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Dated 21st September, 1921.

PALESTINE.

THE CROWN AGENTS FOR THE COLONIES
AND
MR. PINHAS RUTENBERG.

Agreement

FOR

THE GRANTING OF A CONCESSION FOR THE UTILIZATION OF
THE WATERS OF THE RIVERS JORDAN AND YARMUK AND
THEIR AFFLUENTS FOR GENERATING AND SUPPLYING
ELECTRICAL ENERGY.



BURCHELLS,
5, The Sanctuary,
Westminster, London,
Solicitors.

HERBERT OPPENHEIMER NATHAN & VANDYK,
1, Finsbury Square, London,
Solicitors.

HARRY SACHER,
Jerusalem,
Barrister-at-Law and Notary Public.

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An Agreement made the twenty-first day of September 1921 **Between** THE CROWN AGENTS FOR THE COLONIES of Number 4 Millbank in the City of Westminster (who and the Crown Agents for the Colonies for the time being are hereinafter called "the Crown Agents") acting for and on behalf of the Right Honourable Sir Herbert Samuel G.B.E. High Commissioner for Palestine of the one part and PINHAS RUTENBERG of Jerusalem Palestine Civil Engineer (hereinafter called "the Applicant") of the other part WHEREAS the Applicant has applied to the High Commissioner for Palestine for the grant to a Company to be formed by the Applicant of a concession in the form appearing in the Schedule hereto.

Now it is hereby agreed as follows:

1. If the Applicant within two years from the date of this Agreement at the expense in all things of the Applicant or of the Company to be formed as hereinafter mentioned shall procure—

- (i.) that a limited liability company (hereinafter referred to as "the said Company") having an authorised capital of not less than £1,000,000 be formed and registered in Palestine with the object (amongst others) of accepting a grant or taking a transfer from the Applicant of such concession as is set forth in the Schedule hereto and undertaking the fulfilment of the obligations imposed by such concession;
- (ii.) that the share capital of the said Company to the amount of £200,000 at the least shall be subscribed and paid for in cash;

then the High Commissioner of Palestine for the time being will on application at any time within the said two years being made by the Applicant or the said Company cause to be granted to the said Company a concession in the terms set forth in the Schedule hereto. And in the meantime the High Commissioner will not grant any concession or licence conflicting with the concession in the said Schedule.



2. The Memorandum and Articles of Association of or other the regulations and constitution of the said Company shall be subject to the approval of the High Commissioner for Palestine in agreement with the Jewish Agency referred to in the Mandate for Palestine.

3. Every approval or notice to be given by the Crown Agents which would otherwise require the signature of the Crown Agents may be given in writing signed by one of them or by some representative duly authorised by them.

4. Every statement or representation having reference to the Concession hereby agreed to be granted to be set forth in any prospectus notice advertisement or circular inviting subscriptions to the capital of the undertaking to be issued in Palestine or the United Kingdom by or on behalf of the Company shall be first submitted to the High Commissioner or the Crown Agents as the case may be together with the whole of such prospectus or other document before the same shall be issued and the same shall not be issued if the High Commissioner or the Crown Agents as the case may be shall within fourteen days after any such statement or representation has been so submitted serve on the Company notice disapproving of the same and in the event of any breach of this clause it shall be lawful for the High Commissioner by notice in writing to be served on the Company to determine this Concession. Provided that any approval given under this clause shall in no way extend or be deemed to extend to any other statement or representation contained in or implied by any such prospectus or other document as aforesaid and that neither the High Commissioner nor the Crown Agents shall by reason of any such approval be represented or deemed to have in any way authorised the issue of such prospectus or other document as aforesaid.

5. The Crown Agents enter into this Contract for the purpose of binding the High Commissioner for Palestine but they shall not nor shall any officer or member of the Government be in any way personally liable for or in respect of any matter or thing hereby made obligatory on the Crown Agents or the High Commissioner for Palestine.

6. The Applicant will on the execution of this Agreement pay to the Crown Agents all sums payable by the Crown Agents to their Solicitors for or in respect of their costs charges and expenses in and about the negotiation preparation printing approval and execution of this Agreement and of the form of concession set forth in the Schedule hereto and the specification and financial statement scheduled to such form of concession The Applicant or the said

Company will also pay to the Crown Agents all costs charges and expenses of their Solicitors in and about the perusal and approval of the Memorandum and Articles of Association of or other the regulations and constitution of the said Company and all further costs charges and expenses of their Solicitors in and about the completion and execution of the said concession and the preparation printing and approval of any modification or alterations thereof which may be proposed or agreed to.

IN WITNESS whereof Sir William Hepworth Mercer one of the Crown Agents for the Colonies and the Applicant have set their respective hands and seals the day and year first above written.

Signed sealed and delivered by
the above-named Sir William
Hepworth Mercer K.C.M.G.
in the presence of

W. H. MERCER.

L.S.

CHARLES BURCHELL,
5, The Sanctuary, Westminster,
Solicitor.

Signed sealed and delivered by
the above-named Pinhas
Rutenberg in the presence
of

PINHAS RUTENBERG.

L.S.

H. C. NATHAN,
1, Finsbury Square, London,
Solicitor.

THE SCHEDULE ABOVE REFERRED TO.

FORM OF CONCESSION.

PALESTINE.

THIS INDENTURE made the _____ day of _____ 1921 BETWEEN THE RIGHT HONOURABLE SIR HERBERT SAMUEL G.B.E. High Commissioner for Palestine of the one part and THE _____ COMPANY LIMITED A Company incorporated in the year 192 in Palestine having its registered office at _____ in Palestine (which and its successors and permitted assigns are hereinafter called "the Company") of the other part WITNESSETH AND IT IS HEREBY AGREED AND DECLARED as follows: that is to say:—

Definitions

1. In these presents the following words and expressions shall have the following meanings respectively:—

- (A) "The High Commissioner" means the High Commissioner for Palestine for the time being;
- (B) "The Concession Area" means and includes Palestine and Trans-Jordania and such additional territories as shall for the time being and from time to time be under the jurisdiction of the High Commissioner other than and except such part thereof as is within the district which is under the jurisdiction of the Governor of Jaffa and is included in another Concession (hereinafter referred to as "the Auja Concession") granted or agreed to be granted by or on behalf of the High Commissioner to Pinhas Rutenberg for the utilization of the waters of the Auja Basin for generating and supplying electrical energy within such last mentioned district;
- (C) "The Undertaking" means the business of generating supplying and distributing electrical energy under this Concession and all buildings works engines dynamos plant machinery wires cables fixtures and other like property which shall for the time being be used by the Company for any of the purposes of this Concession but not money or securities for money;
- (D) "Month" means calendar month.

2. The High Commissioner hereby grants to the Company for the period of 70 years computed from the day of the date hereof an exclusive Concession for the utilization (a) of such of the waters of the River Jordan and its basin including the Yarmuk River and all other the affluents of the River Jordan and its basin as are now or shall hereafter be brought within the control of the High Commissioner and (b) of such of the waters of those parts of the River Jordan and its basin together with the affluents thereof including the River Yarmuk and its affluents outside the boundaries of the territories under the control of the High Commissioner as shall under the Anglo-French Convention dated 23rd December 1920 or otherwise howsoever have been or be determined to be available for utilization for the purposes of Palestine and/or Trans-Jordania for the purpose of generating by power derived from such waters and supplying and distributing within the concession area electrical energy and for those purposes or any of them to erect a power house near Jisr-el-Mujamyeh and to employ and use Lake Tiberias as a reservoir for the storage of water in connection therewith and to erect any other power house or power houses (with the corresponding reservoirs if necessary) which the Company may think fit to erect and with liberty for the Company during the said period to produce supply and distribute electrical energy within the concession area by any other means than water power and it shall be lawful for the Company to grant licenses to others for all or any part of the said term to utilise the said waters or any part thereof for the purpose of generating supplying and distributing electrical energy as aforesaid and to execute and operate all works necessary for that purpose but so always that no such license shall in any case be granted unless the proposed licensee shall in each case have been first approved of in writing by the High Commissioner.

Grant of Con-
cession for
70 years.

3. Included in the works to be built erected and set up for the purpose of this Concession shall be—

Works to be
executed.

- (A) A dam on the River Jordan near Kerak ;
- (B) A canal for conducting the water from Lake Tiberias to the Jisr-el-Mujamyeh Power House ;
- (C) A sufficient number of pressure pipes for the purpose of conveying the water from the said canal to the turbines at the said power house ;
- (D) The said power house at Jisr-el-Mujamyeh with proper and sufficient engines turbines dynamos machinery plant apparatus and things as shall be capable of producing

supplying and maintaining such an amount of electrical energy as shall be sufficient for the requirements of the High Commissioner and the reasonable requirements of all local authorities companies corporations and persons desirous of using the same within the concession area ;

- (E) The high medium and low tension transmission lines and cables necessary for the constant and regular supply of the electrical énergy required within the Concession Area ;
- (F) The necessary transformer stations for the purposes of the said Concession ;
- (G) The entire distribution system of electrical energy within the Concession Area ;
- (H) The connection of the electrical system to the consumers' meters ;
- (I) All other necessary works.

Power to
Company to
dam up water
in Lake of
Tiberias to
certain level.

4. It shall be lawful for the Company to dam up the water in Lake Tiberias to a level not exceeding the recorded maximum level of the lake at any time of high water during the period of three years commencing from the 1st of October 1918 and to conduct the water from Lake Tiberias by means of the said canal to the said power house and the Company shall as soon as is practicable and with all expedition make good all damage done to and restore all government roads bridges drains culverts and watercourses which may be disturbed or interfered with in the execution by the Company of the works incidental to this concession and so that such restoration shall be effected and proceed so far as may be contemporaneously with the progress of the said works And the Company shall at all times keep indemnified the High Commissioner from and against all actions proceedings damages expenses and costs which may be occasioned by any breach of this Clause.

Power to
Company to
divert waters
of Yarmuk
River and its
affluents.

5. It shall be lawful for the Company to divert and use the waters of the Yarmuk River and its affluents either into the canal mentioned in Clause 4 hereof or into Lake Tiberias by means of a dam and a canal beginning near El Hamma and ending in Lake Tiberias and to use the fall of such water into lake Tiberias for the

production of electrical energy if the Company shall so require and to divert and use the waters of the Yarmuk River and its affluents if and where necessary for the purposes of the due execution of this concession.

6. The Company shall supply all existing owners of land within and all existing users of water within the Concession Area with such an amount of water from such of the waters of the River Jordan and its basin including the Yarmuk River and all other the affluents of the river Jordan and its basin as are now or shall hereafter be brought under the control of the High Commissioner as shall be reasonably necessary for the requirements and purposes of such existing owners and users but not exceeding the quantity which they now respectively enjoy upon such conditions as the High Commissioner shall from time to time approve and in the event of any diminution in the quantity of such supply the Company shall pay to the said owners and users or such of them as shall suffer a diminution in his or their supply fair compensation in respect of such diminution.

Provision for protection of existing users of water within Concession Area.

7. It shall be lawful for the Company to erect poles and standards for the high medium and low tension transmission lines and to lay underground cables under public roads and streets wherever required but so that immediately after every disturbance of any roads or streets for the purposes aforesaid the same shall be restored to their former condition.

Power to Company to erect poles and standards for transmission lines and to lay underground cables.

8. The Company shall at all times take all adequate and appropriate measures required by the High Commissioner to give protection against the high tension lines including protection for any telegraph or telephone lines.

Company to protect against high tension lines.

9. The Company shall have the exclusive right to build establish and maintain the necessary distribution systems in every centre of consumption of electrical energy.

Distribution system.

10. The Company shall if required by the High Commissioner in writing transfer and make over to the municipalities or local councils or authorities the distribution of electrical energy in the various localities on terms and conditions to be agreed between the parties and to be approved of in writing by the High Commissioner. And in the event of any such transfer being agreed and approved as

Company to make over distribution of energy to Local Authorities.

aforesaid the Company shall generate and transmit to the corresponding substations of the municipalities or local councils or authorities concerned the electrical energy which is required to be transmitted to them respectively.

Company to connect with consumers' meters, and to make rules.

11. The Company shall undertake the connection of the said electrical system with the meters on the consumers' premises at cost price plus a moderate charge and the Company shall be entitled to charge a moderate annual rental for electrical meters supplied and installed by the Company for the purpose of measuring the amount of electrical energy consumed by each consumer. The Company shall be entitled to make rules and regulations to be observed by consumers of electrical energy supplied by the Company but such rules and regulations shall not be put into force nor issued until the same shall have been first approved of in writing by the High Commissioner.

Power to Company to erect telegraph and telephone system.

12. The Company shall be entitled to erect and operate a telegraph and telephone system connecting the power houses of the Company with the various offices and establishments of the Company's undertaking within the concession area but so that the said telegraph and telephone system shall be used exclusively for the purposes of this Concession and shall be subject to the control and supervision of the Postal Authorities in Palestine.

High Commissioner to expropriate existing undertakings

13. At the request in writing of the Company the High Commissioner shall on behalf of and at the cost of the Company expropriate on payment of fair compensation agreed by the Company or failing agreement determined in accordance with the provisions of any Treaty in force at the time or by arbitration between the owners or owner of such property and the High Commissioner any existing undertakings for the generation supply distribution or sale of electrical energy within the concession area. Provided always that the Company shall if and whenever required by the High Commissioner so to do deposit with the High Commissioner or give satisfactory security for the payment to the High Commissioner of such a sum of money as the High Commissioner shall consider likely to prove to be the fair compensation to be paid for the undertaking proposed to be expropriated which sum shall in the event of the undertaking in question being expropriated be applied in or towards payment of the compensation payable for such expropriation and any balance required for that purpose shall be paid by the Company on demand and any surplus shall be repaid to the Company on demand.

14. At the request in writing of the Company the High Commissioner shall on behalf and at the cost of the Company expropriate when purchase cannot be effected by mutual agreement on payment of fair compensation agreed by the Company or failing agreement determined in accordance with the Law of Expropriation in force for the time being in Palestine any property land buildings or easement required for the building of the dams for the construction of the canals for the erection of the power houses for the necessary buildings premises offices warehouses houses stores and other establishments and conveniences of the Concession for the production transmission and distribution of energy within the concession area and for the building of roads bridges private sidings wharves and any other means of communication required for the purposes of the Concession. Provided always that the Company shall if and whenever required so to do deposit with the High Commissioner or give satisfactory security for the payment to the High Commissioner of such a sum of money as the High Commissioner shall consider likely to prove to be the fair compensation for the property land buildings or easement proposed to be expropriated which sum shall in the event of the property in question being expropriated be applied in or towards payment of the compensation payable for such expropriation and on demand any balance required for that purpose shall be paid by the Company and any surplus shall be repaid to the Company. And the Company shall have the right subject to payment of fair compensation as aforesaid to establish any easements in respect of the said works and for the proper effective and convenient working of the Concession.

High Commissioner to expropriate lands, buildings, or easements in certain cases.

15. The Company shall if so required by the local authorities provide electric light in their respective areas for public or private purposes between dusk and dawn but subject thereto the Company shall be free to supply electric light and power to private consumers at their request.

Power to Local Authorities to require light between dusk and dawn.

16. The Company shall be entitled during the continuance of this Concession to supply and distribute for consumption outside the concession area electrical energy generated under this Concession provided that the needs of the concession area shall have been satisfied and provided also that such supply outside the concession area shall not in any way whatsoever interfere with or prejudice any existing or future similar concession outside the said area or the holder thereof and the Company shall not permit or suffer any such electrical energy to be consumed outside the concession area so as in any way whatsoever to interfere with or prejudice any such other concession or the holder thereof.

Company may dispose of surplus electrical energy outside the Concession Area.

Company to
complete
whole works
fit for use
within five
years.

17. The Company shall within twelve months from the date of this concession commence to build make construct and set up in accordance with the provisions set forth in the First Schedule hereto the Jisr-el-Mujamyeh Power House and the transmission and distribution of energy therefrom and thenceforth diligently proceed with and shall within five years from the date of this concession completely build make construct finish erect and set up fit for use with proper materials of their several kinds the dams canals and other works necessary for the proper working of the said power house at Jisr-el-Mujamyeh and the transmission and distribution of electrical energy therefrom with proper and sufficient engines turbines dynamos transformers machinery plant mains lines wires cables poles and other apparatus equipment and things which shall be requisite and proper for working the Company's undertaking. Provided always that the Company shall be granted an extension of the said respective periods of twelve months for the commencement and five years for the completion of the works aforesaid if and as often as the Company shall be prevented by *force majeure* from commencing or completing the same within the said respective periods of twelve months or for any other reason which shall be requisite and proper for working between the High Commissioner and the Company to be agreed and proper reason for an extension or extensions or which (failing such agreement) shall be determined to be a sufficient reason by arbitration as provided by Clause 43 hereof. And in case the Company shall fail or neglect to finish and complete the said extended period as aforesaid the High Commissioner for every subsequent month's delay in completing the said works shall pay to the Company in proportion for any part of a month as liquidated and ascertained damages and not as a penalty. And in case the Company shall fail or neglect to finish or complete the said works in all respects within twelve months from the expiration of the said period of five years or of any such extended period or periods as aforesaid it shall be lawful for the High Commissioner (subject and without prejudice to the continuing liability of the Company to pay the liquidated damages aforesaid up to the time of the notice) at any time after the expiration of such twelve months by notice in writing to the Company to cancel this Concession without paying to the Company any compensation for work theretofore done by the Company in part performance of their obligations or otherwise and in the event of such cancellation the Company shall not for a period of twelve months from such cancellation be entitled to remove any buildings works machinery or apparatus erected or set up by the High Commissioner so as to give time to the High Commissioner to decide

whether or not he desires to take over the same or any of them and if he shall at any time within such last mentioned period of twelve months give notice in writing to the Company signifying his desire to take over the said buildings works machinery and apparatus or any of them then and in that case the things specified in such notice shall not be removed by the Company but shall be purchased by the High Commissioner at a price to be determined in case of dispute by arbitration under the provisions of Clause 43 hereof and for twelve months after the receipt of such notice the Company shall be at liberty without let or hindrance to remove any buildings works machinery or apparatus not specified in the said notice and in default of such notice the Company shall be at liberty without let or hindrance to remove the whole of the said buildings works machinery and apparatus during the twelve months following upon the expiration of the said twelve months during which the High Commissioner might have given the said notice.

18. The power houses buildings dams canals works turbines engines dynamos transformers machinery plant fixtures apparatus and other things to be built constructed made and set up by the Company under the concession shall be built made constructed and set up to the satisfaction of the High Commissioner in accordance with the plans referred to in the First Schedule hereto with such modifications or variations as shall be first approved of in writing by the High Commissioner.

All works to be in accordance with plans.

18A. The Company shall be entitled to build set up establish and carry on such factories works and undertakings as may from time to time be necessary or convenient for the production of material and machinery required for the purposes of this Concession And shall also be entitled to build set up establish and carry on such factories works and undertakings as may be able to utilise large quantities of electrical energy.

19. Subject to the provisions of Clauses 20 30 and 31 hereof the Company shall provide electrical energy to the consumers' meters at rates not exceeding the following that is to say:—

Rates of payment for electrical energy.

(A) For electric lighting in private houses three piastres per kilowatt hour ;

(B) For street lighting water supply irrigation and for industrial purposes one-and-a-half piastres per kilowatt hour ;

and for large consumers of energy the rates shall be fixed by special agreement between the Company and the

consumers and for other purposes such as heating and cooking the rates shall not exceed maximum rates to be fixed in agreement with the High Commissioner.

Provisions as
to charges
and profits.

20.—(i) The Company shall be entitled within the period of ten years from the date of this Concession to submit to the High Commissioner for his approval a scheme for a sliding scale of rates to be charged to consumers of electrical energy but such scheme of rates shall not be put in force or charged without the consent in writing of the High Commissioner first obtained and subject as aforesaid and subject to the provisions of Clause 30 hereof the said rates of charge mentioned in Clause 19 hereof shall not be increased for a period of ten years from the date of this Concession and shall not thereafter be increased except under and in accordance with the provisions hereinafter contained ;

(ii) If at the expiration of ten years from the date hereof it shall appear that the Company is unable out of its profits to write off the sums (A) for the Amortisation of the Capital of the Company (B) for Depreciation and (c) for Reserve indicated in the financial plan set forth in the Second Schedule hereto and to pay a dividend of not less than 8 per centum per annum tax free on its share capital for the time being issued the Company shall have the right to increase the said rates to such an extent as may be calculated in the opinion of the High Commissioner to enable the Company to pay future dividends at such rate per annum. And if in any year the profits of the Company shall be sufficient to enable it to write off the sums (if any) required for Amortisation of its Capital Depreciation and Reserve during the same year as indicated in the said financial plan and to declare a dividend of not less than ten per centum per annum tax free and less than twenty per centum per annum tax free for the same year on its capital for the time being issued then one half of the net profits of the Company during the same year in excess of the amount which would be necessary to enable the Company to write off the sums aforesaid (if any) and to pay a dividend at the rate of ten per centum per annum tax free shall be paid to the High Commissioner. And if in any year the profits of the Company shall be sufficient to enable it to write off the sums if any required for Amortisation of Capital Depreciation and Reserve during the same year as indicated in the said financial plan and to declare a dividend amounting to or exceeding twenty per centum per annum tax free for the same year then the whole of the profits of the Company during the same year in excess of the amount which would be necessary to enable it during the same year to write off the sums (if any) last aforesaid and to pay a dividend of fifteen per centum tax free

on its capital for the time being issued shall be paid to the High Commissioner. All sums of money which under this sub-clause are to be paid to the High Commissioner shall be applied by the High Commissioner to the reduction of rates or to such other purposes as shall from time to time be agreed by the High Commissioner with the Company.

(iii) The Company shall at all times perform observe and abide by the rules and regulations as to Amortisation of Capital and Depreciation and Reserve contained in the financial plan set forth in the Second Schedule hereto. Provided that no part of the Depreciation or Reserve Funds shall be capitalised but any income derived from such Funds shall be treated as part of the profits of the Company.

21. The said term of seventy years for which this Concession is hereinbefore expressed to be granted shall be extended if the scheme for the Amortisation of the capital of the Company is not carried out within the time limited by the said financial plan set forth in the Second Schedule hereto then by two years for every year by which such amortisation is delayed beyond the time specified in the said plan ;

Provision for extension of 70 years in certain events.

21A. If the Company shall absorb take over or acquire any other concession or concessions for the production supply distribution and sale of electrical energy then the period or respective periods of the concession or concessions so acquired if shorter than the term of this Concession shall be extended so as to be coterminous with the term hereby granted. And the provisions of this Concession shall (so far as the same may be applicable to the concession or concessions so acquired by the Company) apply to the concession or concessions so acquired and shall be in addition to any special provisions contained in such acquired concession or concessions respectively : Provided always that any rights or powers which the High Commissioner may possess or enjoy under any and every such acquired concession to purchase or acquire the same shall be modified or varied and made exerciseable so as to conform with the powers and provisions herein contained for the purchase by the High Commissioner of the undertaking under this present Concession.

Provisions in event of Company acquiring other similar concessions.

22. During the term of this concession (as well the said original term of seventy years as any extended term) the High Commissioner shall have the right to exercise such financial and technical supervision over the operations of the Company as shall be necessary for the purpose of ensuring the due and proper working of the Concession and the Company shall conform with all the requirements of the High Commissioner necessary for insuring such due and proper

Financial and technical supervision.

working. The Company shall not issue or raise any Debentures or other loan capital except with the consent in writing of the High Commissioner first had and obtained and subject only to such terms and conditions as may be approved by him and to proper provisions for the complete amortisation of such Debentures or other loan capital at the expiration of the said term of seventy years but the Company shall be at liberty to provide for such complete amortisation at an earlier date.

Power to purchase.

23. If the High Commissioner shall be desirous of purchasing the undertaking at the expiration of the thirty-seventh forty-seventh fifty-seventh or sixty-seventh year of the said term hereby granted and of such desire shall give to the Company twelve months previous notice in writing then the High Commissioner may at the expiration of the said thirty-seventh forty-seventh or sixty-seventh year of the said term as the case may be purchase the undertaking and the benefit of all then existing contracts (subject to the obligations thereof) on the following terms and in the event of the High Commissioner deciding to make such purchase the last day computed from the date hereof of the thirty-seventh forty-seventh fifty-seventh or sixty-seventh year of the said term as the case may be for which such notice to purchase shall be so given shall be and the same is hereinafter referred to as "the date of purchase":—

- (A) The High Commissioner shall pay to the Company any sum or sums necessary to complete so far as the same shall be then incomplete the amortisation of the capital of the Company in accordance with the financial plan set forth in the Second Schedule hereto;
- (B) The High Commissioner shall further pay to the Company a sum equal to the capitalized value at the time of purchase of the estimated profits of the Company for the residue then unexpired of the term of this concession less an amount equal to interest on the issued capital of the Company for the same period. The said estimated profits shall be computed on the basis of the average annual profits of the Company which shall during the 5 years immediately preceding the purchase remain available (whether so used or not) for dividend after writing off the sums for amortisation depreciation and reserve and the rate of discount adopted in computing the said capitalized value shall be the average rate of discount for 3 months British Treasury Bills during the 12 months

preceding the purchase and the rate of interest aforesaid shall be identical with the said rate of discount provided that in no case shall the deduction in respect of interest exceed the amount due to the Company in respect of estimated profits nor shall the sum payable to the Company under this sub-clause exceed 50 per cent. of the issued capital of the Company.

- (c) The High Commissioner shall also pay to the Company adequate compensation for installations and repairs (other than repairs required by ordinary wear and tear) effected during the 15 years immediately preceding the said purchase in so far as the payment or recoupment for such installations and repairs is not covered by the provision for depreciation hereinbefore referred to and in so far as such installations and repairs have been paid for out of profits which if not so used would have been available for distribution to the shareholders as dividend.
- (d) The High Commissioner shall take over the benefits and obligations and keep the Company indemnified in respect of any contracts for fuel materials supplies meters apparatus and instruments.
- (e) In the event of the purchase of the undertaking by the High Commissioner under this clause then so much of the said reserve as shall be existing at the date of the purchase shall in the first place be appropriated and applied in or towards paying or making good to the Company the deficiency (if any) by which the annual profits of the Company to the same date shall have been insufficient to pay (whether actually paid or not) an average dividend of $12\frac{1}{2}$ per cent. per annum tax free from the formation of the Company to the date of purchase. And any balance of the reserve remaining after such appropriation and payment shall belong to and be paid to the High Commissioner.
- (f) If at the date of such purchase there shall be outstanding any Debenture or other loan capital of the Company authorised under Clause 22 hereof the High Commissioner shall take over the liabilities of the Company in respect thereof but shall be entitled to the benefit of any existing funds for the amortization of the same.

- (Г) Save as hereinbefore provided the Company shall pay satisfy and discharge all their debts and liabilities in connection with the said undertaking existing on the date of purchase and shall indemnify the High Commissioner against all proceedings claims and demands in respect thereof.
- (И) The staff in the employ of the Company at the date of purchase of the undertaking by the High Commissioner shall remain in the service of the undertaking in the hands of the High Commissioner during at least one year after the date of purchase or shall be given adequate compensation in accordance with or on the basis of the conditions of their engagement of service with the Company.

Provisions
for renewal
of Con-
cession.

24. If the High Commissioner shall not in the meantime have purchased the undertaking under the provisions of the last preceding clause then the Company may at any time during the Sixty-eighth year of the term hereby granted apply to the High Commissioner for an extension of the term of this Concession and in the event of such application being made by the Company the High Commissioner shall be under no obligation to grant any such extension but the High Commissioner shall nevertheless before the expiration of the Sixty-ninth year of the said term definitely assent to or refuse such extension and in the same case but in the event of such application not being made by the Company then at the expiration of the said term of seventy years or of any actual extension thereof as aforesaid this Concession may if the High Commissioner so decides be renewed and in that case the Company shall have the first refusal of such renewal. Should the High Commissioner refuse to renew this Concession or should the Company within six months after the offer refuse to renew it the installation with all its buildings works fittings and accessories shall pass into the ownership of the High Commissioner free of charge subject to the payment by him of adequate compensation for any supplies of fuel materials apparatus meters and instruments in stock or in transport or on order belonging to and/or paid for by the Company. Should the Company in the meantime have set up any laboratory or other scientific establishment or established a library and should the High Commissioner take over such establishment and/or library the High Commissioner shall pay adequate compensation therefor. And the Company shall be entitled to claim adequate compensation at the date of taking over for such installations and

repairs (other than repairs required by ordinary wear and tear) as shall have been effected within fifteen years immediately preceding the date of the expiration of this Concession and are not covered by the provisions for depreciation hereinbefore referred to and in so far as such installations and repairs have been paid for out of profits which if not so used would have been available for distribution to the Shareholders as dividend.

25. During the continuance of this Concession no other installation for the production supply and distribution of electrical energy shall be permitted by the High Commissioner in the Concession Area other than such installations for power and light as are intended exclusively for the use of the person or persons or corporation installing the same and subject as aforesaid and subject to the provisions of the next subsequent clause hereof the Company shall have the exclusive right throughout the Concession Area for the distribution and sale of electrical energy.

No other electrical installations permitted.

26. During the continuance of this Concession no further Concession shall be granted within or over the Concession area to any person or Company other than the Company for any of the purposes following viz.: (1) To construct canals dams reservoirs watercourses pumping stations and other works of whatever kind for the generation of electrical energy from water power (2) To construct equip instal and operate water or fuel or other electric power stations (3) to construct equip instal and operate overhead lines and underground cables (4) to instal electric lighting in streets dwellings and buildings of whatever kind (5) to supply electrical energy for consumption by docks wharves railways plantations mills factories workshops laboratories offices houses and by all agricultural industrial commercial and public or private establishments and undertakings of whatever kind unless in each instance the Concession shall have first been offered to the Company upon similar terms which shall be fair and reasonable and such offer shall not have been accepted in writing by the Company within six months Provided always that nothing in this clause contained shall be construed as restricting the carrying out or construction or operation by the High Commissioner or any other person or persons Company or Companies of any telegraph or telephone works within the Concession Area and the provisions of this clause are to be subject and without prejudice to the provisions of Clause 35 hereof.

No similar concession to be granted to others in this area during continuance of concession.

27.—(A) If at any time after the completion by the Company of the works provided for under this Concession the requirements of the concession area for electrical energy shall be such that the works of the Company for the time being in existence shall be unable to supply the amount required then and in such

Power to require supply of additional energy.

case and as often as the same may happen the High Commissioner and with the consent of the High Commissioner any and every local authority within the concession area requiring the same shall be entitled to give to the Company notice in writing to produce the required additional energy. Should the Company be willing to comply with such notice an agreement to be approved of by the High Commissioner shall be entered into between the Company and the party requiring such energy determining the terms and conditions regulating the supply of such additional energy. If the Company shall refuse to enter into such Agreement or having entered into such Agreement shall be unable or neglect to provide the additional energy within one year after the date of the Agreement aforesaid then the High Commissioner or the local authority or authorities shall from and immediately after the date of any such refusal or the expiration of the said one year whichever shall first happen and for the purpose of procuring such additional energy the High Commissioner may empower any other Company firm or person or persons to generate and supply electrical energy within the concession area notwithstanding any provision to the contrary herein contained.

Power to
require
Company to
construct
electric
tramway or
railway.

(B) If the High Commissioner or with the consent of the High Commissioner any local authority or authorities within the concession area shall require the building or constructing by the Company of an electric tramway or tramways railway or railways the Company shall within twelve months from the date of the requisition decide whether or not the Company is prepared to construct the same and if and so soon as the Company shall proceed with all due diligence to construct and do the Company shall proceed on terms and conditions to be incorporated complete the work required between the High Commissioner or local authority in an agreement between the case may be and the Company: but if the Company shall at any time within the said twelve months decline to construct such work or if it shall neglect to comply with the terms and conditions contained in such last mentioned agreement then forthwith and immediately after the Company shall have declined so to do or upon the neglect of the High Commissioner or the local authority terms and conditions the High Commissioner or the local authority as the case may be requiring the same shall be at liberty to procure the building and construction of the work required by any other person or persons firm or Company.

Company's
undertaking
to be
recognised as
a public
utility body.

28. The undertaking of the Company under this Concession shall be recognised as a public utility body under Government control and all the installations and property of the undertaking shall

receive protection as such and the Company shall be entitled only to such rights to compensation for damage as are provided by law.

29. In the event of there being any valid pre-existing concession covering the whole or any part of the present Concession the High Commissioner if requested in writing by the Company so to do shall take the necessary measures for annulling such concession on payment of fair compensation agreed by the Company or failing agreement determined by arbitration between the owner of such concession and the High Commissioner and the Company shall indemnify the High Commissioner against any compensation that may be due or become payable in respect of any such annulled concession to the extent to which it affects this present Concession and shall be entitled to increase the capital of the Company and the rates of charge to be made to consumers of electrical energy correspondingly and the amount of any compensation to become payable and to be paid in respect of any such annulled concession shall be paid in agreement with the Company and in default of agreement be determined by arbitration between the owner or owners of such pre-existing Concession and the High Commissioner or other appropriate procedure.

High Commissioner to annul any existing competing Concession.

30. If any taxation shall be imposed in Palestine which would fall upon the profits of the Company in respect of this Concession during the first ten years of its currency any part of the profits of the Company which is actually devoted to the amortisation of the capital of the Company depreciation and reserve in accordance with the said financial plan shall for the purpose of such taxation be deemed to be expenses and not profits so as to be free of tax and during the same period of ten years no tax shall be levied on any profits of the Company over and above the expenses aforesaid unless the Company shall have made profits over and above such expenses sufficient to pay during the year for which the tax is levied and each preceding year of the said period a cumulative dividend of not less than six per centum per annum tax free. Provided always that after the expiration of the said period of ten years all the profits of the Company in respect of this Concession after writing off amortisation depreciation and reserve shall be liable to tax and taxable at the appropriate rates for the time being in force in Palestine whatever the profits of the Company shall have been during the said period of ten years and the taxes at the appropriate rates for the time being in force shall thenceforth be leviable in respect of all the profits of the Company and shall be paid by the Company accordingly. If any tax shall be imposed after the date of this Concession upon electrical energy or if any tax or additional tax shall be imposed upon any fuel employed in the production of electrical

Partial relief of Company from taxation.

energy the Company shall be entitled to increase the aforesaid rates of charge to be made to consumers mentioned in Clause 19 hereof by an equivalent amount subject nevertheless to the provisions of Clause 20 hereof.

30A. Subject to the provisions for the benefit of the Local Authorities contained in Clause 15 hereof the Company shall not in making any agreements for the supply of electricity show any undue preference to any company or person but save as aforesaid the Company may make such charges for the supply of electrical energy to any consumer within the concession area as may be agreed upon between the Company and such consumer so always that such charges shall not exceed the rates chargeable under Clauses 19, 20, 29 and 30 hereof.

31. All customs duties and import dues for the time being and from time to time leviable or chargeable upon imports into Palestine shall be payable by the Company upon all machinery or other materials imported by the Company into Palestine but so that the actual payment thereof shall if the Company so request be deferred until the profits of the Company after writing off Amortisation Depreciation and Reserve are first sufficient to enable the Company to pay a dividend of at least eight per centum per annum tax free upon its capital for the time being subscribed and thereafter the customs duties and import dues payable by the Company the payment whereof shall so have been deferred shall be paid by yearly instalments not exceeding five per centum of the total amount payable in respect of the customs duties and import dues the payments whereof shall have been so deferred. And the first of such instalments shall be payable and paid at the expiration of twelve months from the time when the profits of the Company shall first have been sufficient to enable the Company to pay such dividend as aforesaid and the subsequent instalments at successive intervals of twelve months until the whole is paid.

32. The Company shall at all times conform to the terms of any anti-malarial regulations issued by the High Commissioner.

33. The Company shall at all times during the continuance of this Concession carry on and work the business of generating supplying and distributing electrical energy under and in accordance with this Concession in a proper and efficient manner and provide and pay a proper and sufficient and competent staff of employees for that purpose and maintain and renew the installations so far as may from time to time be required for the purposes of such business.

34. Nothing herein contained shall prevent the High Commissioner from generating electrical energy and supplying the same to any Government office within the Concession Area or to any Govern-

Power to defer payment of Customs duties.

Company to conform to anti-malarial regulations.

Company to carry on works efficiently.

Nothing to prevent generation of electrical energy for Government offices.

ment official or servant or prevent any person or persons or any firm or company generating electrical energy and using the same for his or their own purposes within the Concession area but so that no such electrical energy shall be sold or otherwise disposed of within such area.

35. Except as otherwise herein provided the Company shall not assign sub-let or otherwise dispose of this Concession or any interest therein or any powers conferred hereby without the previous consent in writing of the High Commissioner.

Company not to assign concession.

36. The Company shall at all times during the continuance of this Concession keep at the Principal Office in Palestine of the Company all proper and usual books and accounts shewing the capital expenditure for the time being upon the undertaking and also all receipts and expenditure by the Company on account of revenue in connection with the undertaking which books and accounts shall be open at all times to inspection by the High Commissioner. The Company shall appoint some duly qualified person or firm approved of by the High Commissioner to act as Auditor and such Auditor shall not less than once in every year during the term of the Concession prepare and certify a proper balance sheet and profit and loss account of the undertaking and a copy of each such balance sheet and profit and loss account so certified shall forthwith be furnished to the High Commissioner.

Company to keep accounts and permit inspection by High Commissioner.

37. The Company shall not pollute or foul any of the waters of the said Rivers Jordan and Yarmuk or of their affluents or any other rivers or streams which may be used under this Concession. The Company shall compensate all persons or corporations who may suffer damage by the failure of the Company to comply with the provisions of this clause and the Company shall at all times keep indemnified the High Commissioner from and against all actions proceedings damages expenses and costs which may be occasioned by any breach of this clause by the Company.

Company not to pollute streams.

38. The High Commissioner may from time to time delegate to any other person or persons any of the powers and discretions vested in him under or by virtue of this Concession.

Power to High Commissioner to delegate.

39. Every statement or representation having reference to this Concession to be set forth in any prospectus notice advertisement or circular inviting subscriptions to the capital of the undertaking to be issued in Palestine or the United Kingdom by or on behalf of the Company shall be first submitted to the High Commissioner or the Crown Agents as the case may be together with the whole of such prospectus or other document before the same shall be issued and the same shall not be issued if the High Commis-

Any prospectus or advertisement to be submitted for approval.

sioner or the Crown Agents as the case may be shall within fourteen days after any such statement or representation has been so submitted serve on the Company notice disapproving of the same and in the event of any breach of this clause it shall be lawful for the High Commissioner by notice in writing to be served on the Company to determine this Concession. Provided that any approval given under this clause shall in no way extend or be deemed to extend to any other statement or representation contained in or implied by any such prospectus or other document as aforesaid and that neither the High Commissioner nor the Crown Agents shall by reason of any such approval be represented or deemed to have in any way authorised the issue of such prospectus or other document as aforesaid.

High Commissioner not to be personally liable hereunder.

40. The High Commissioner grants this Concession in virtue of his office and the High Commissioner shall not nor shall any Government officer be in any way personally liable for or in respect of any act matter or thing hereby made obligatory upon the High Commissioner.

Notices.

41. Any notice hereunder may be given to the Company by sending the same by registered post addressed to the Company at their principal office in Palestine and any such notice shall be deemed to have been given forty-eight hours after it was so posted.

Provisions in case of default.

42. Without prejudice to the provisions hereinbefore contained for the High Commissioner terminating this Concession and for the liability of the Company hereunder for liquidated damages if at any time during the continuance of this Concession the Company shall make default in performing or observing any of the other provisions of this Concession which ought to be performed or observed by the Company then and in any such case the High Commissioner may give to the Company notice in writing specifying the matter or matters in respect of which default has been made and requiring the Company to make good such default and if within six months from such notice being given the Company shall through its wilful neglect or default not have made good such default the High Commissioner may by giving notice in writing to the Company forthwith determine this Concession and in the event of such determination the provisions in Clause 17 hereof with regard to the property of the Company after cancellation shall apply as if the same were herein repeated.

Arbitration.

43. Except where otherwise expressly provided in these presents any and every dispute difference or question which shall arise between the High Commissioner and the Company as to the meaning or effect of any of the provisions of this Concession or otherwise in

relation to the premises which cannot be settled by mutual agreement shall be referred to a board of arbitration which board shall consist of one arbitrator nominated by each of the parties to the dispute together with a third arbitrator agreed between the other two arbitrators or failing agreement some impartial person nominated by the Chief Justice of Palestine and such arbitration shall be held in accordance with the provisions of the Imperial Act of Parliament known as the Arbitration Act 1889 with such modifications as may be necessary.

Provided that if either the High Commissioner or the Company shall in writing so require the third arbitrator shall be some person not ordinarily resident in Palestine.

44. The marginal notes of the contents of this Concession are for the purpose of convenience only and shall not affect the construction or interpretation of this Concession. Marginal notes.

45. These presents shall be interpreted and construed according to the laws of England and shall be given effect to accordingly. Interpretation.

IN WITNESS &c.

THE FIRST SCHEDULE ABOVE REFERRED TO

TO CONTAIN PLANS ETC. RELATING TO WORKS TO BE
EXECUTED BY THE COMPANY.

THE SECOND SCHEDULE ABOVE REFERRED TO.

FINANCIAL PLAN.

1.—AMORTISATION.

The Share Capital of the Company from time to time paid up shall be amortised by the establishment of a Fund on the basis of 4 per cent. compound interest computed with yearly rests on the amount thereof. Provided that the Amortisation Fund shall at no time exceed the amount of the Capital for the time being paid up and provided that any arrears of amortisation shall be a first charge on future profits.

2.—DEPRECIATION.

The Company shall be at liberty to set aside in each year of the term of the Concession after the first delivery of electrical energy to the Consumers for the depreciation of:—

- (i.) Canals dams penstocks sluices pressure pipes power houses buildings machinery transmission lines etc. 4.5 per cent. of cost ;
- (ii.) Distribution system 7 per cent. of cost.

3.—RESERVE.

The Company shall be at liberty to establish a Reserve Fund by setting aside not more than 10 per cent. in any one year of the monies for the time being invested in the Concession provided that the whole of such Reserve Fund shall at no time exceed 50 per cent. of such monies but that any depletion of the Reserve Fund from time to time may be made good.

4. The total of the Depreciation and Reserve Funds shall at no time exceed the total amount of the monies for the time being invested in the Concession.

