a party or otherwise as a matter of law, in the event that (i) the Purchaser fails to pay the full amount of any Payment within sixty (60) days after the corresponding Payment Date, or (ii) for whatever reason the Vendor fails to receive the full amount of the First Tranche by June 30, 2022 (each of (i) and (ii) is referred to as a "**Put Triggering Event**"), the Vendor may, at its sole election, immediately exercise the Put Option by serving the Party B Put Notice to the Purchaser.

(b) The Parties further agree that, by entering into this Agreement, for the purposes of paragraph (a) of this Article 4.2, such Party B Put Notice shall be deemed to have been served, and the Party B Expiration Date shall be the date on which a Put Triggering Event occurs.

(c) For the avoidance of doubt, (i) nothing contained in this Article 4.2 shall be interpreted to alter or release any of Purchaser's obligations under this Agreement, the JV Contract or any other document to which the Purchaser is a party; and (ii) if the Vendor elects to exercise the Put Option, part or all of the amounts payable by the Purchaser under this Agreement shall be deemed as a part of the Put Price pursuant to Article 5.2.8(b) of the JV Contract.

Article 5
Conditions to Share Transfer

5.1 The obligations of the Purchaser to pay to the Vendor the First Tranche shall be subject to the fulfillment or written waiver by the Parties, at or prior to the Transfer Date, of each of the following conditions:

(a) As of the Transfer Date, the Vendor shall not have materially breached this Agreement;

(b) The release of the share pledge of the Sales Share; and

(c) The Transaction has been approved by the NDRC and registered with the SAMR.

5.2 For avoidance of doubt, the Purchaser's obligation to pay the Second Tranche shall not be conditioned upon the satisfaction of any condition precedent set out in Article 5.1.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 The Vendor hereby represents and warrants to the Purchaser that as of the date of this Agreement and the Transfer Date:

(a) it has been duly incorporated and is validly existing under the laws of its place of incorporation;

(b) it has valid, good and unencumbered title to the Sale Shares (except for any Encumbrance resulting from the Articles of Association of the Company and except as may be required to be pledged to EXIM or another consortium bank), and it has full right, power and authority to enter into and perform its obligations under this Agreement. Subject to the Purchaser's compliance with Section 3.9, upon Vendor's receipt of the First Tranche, the Purchaser will acquire valid and good title to the Sale Shares, free of any Encumbrance (except for any Encumbrance resulting from the Articles of Association of the Company and except as may be required to be pledged to EXIM or another consortium bank);

(c) this Agreement has been duly executed and delivered by the Vendor and constitutes legal and binding obligations of the Vendor enforceable against it in accordance with its terms. The Vendor's execution, delivery and performance of this Agreement will not contravene, breach or violate or result in a contravention, violation or breach of (i) the memorandum and articles of association or other constitutive documents of the Vendor; (ii) the laws of the PRC or laws of any other jurisdiction which may otherwise be applicable to the Vendor or the transaction contemplated under this Agreement; or (iii) any agreement or other instrument binding upon the Vendor or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Vendor.

6.2 The Purchaser hereby represents and warrants to the Vendor that as of the date of this Agreement and the Transfer Date:

(a) it has been duly incorporated and is validly existing under the laws of its place of incorporation;

(b) it has full right, power and authority to enter into and perform its obligations under this Agreement;

(c) this Agreement has been duly executed and delivered by the Purchaser and constitutes legal and binding obligations of the Purchaser enforceable against it in accordance with its terms. The Purchaser's execution, delivery and performance of this Agreement will not contravene, breach or violate or result in a contravention, violation or breach of (i) the articles of association of the Purchaser; (ii) the laws of the PRC or laws of any other jurisdiction which may otherwise be applicable to Purchaser or the transaction contemplated under this Agreement; or (iii) any agreement or other instrument binding upon the Purchaser or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Purchaser.

ARTICLE 7
DISPUTE RESOLUTION

7.1 The Parties shall make their efforts to resolve any disputes resulting from or relating to this Agreement through amicable negotiation. If the disputes cannot be resolved through negotiation within thirty (30) days after any Party serves a notice to other Parties, any Party may refer such dispute to arbitration in Beijing before China International Economic and Trade Arbitration Commission ("CIETAC") in accordance with its arbitration rules then in effect. The arbitration tribunal shall consist of three (3) arbitrators. Each of the Parties shall have the right to appoint one (1) arbitrator. The third arbitrator shall be appointed by CIETAC. All arbitration proceedings shall be conducted in both English and Chinese languages, provided that if only one language is permitted, the proceedings shall be conducted in English. Any arbitration award rendered by the arbitration tribunal shall be final and binding upon the Parties. The arbitration costs, including attorney's fees, shall be borne by the losing Party, unless otherwise specified in the arbitration award.

7.2 In the process of resolving the disputes, the Parties shall continue exercising their rights and performing their obligations under this Agreement that are not affected in good faith, except for the disputed matters.

ARTICLE 8
TERMINATION

8.1 This Agreement may be terminated in writing by unanimous agreement of the Vendor and the Purchaser.

8.2 If (1) any of the obligations of any of the Parties under this Agreement which should have been fulfilled by such Party has not been duly and promptly performed in any material aspect or any of the Parties materially breaches this Agreement, or (2) any of the representations or warranties made by any of the Parties under this Agreement is or becomes apparent that any of such representations or warranties would be untrue, incorrect, incomplete or misleading in any material aspect, or any event occurs or matter arises which renders, or would render, any of the representations or warranties of any of the Parties under this Agreement untrue, incorrect, incomplete or misleading in any material aspect, then, in any such case, the other Party to which none of the foregoing situations has occurred (the "Non-Defaulting Party") shall notify such default to the other Party (the "Defaulting Party") requesting for the correction thereof within thirty (30) days. If the Defaulting Party fails to correct such default within the aforesaid thirty (30) days, the Non-Defaulting Party may, in its sole and absolute discretion, by notice in writing to the Defaulting Party, terminate this Agreement.

8.3 Notwithstanding the foregoing, in no event shall the Purchaser unilaterally terminate this Agreement after the Transfer Date.

8.4 The provisions of Article 7, this Article 8 and Article 9 shall survive the termination of this Agreement.

Article 9
General Provisions

9.1 Governing Law. This Agreement shall be governed by and construed exclusively in accordance with the laws of the PRC (excluding its choice of law rules).

9.2 Effectiveness. This Agreement shall take effect and be binding over the Parties hereto immediately upon its execution by the Parties.

9.3 Confidentiality. Unless otherwise agreed to in writing by the Parties, none of the Parties shall, directly or indirectly, disclose, or permit the disclosure of, to any third Person (i) the existence or content of this Agreement or of discussions regarding the transaction contemplated hereunder, (ii) any of the terms, conditions or other aspects of the transaction contemplated hereunder, or (iii) the status of performance of this Agreement, except (a) to advisors, agents, shareholders, limited partners, directors, officers or employees of the relevant Party and its Affiliates, (b) to financial institutions and banks whose consent or financing will be obtained for the transaction contemplated hereunder, (c) as may be compelled in a judicial or administrative proceeding or as otherwise required by law and regulation or pursuant to legal proceedings (in which case the disclosing Party shall notify the other Parties in writing promptly if lawfully permitted to do so), and (d) as may be required by government or regulatory authorities or stock exchanges or agencies that have jurisdiction over a Party (or its parent company) or the transaction contemplated hereunder (in which case the disclosing Party shall notify the other Parties in writing promptly thereof).

9.4 Successors and Assigns. Except as otherwise specifically provided herein, this Agreement shall bind and inure to the benefit of each Party's respective successors and permitted assigns; *provided* that no Party shall have any right to assign any of its rights hereunder or any interest herein without obtaining the written consent of the other Parties hereto to such assignment, and any purported assignment made without obtaining such written consent shall be null and void.

9.5 Notices. All notices under this Agreement shall be given in writing and shall be deemed to have been given upon delivery if delivered by hand or air courier, upon generation of confirmed receipt by the machine if sent by facsimile transmission, or on the seventh Business Day after mailing if sent by air mail, certified or registered mail, return receipt requested and postage prepaid, in each case to the address set forth below (or to such other address or addressee as a Party may specify by notice given hereunder);

(a) If to the Vendor

Address:	1 Temasek Avenue#37-02B Millenia Tower Singapore 039192
Attention to:	Robert L. Rosen
Tel:	(65) 6351 1788

(b) If to the Purchaser

Address:	Room 316, Building 9, 588 Feijiatang Road, Xiacheng District, Hangzhou City, Zhejiang Province, P.R.China, 310006
Attention to:	Sun Li
Tel:	(86) 136 0257 5157

9.6 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

9.7 Amendments. Any term of this Agreement may be amended only with the written consent of the Parties.

9.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the Parties hereto.

9.9 Language. This Agreement is written and executed in Chinese and English versions and both versions shall have equal validity.

9.10 Taxes and Expenses. Unless otherwise expressly provided in this Agreement, each Party hereto shall bear and be responsible for the payment of all taxes, government charges, costs and expenses it incurs in relation to the discussion, conclusion, delivery and performance of this Agreement.

[Remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF, the Parties hereto have caused this Sale and Purchase Agreement to be duly executed and delivered as of the day and year first above written.

VENDOR:

Quantum (2007) LLC

By: **/s/ Robert L. Rosen**
Name: Robert L. Rosen
Title: CEO

PURCHASER:

Hangzhou Chengmao Investment Co., Ltd.

By: **/s/ Sun Li**
Name: Sun Li/孙莉
Title: Legal Representative

Schedule A - Purchase Price Payment Schedule

Installment	Amount (RMB)	Percentage of the Aggregate Purchase Price	Payment Date
Deposit	78,000,000	5%	earlier of (i) the date on which Company or any of its subsidiaries resumes its production and (ii) July 31, 2021
First Payment (minus Deposit)	312,000,000	20%	September 30, 2021
Second Payment	390,000,000	25%	March 31, 2022
Third Payment	390,000,000	25%	September 30, 2022
Fourth Payment	390,000,000	25%	March 31, 2023

Exhibit 8.1

Entity Name	Jurisdiction of Incorporation	Name(s) Under Which it Does Business
OPC Energy Ltd.	Israel	OPC Energy Ltd.
OPC Rotem Ltd.	Israel	OPC Rotem Ltd.
OPC Hadera Ltd.	Israel	OPC Hadera Ltd.
Quantum (2007) LLC	USA	Quantum (2007) LLC
Tzomet Energy Ltd.	Israel	Tzomet Energy Ltd.

Exhibit 12.1

Certification of the Chief Executive Officer

I, Robert L. Rosen, certify that:

1. I have reviewed this annual report on Form 20-F of Kenon Holdings Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge , the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such intemal control over fmancial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness ofthe disclosure controls and procedures, as of the end ofthe period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect , the company's intemal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation ofinternal control over financial reporting, to the company's auditors and the audit committee ofthe company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial infonnation; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's intemal control over financial reporting.

Date: April 19, 2021

By: /s/ Robert L. Rosen
Name: Robert L. Rosen
Title: Chief Executive Officer

Exhibit 12.2

Certification of the Chief Financial Officer

I, Mark Hasson, certify that:

1. I have reviewed this annual report on Form 20-F of Kenon Holdings Ltd.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated su bsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such intemal control over financial reporting to be designed under our sup ervis ion, to provide reasonable assurance regarding the reliability offinancial reporting and the preparation offinancial statements for extemal purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as ofthe end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation ofinternal control over financial reporting, to the company's auditors and the audit committee ofthe company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process , summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 19, 2021

By: /s/ Mark Hasson
Name: Mark Hasson
Title: Chief Financial Officer

Exhibit 13.1

Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 20-F (the "Report") of Kenon Holdings Ltd. (the "Company") for the fiscal year ended December 31, 2020 as filed with the U.S. Securities and Exchange Commission (the "SEC") on the date hereof, Robert L. Rosen, as Chief Executive Officer of the Company and Mark Hasson, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of this knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and operations of the Company.

/s/ Robert L. Rosen
Name: Robert L. Rosen
Title: Chief Executive Officer
Date: April 19, 2021

/s/ Mark Hasson
Name: Mark Hasson
Title: Chief Financial Officer
Date: April 19, 2021

A signed original of this written statement required by Section 906 ofthe Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the SEC or its staffupon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 ofthe Securities Exchange Act of 1934.

Exhibit 15.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Kenon Holdings Ltd.:

We consent to the incorporation by reference in the registration statement (No. 333-201716) on Form S-8 of Kenon Holdings Ltd. of our reports dated April 19, 2021 with respect to the consolidated statements of financial position of Kenon Holdings Ltd. as at December 31, 2020 and 2019, the related consolidated statements of profit and loss, other comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes, and the effectiveness of internal control over financial reporting as of December 31, 2020, which reports appear in the December 31, 2020 annual report on Form 20-F of Kenon Holdings Ltd.

Sincerely,

/s/ KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
April 19, 2021

Exhibit 15.2

Consent of Independent Registered Public Accounting Firm

The Board of Directors
ZIM Integrated Shipping Services Ltd.:

We consent to the incorporation by reference in the registration statement (No. 333-201716) on Form S-8 of Kenon Holdings Ltd. of our report dated March 21, 2021, with respect to the consolidated statements of financial position of ZIM Integrated Shipping Services Ltd. as of December 31, 2020 and 2019, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes, which report appears in the December 31, 2020 annual report on Form 20-F of Kenon Holdings Ltd.

Our report refers to a change to the method of accounting for lease arrangements as of January 1, 2019.

/s/ Somekh Chaikin
Somekh Chaikin
Member Firm of KPMG International
Haifa, Israel

April 18, 2021

Exhibit 15.3

Dixon Hughes Goodman LLP
440 Monticello Avenue
Suite 1400
Norfolk, VA 23510
P 757.624.5100
F 757.624.5233
dhg.com

Consent Of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement (No. 333-201716) on Form S-8 of Kenon Holdings Ltd. of our report dated February 15, 2021 with respect to the consolidated statements of financial position of ZIM American Integrated Shipping Services Company, LLC and subsidiaries ("the Company") as of December 31, 2020, 2019, and 2018, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each year of the three-year period ended December 31, 2020, and the related notes, which report is incorporated by reference in the December 31, 2020 annual report on Form 20-F of Kenon Holdings, Ltd.

/s/ Dixon Hughes Goodman LLP

Norfolk, Virginia
April 16, 2021