



חברת פרטנר תקשורת בע"מ ("החברה" או "פרטנר")

תשקיף מדף ("התשקיף" או תשקיף המדף)

מכוח תשקיף מדף זה, תוכל החברה להנפיק מניות רגילות, רשומות על שם, בנות 0.01 ש"ח ערך נקוב כל אחת של החברה (להלן: "המניות") וניירות ערך אחרים של החברה והכל בכפוף להוראות כל דין.

הצעתם של ניירות הערך הכלולים בתשקיף תיעשה בהתאם להוראות סעיף 23א(ו) לחוק ניירות ערך, התשכ"ח-1968 (להלן: "חוק ניירות ערך"), ותקנות ניירות ערך (הצעת מדף של ניירות ערך), התשס"ו-2005, באמצעות דוחות הצעת מדף, בהם יושלמו כל הפרטים המיוחדים לאותה הצעה בהתאם להוראות כל דין ובהתאם לתקנון והנחיות הבורסה, כפי שיהיו באותה עת (כל אחד מהדוחות הללו יקרא לעיל ולהלן: "דוח הצעת מדף").

להלן תמצית גורמי הסיכון בעלי השפעה גדולה על עסקי החברה: (א) פרטנר פועלת בסביבה המאופיינת בהתערבות רגולטורית גבוהה, בכלל זה, אם משרד התקשורת לא יאכוף את רפורמת השוק הסיטונאי של חברת בזק וחברת הוט טלקום, או אם לא יימנע מבזק או מהוט טלקום מלהוריד את המחירים הקמעונאיים של השירותים הקווים ובכך יצמצם את הרווחיות שלנו בשירותים אלה, עסקי החברה ותוצאות פעילותה עלולים להיות מושפעים לרעה באופן מהותי; (ב) משרד התקשורת עלול לדרוש מאתנו להפסיק את השימוש בטווחי ספקטרום מסוימים שהוקצו לנו, להגביל את השימוש שלנו בספקטרום כאמור או שלא להיענות לדרישותינו להקצאת ספקטרום נוסף ובכך להשפיע לרעה על עסקי החברה ותוצאות פעילותה; (ג) אי אכיפת הוראות ההפרדה המבנית (החלות על בזק והוט) או הסרתן לפני שפרטנר מתבססת בשוק הקווי והטלוויזיה עלול להשפיע לרעה על עסקי החברה ותוצאות פעילותה; (ד) סיום מוקדם של הסכם שיתוף הרשת של פרטנר עם הוט מובייל כתוצאה מהתערבות רגולטורית, ידרוש מהחברה פיצול של הרשת המשותפת, והמשאבים, זמן והוצאות שיידרשו לפרטנר על מנת להקים רשת עם כיסוי ארצי משלה עלולים להיות משמעותיים ואף עלולים לפגוע באופן מהותי בעסקי החברה ותוצאות פעילותה. כמו כן, הסכמי שיתוף רשתות שנחתמו על ידי המתחרים של פרטנר עלולים להציב את החברה בחסרון תחרותי; (ה) יוזמות רגולטוריות חדשות עלולות להמשיך להגדיל את הנטל הרגולטורי ולהגביר את התחרות, ובכך להשפיע לרעה על עסקי החברה ותוצאות פעילותה; (ו) המדינה עלולה להטיל רגולציה על שירותי תוכן טלוויזיה המסופקים דרך האינטרנט, דבר שעלול להשפיע לרעה על עסקי החברה ותוצאות פעילותה; (ז) פריסת תשתית הסיבים האופטיים של פרטנר תלויה באכיפה אפקטיבית של רפורמת משרד התקשורת, המאפשרת לחברה להשתמש בקני הולכה של מתחרים; (ח) החברה כפופה לאמצעי פיקוח ואכיפה של משרד התקשורת ורשויות אחרות, דבר שעלול להשפיע לרעה על עסקי החברה ותוצאות פעילותה; (ט) רגולציה עתידית של שירותי נדידה (Roaming Services) עלולה להקטין את הכנסות החברה ולהשפיע לרעה על הכנסותיה; (י) כתוצאה משינויים מהותיים ומתמשכים בסביבה הרגולטורית והעסקית של החברה, חלה ירידה משמעותית בתוצאות הפעילות וברווחיות של החברה בשנים האחרונות, ותוצאות הפעילות של החברה עלולות לרדת שוב בשנת 2018 ואילך, דבר שעלול להשפיע לרעה על מצבה הכספי; (יא) רמת החוב של החברה עלול להשפיע לרעה על עסקי החברה, רווחיותה ונזילותה. בנוסף, קשיים מתמשכים ביצירת תזרימי מזומנים עלולים להגביל את יכולת החברה לפרוע הלוואות ולהקטין את רמת החוב; (יב) כניסתה של החברה לשוק שירותי הטלוויזיה כרוכה בסיכונים ובעלויות, ללא ציפייה לרווחיות בטווח הקצר; (יג) הכנסות החברה ממכירת מנוי פרי-פייד (pre-paid) ירדו במהלך השנים האחרונות ועלולות להמשיך לרדת כתוצאה מהתחרות הגוברת בשוק; (יד) סיום חד צדדי מוקדם מהצפוי של הסכם שיתוף הרשת על ידי הוט מובייל יחייב את החברה לפצל את הרשת המשותפת. המשאבים, הזמן וההוצאות שיידרשו לפרטנר כדי שתהיה לה רשת משלה עם כיסוי ארצי, יהיו משמעותיים ועלולים לפגוע באופן מהותי בעסקי החברה ובתוצאות פעילותה בתקופה זו; (טו) החברה חשופה לתחרות עזה בשוק התקשורת, כתוצאה מריבוי ומגוון תכניות של קבוצות תקשורת המציעות את כל השירותים תחת קורת גג אחת, כניסת מפעילים חדשים לשוק רווי וכן שינויים בסביבה התחרותית ובטכנולוגיות תקשורת; (טז) התרחבות משמעותית בקיבולת הקישוריות הבין-לאומית בין ישראל למערב אירופה והגברת התחרות בשוק ספקי שירותי האינטרנט הביאו לירידה חדה במחירים בשווקים אלו בשנת 2011 וכתוצאה מכך גרמו ועלולים לגרום לחברה להכיר בעתיד בירידת ערך משמעותית בשווי נכסי החברה אשר עלולה להיות בעלת השפעה שלילית על תוצאות הפעילות והרווח הנקי של חברה; (יז) התאגדות עובדי החברה בארגון עובדים עלולה להקשות על החברה לבצע שינויים ארגוניים נחוצים ולהפחית את הגמישות הניהולית הנחוצה על מנת להתאים את פעילותה לסביבה העסקית המשתנה; (יח) התחייבויות הרכישה של החברה מחברת Apple למכשירי iPhone בישראל עלולה להשפיע לרעה על התוצאות הכספיות של החברה; (יט) תלות במספר מצומצם של ספקי לאספקת שירותים, ציוד קצה וציוד רשת המרכזיים לפעולתה של החברה; לפרטים נוספים בדבר גורמי הסיכון של החברה ראו Item 3D לדוח השנתי (20-F) וסעיף 3.5 לתשקיף.

אגרות החוב (סדרה ג'), אגרות החוב (סדרה ד') ואגרות החוב (ו') של החברה דורגו על ידי מעלות S&P בע"מ בדירוג ilA+. נכון למועד התשקיף לא קיימים הגבלות או סייגים מיוחדים לחלוקת דיבידנדים, למעט כמפורט להלן: מגבלות אשר נכללו בשטר הנאמנות לאגרות החוב (סדרה ו') של החברה, אשר חלות על החברה כל עוד אגרות החוב (סדרה ו') לא נפרעו במלואן וכן בהסכמי הלוואות שנטלה החברה הכוללים מגבלות זהות לאלו הקיימות בשטר הנאמנות של אגרות החוב סדרה ו' של החברה.

American Depositary Shares (להלן: "ADS") של החברה (כאשר כל ADS מייצג מניה אחת של החברה) רשומים למסחר ב-Nasdaq Capital Market (להלן: "Nasdaq") תחת הסימול "PTNR". בנוסף, מניות החברה רשומות למסחר בבורסה לניירות ערך בתל אביב בע"מ (להלן: "הבורסה") תחת הסימול "פרטנר", וזאת בהתאם למסמך רישום מכוח הוראות בדבר רישום כפול לפי פרק ה'3 לחוק ניירות ערך והתקנות שהותקנו מכוחו.

תשקיף מדף זה ודוחות המדף שיפורסמו על-פי התשקיף יערכו בהתאם לפטור מתקנות ניירות ערך (פרטי התשקיף וטיוטת תשקיף – מבנה וצורה), התשכ"ט-1969, שניתן לחברה על-ידי רשות ניירות ערך מכוח סעיף 35כט' לחוק ניירות ערך. פטור רשות ניירות ערך כאמור לעיל, הותנה בדרישות "מודל הגילוי ההיברדי". יובהר כי דרישות גילוי המודל ההיברדי לא תחולנה ביחס להנפקה לפי תשקיף המדף של אגרות חוב מהסדרות ג' ו-ד', בדרך של הרחבת סדרות אלו, הקיימות במחזור נכון לתאריך תשקיף מדף זה. לפרטים ראו סעיף 1.3 לתשקיף מדף זה. דוח הצעת מדף שתפרסם החברה על-פי תשקיף מדף זה יכלול (במסגרת הדוח או על דרך ההפניה) מידע משלים לגבי התפתחויות מהותיות בחברה ממועד תשקיף מדף זה וכן מידע משלים נוסף, אם וככל שהיה נדרש לפי ה-United States Securities Act of 1933 כפי שתוקן מעת לעת (להלן: "Securities Act") והכללים והתקנות של רשות ניירות ערך האמריקאית, אם הצעת ניירות ערך כאמור היתה מוגשת לרישום לפי ה-Securities Act במסמך רישום Form F-3, לרבות מידע כספי מעודכן בהתבסס על דרישות כללי רשות ניירות ערך האמריקאית בסעיף 8 של

Form 20-F, אם וככל הנדרש, וזאת בנוסף לפרטים הדרושים על-פי תקנות ניירות ערך (הצעת מדף של ניירות ערך), התשס"ו-2005 (ובכללם פרטים אודות ניירות הערך המוצעים וכל פרט אחר הטעון תיאור על-פי אותן תקנות). לפרטים ראו סעיף 1.3 לתשקיף מדף זה.

הדיווחים השוטפים של החברה הינם על-פי הדין בארצות הברית ובשפה האנגלית, בהתאם לכללי הרישום הכפול הקבועים בפרק ה'3 לחוק ניירות ערך, והתקנות שהותקנו מכוחו.

הצעת ניירות ערך לפי דוחות הצעת מדף שיפורסמו על-פי תשקיף מדף זה תיעשה רק בישראל וניירות הערך שייכללו בדוחות הצעת המדף האמורים לא יוצעו או יימכרו בארצות הברית או ל-U.S. Persons כמשמעו של מונח זה ב- Regulation S שהותקנה מכח ה- Securities Act (להלן: "Regulation S"), למעט בהתאם לפטור מדרישות רישום לפי ה- Securities Act או במסגרת עסקה שאיננה כפופה לדרישות הרישום האמורות. על-פי דרישת הבורסה, הצעת ניירות ערך על-פי דוחות הצעת מדף על-פי תשקיף זה תהיה מותנית בעמידת החברה בפטור מדרישות הרישום על-פי Category 1 של Regulation S ביחס לניירות הערך שיוצעו על-ידי החברה כאמור, על-פי חוות דעת של עורך דין אמריקאי של החברה שתוגש לבורסה קודם למועד פרסומם של דוח הצעת מדף על-ידי החברה, לפיה אין מניעה לחברה לפי ה- Securities Act להציע לציבור בישראל את ניירות הערך שיוצעו בדוח הצעת המדף, לרשום אותם למסחר בבורסה, לקיים בהם מסחר ולסלקם במסלוקת הבורסה.

כל רוכש של ניירות ערך שיוצעו על-פי דוח הצעת מדף שיפורסם על-פי תשקיף זה (1) ייחשב כמי שהצהיר כי הוא זכאי לרכוש את ניירות הערך המוצעים בהתאם לפטור מדרישות הרישום לפי ה- Securities Act; או (2) ייחשב כמי שהצהיר (i) כי אינו נמצא בארצות הברית וכי אינו U.S. Person או לחילופין, כי הוא תושב ישראל וכי אינו U.S. Person; (ii) כי אינו רוכש את ניירות הערך שיוצעו בדוח הצעת המדף עבור או לטובת U.S. Person או כל אדם הנמצא בארצות הברית; (iii) כי לא שהה בארצות הברית בעת שהגיש בקשה לרכוש ובעת שרכש את ניירות הערך שיוצעו בדוח הצעת מדף כאמור; ו- (iv) כי אינו רוכש את ניירות הערך שיוצעו בדוח הצעת מדף כאמור עם כוונה לבצע "distribution" של ניירות הערך האמורים בארצות הברית (כמשמעו של מונח זה ב- Securities Act); הכל כפי שיפורט בדוח הצעת המדף. המפיצים עימם מתקשר החברה, ככל שתתקשר, להפצת ניירות הערך המוצעים, חברות קשורות שלהם וכל מי שפועל מטעמם, יצהירו כי יציעו את ניירות הערך המוצעים רק לתושבי ישראל ולא לכל אדם הנמצא בארצות הברית או מי שהינו U.S. Person, למעט בהתאם לפטור מדרישות רישום לפי ה- Securities Act או במסגרת עסקה שאיננה כפופה לדרישות הרישום האמורות, וכי לא יבצעו ולא יבצעו כל פעולה או פרסום בארצות הברית בקשר עם קידום מכירתם של ניירות הערך המוצעים.

על תשקיף זה ודוחות הצעת מדף שיפורסמו על-פיו ועל הצעת ניירות הערך ורכישתם על-פיהם וכל הנובע ו/או הקשור בתשקיף זה ובדוחות הצעת המדף שיפורסמו על-פיו, יחולו דיני מדינת ישראל בלבד ולא יחולו דינים אחרים כלשהם, וסמכות השיפוט הבלעדית בכל עניין הקשור לעניינים האמורים מוקנית אך ורק לבתי המשפט המוסמכים בישראל ולהם בלבד והניצעים בהסכמתם לרכוש את ניירות הערך שיוצעו על-פי תשקיף זה ודוחות הצעת המדף על-פיהם מקבלים על עצמם סמכות שיפוט בלעדית זו וברירת דין זו.

רכישת ניירות ערך שיוצעו על-פי דוח הצעת מדף שיפורסם על-פי תשקיף מדף זה תהיה כפופה להגבלות על מכירה חוזרת בהתאם לדיני ניירות ערך אמריקאיים, כפי שיפורט בדוחות הצעת מדף שיפורסמו על-פי תשקיף מדף זה.

תשקיף מדף זה ודוחות הצעת מדף על-פיו אינם מיועדים לפרסום ו/או הפצה ו/או חלוקה בארצות הברית ו/או ל-U.S. Persons כמשמעו של מונח זה ב- Regulation S וניירות ערך שיוצעו על פי דוחות הצעת המדף האמורים לא יוצעו או יימכרו בארצות הברית ללא רישום או פטור מרישום בארצות הברית. תשקיף מדף זה לא הוגש לרשות ניירות ערך בארצות הברית ודוחות הצעת המדף שיפורסמו על-פיו לא יירשמו לפי ה- Securities Act, וכל אדם הרוכש ניירות ערך לפי תשקיף מדף זה ודוחות הצעת המדף לפיו יהיה רשאי להציע, למכור, לשעבד או להעביר בדרך אחרת את ניירות הערך האמורים אך ורק (i) בהתאם ל- Regulation S; (ii) על פי מסמך רישום לפי ה- Securities Act; או (iii) בהתאם לפטור מדרישות הרישום לפי ה- Securities Act. אלא אם יצוין אחרת בדוח הצעת המדף, החברה אינה מתחייבת לרשום את ניירות הערך למסחר או למכירה בארצות הברית לפי ה- Securities Act.

החלטה לרכוש את ניירות הערך שיוצעו על-פי תשקיף זה ועל-פי דוחות הצעת מדף שיפורסמו מכוחו, יש לקבל אך ורק בהסתמך על המידע הנכלל (לרבות בדרך של הפנייה) בתשקיף זה ודוחות הצעת המדף על-פיו. החברה לא תתירה לכל אדם או גוף אחר כלשהו למסור מידע שונה מזה המפורט בתשקיף זה. תשקיף זה ודוחות הצעת המדף על-פיו אינם מהווים הצעה של ניירות ערך בכל מדינה אחרת למעט מדינת ישראל.

ניתן לעיין בנוסחו המלא של התשקיף באתר האינטרנט של רשות ניירות ערך, שכתובתו www.magna.isa.gov.il.

תאריך התשקיף: 13 ביוני 2018

תוכן עניינים

פרק	עמוד
1.	פרק 1: מבוא
1.1	כללי
1.2	היתרים ואישורים
1.3	פטור הרשות לניירות ערך
2.	פרק 2: פרטי הצעת ניירות הערך לציבור
3.	פרק 3
3.1	GENERAL
3.2	FORWARD LOOKING STATEMENTS
3.3	SUMMARY INFORMATION REGARDING THE COMPANY
3.4	SUMMARY TERMS OF THE OFFER
3.5	RISK FACTORS
3.6	RATIO OF EARNINGS TO FIXED CHARGES
3.7	USE OF PROCEEDS
3.8	CAPITALIZATION AND INDEBTEDNESS
3.9	MARKETS
3.10	DESCRIPTION OF SHARE CAPITAL
3.11	EXCHANGE RATE DATA
3.12	EXPENSES OF THE OFFERING
3.13	RECENT DEVELOPMENTS
3.14	INCORPORATION OF CERTAIN INFORMATION BY REFERENCE
3.15	INDEMNIFICATION OF DIRECTORS AND OFFICERS
3.16	WHERE YOU CAN FIND MORE INFORMATION
3.17	LEGAL MATTERS
3.18	EXPERTS
4.	פרק 4: פרטים נוספים
4.1	חוות דעת משפטית
4.2	הסכמת רואה החשבון
4.3	הוצאות בקשר להצעה
4.4	עיון במסמכים
5.	חתימות

הצעת ניירות ערך לפי דוחות הצעת מדף שיפורסמו על-פי תשקיף מדף זה תיעשה בישראל בלבד וניירות הערך שייכללו בדוחות הצעת המדף האמורים לא יוצעו או יימכרו בארצות הברית או ל-U.S. Persons כמשמעו של מונח זה ב- Regulation S שהותקנה מכח ה-Securities Act (להלן: "Regulation S"), למעט בהתאם לפטור מדרישות רישום לפי ה-Securities Act או במסגרת עסקה שאיננה כפופה לדרישות הרישום האמורות. על-פי דרישת הבורסה, הצעת ניירות ערך על-פי דוחות הצעת מדף על-פי תשקיף זה תהיה מותנית בעמידת החברה בפטור מדרישות הרישום על-פי Category 1 של Regulation S ביחס לניירות הערך שיוצעו על-ידי החברה כאמור, על-פי חוות דעת של עורך דין אמריקאי של החברה שתוגש לבורסה קודם למועד פרסומו של דוח הצעת מדף על-ידי החברה, לפיה אין מניעה לחברה לפי ה-Securities Act להציע לציבור בישראל את ניירות הערך שיוצעו בדוח הצעת המדף, לרשום אותם למסחר בבורסה, לקיים בהם מסחר ולסלקם במסלקת הבורסה.

כל רוכש של ניירות ערך שיוצעו על-פי דוח הצעת מדף שיפורסם על-פי תשקיף זה (1) ייחשב כמי שהצהיר כי הוא זכאי לרכוש את ניירות הערך המוצעים בהתאם לפטור מדרישות הרישום לפי ה-Securities Act; או (2) ייחשב כמי שהצהיר (i) כי אינו נמצא בארצות הברית וכי אינו U.S. Person או לחלופין, כי הוא תושב ישראל וכי אינו U.S. Person; (ii) כי אינו רוכש את ניירות הערך שיוצעו בדוח הצעת המדף עבור או לטובת U.S. Person או כל אדם הנמצא בארצות הברית; (iii) כי לא שהה בארצות הברית בעת שהגיש בקשה לרכוש ובעת שרכש את ניירות הערך שיוצעו בדוח הצעת מדף כאמור; ו- (iv) כי אינו רוכש את ניירות הערך שיוצעו בדוח הצעת מדף כאמור עם כוונה לבצע "distribution" של ניירות הערך האמורים בארצות הברית (כמשמעו של מונח זה ב-Securities Act); הכל כפי שיפורט בדוח הצעת המדף. המפיצים עימם תתקשר החברה, ככל שתתקשר, להפצת ניירות הערך המוצעים, חברות קשורות שלהם וכל מי שפועל מטעמם, יצהירו כי יציעו את ניירות הערך המוצעים רק לתושבי ישראל ולא לכל אדם הנמצא בארצות הברית או מי שהינו U.S. Person, למעט בהתאם לפטור מדרישות רישום לפי ה-Securities Act או במסגרת עסקה שאיננה כפופה לדרישות הרישום האמורות, וכי לא ביצעו ולא יבצעו כל פעולה או פרסום בארצות הברית בקשר עם קידום מכירתם של ניירות הערך המוצעים.

על תשקיף זה ודוחות הצעת מדף שיפורסמו על-פיו ועל הצעת ניירות הערך ורכישתם על-פיהם וכל הנובע ו/או הקשור בתשקיף זה ובדוחות הצעת המדף שיפורסמו על-פיו, יחולו דיני מדינת ישראל בלבד ולא יחולו דינים אחרים כלשהם, וסמכות השיפוט הבלעדית בכל עניין הקשור לעניינים האמורים מוקנית אך ורק לבתי המשפט המוסמכים בישראל ולהם בלבד והניצעים בהסכמתם לרכוש את ניירות הערך שיוצעו על-פי תשקיף זה ודוחות הצעת המדף על-פיהם מקבלים על עצמם סמכות שיפוט בלעדית זו וברירת דין זו.

רכישת ניירות ערך שיוצעו על-פי דוח הצעת מדף שיפורסם על-פי תשקיף מדף זה תהיה כפופה להגבלות על מכירה חוזרת בהתאם לדיני ניירות ערך אמריקאיים, כפי שיפורט בדוחות הצעת מדף שיפורסמו על-פי תשקיף מדף זה.

תשקיף מדף זה ודוחות הצעת מדף על-פיו אינם מיועדים לפרסום ו/או הפצה ו/או חלוקה בארצות הברית ו/או ל-U.S. Persons כמשמעו של מונח זה ב- Regulation S וניירות ערך שיוצעו על פי דוחות הצעת המדף האמורים לא יוצעו או יימכרו בארצות הברית ללא רישום או פטור מרישום בארצות הברית. תשקיף מדף זה לא הוגש לרשות ניירות ערך בארצות הברית ודוחות הצעת המדף שיפורסמו על-פיו לא יירשמו לפי ה- Securities Act, וכל אדם הרוכש ניירות ערך לפי תשקיף מדף זה ודוחות הצעת המדף לפיו יהיה רשאי להציע, למכור, לשעבד או להעביר בדרך אחרת את ניירות הערך האמורים אך ורק (i) בהתאם ל- Regulation S; (ii) על פי מסמך רישום לפי ה- Securities Act; או (iii) בהתאם לפטור מדרישות הרישום לפי ה- Securities Act. אלא אם יצוין אחרת בדוח הצעת המדף, החברה אינה מתחייבת לרשום את ניירות הערך למסחר או למכירה בארצות הברית לפי ה- Securities Act.

החלטה לרכוש את ניירות הערך שיוצעו על-פי תשקיף זה ועל-פי דוחות הצעת מדף שיפורסמו מכוחו, יש לקבל אך ורק בהסתמך על המידע הנכלל (לרבות בדרך של הפנייה) בתשקיף זה ודוחות הצעת המדף על-פיו. החברה לא התירה לכל אדם או גוף אחר כלשהו למסור מידע שונה מזה המפורט בתשקיף זה. תשקיף זה ודוחות הצעת המדף על-פיו אינם מהווים הצעה של ניירות ערך בכל מדינה אחרת למעט מדינת ישראל.

ניתן לעיין בנוסחו המלא של התשקיף באתר האינטרנט של רשות ניירות ערך, שכתובתו

www.magna.isa.gov.il

חברת פרטנר תקשורת בע"מ

("החברה" או "פרטנר")

פרק 1 - מבוא

כללי 1.1.

פרטנר התאגדה בישראל בשנת 1997 כחברה פרטית על-פי פקודת החברות [נוסח חדש], התשמ"ג-1983. בחודש אוקטובר 1999, ביצעה החברה הנפקה ראשונה לציבור של American Depository Shares ("ADS") (כאשר כל ADS אחד מייצג מניה אחת של החברה) והם נרשמו למסחר ב-Nasdaq Global Select Market ("Nasdaq"). החל מחודש יולי 2001 רשומות מניותיה של החברה למסחר גם בבורסה לניירות ערך בתל-אביב בע"מ ("הבורסה"). כמו כן רשומות למסחר בבורסה אגרות חוב מהסדרות ג', ד' ו-ו'.

היתרים ואישורים 1.2.

החברה קיבלה את כל ההיתרים, האישורים והרישיונות, הדרושים על-פי דין לפרסום תשקיף זה. תשקיף זה הינו תשקיף מדף, כהגדרתו בסעיף 23א לחוק ניירות ערך, התשכ"ח-1968 (להלן: "חוק ניירות ערך") והצעת ניירות ערך על-פיו תיעשה על-פי דוח הצעת מדף אשר יוגש בהתאם לחוק ניירות ערך ותקנות ניירות ערך (הצעת מדף של ניירות ערך), התשס"ו-2005 (להלן: "תקנות הצעת מדף"), ואשר בו יושלמו הפרטים המיוחדים לאותה הצעה (להלן: "דוח הצעת מדף").

אין בהיתרה של רשות ניירות ערך לפרסום התשקיף משום אימות הפרטים המובאים בו או אישור מהימנותם או שלמותם, ואין בו משום הבעת דעה על טיבם של ניירות הערך שיוצגו על-פי תשקיף המדף.

החברה פנתה אל הבורסה לניירות ערך בתל-אביב בע"מ (להלן: "הבורסה") בבקשה למתן אישור עקרוני לרישום של ניירות ערך הכלולים בתשקיף מדף זה ואשר יוצעו, ככל שיוצעו, על-פי דוח הצעת מדף.

אין לראות באישור העקרוני האמור של הבורסה אישור לפרטים המובאים בתשקיף או למהימנותם או לשלמותם ואין בו משום הבעת דעה על החברה או על טיבם של ניירות הערך שיוצעו או על המחיר בו הם יוצעו בדוח הצעת המדף.

מתן האישור העקרוני אינו מהווה אישור לרישום ניירות הערך האמורים למסחר, ורישומם למסחר יהיה כפוף לקבלת אישור לבקשה לרישום ניירות ערך למסחר על-פי דוח הצעת מדף אשר יוגש בהתאם לחוק ניירות ערך ותקנות הצעת מדף.

אין במתן האישור העקרוני האמור משום התחייבות למתן אישור לרישום ניירות הערך למסחר על-פי דוח הצעת מדף. על אישור בקשה לרישום ניירות ערך למסחר על-פי דוח הצעת מדף יחולו הוראות תקנון הבורסה וההנחיות על-פיו, כפי שיהיו בתוקף בעת הגשת הבקשה לרישום על-פי דוח הצעת המדף.

על-פי דרישת הבורסה, הצעת ניירות ערך על-פי דוחות הצעת מדף על-פי תשקיף זה תהיה מותנית בעמידת החברה בפטור מדרישות הרישום על-פי Category 1 של Regulation S שהותקנה מכח ה- United States Securities Act of 1933 ("Regulation S" ו-"Securities Act", בהתאמה) ביחס לניירות הערך שיוצגו על-ידי החברה כאמור, בהתאם לחוות דעת שתיערך קודם למועד פרסומו של דוח הצעת מדף על-ידי עורך דין אמריקאי של החברה, לפיה אין מניעה לחברה לפי ה- Securities Act להציע לציבור בישראל את ניירות הערך שיוצגו בדוח הצעת המדף, לרשום אותם למסחר בבורסה, לקיים בהם מסחר ולסולקם במסלוקת הבורסה.

בחוות דעת עורך הדין של החברה שתוגש לבורסה קודם למועד פרסום דוח הצעת מדף על-ידי החברה להנפקת כתבי אופציה או אגרות חוב על-פי תשקיף זה, יצוין אם יש מניעה על-פי דיני ארה"ב החלים על החברה, לאשר בבית משפט בישראל הליך של הסדר או פשרה לפי סעיף 350 לחוק החברות, לצורך שינוי תנאי ניירות הערך של החברה ולצורך מחיקת ניירות הערך מהרישום למסחר ביוזמת החברה. לעניין זה יחולו ההוראות שלהלן:

(א) אם נקבע בחוות הדעת האמורה, כי לא קיימת מגבלה על-פי דיני ארה"ב החלים על החברה, לאשר בבית משפט בישראל הליך של הסדר או פשרה לפי סעיף 350 לחוק החברות, תתחייב החברה, במועד הרישום למסחר לראשונה כאמור, כי אם תפעל לשינוי תנאי ניירות הערך או למחיקת ניירות הערך מהרישום למסחר ביוזמת החברה, היא תפנה לבית משפט בישראל לצורך אישור הפעולות כאמור על-פי סעיף 350 לחוק החברות.

(ב) צרפה החברה חוות דעת כאמור בס"ק (א) לעיל, אולם הודיעה לאחר הרישום למסחר, בדיווח מיידי, כי בכוונתה לאשר הסדר או פשרה לצורך שינוי תנאי ניירות הערך או לצורך מחיקת ניירות הערך מהרישום למסחר ביוזמת החברה, וכי בית משפט בישראל אינו מאשר לקיים בפניו דיון כאמור לפי סעיף 350 לחוק החברות, תחשב החברה לעניין זה כמי שפעלה על-פי סעיף 350 לחוק החברות, ובלבד שעשתה את כל הנדרש בהתאם לאמור בסעיף 350 לחוק החברות לאישור הסדר או פשרה, לרבות כינוס אסיפות נושים ו/או אסיפות בעלי ניירות הערך לסוגיהם, ובאסיפות כאמור אושרו הפעולות ברוב של משתתפים, כנדרש על-פי סעיף 350 לחוק החברות לאישור הסדר, למעט אישור ההסדר בבית משפט בישראל.

(ג) אם נקבע בחוות הדעת של עורך הדין שצרפה החברה כאמור לעיל, כי קיימת מגבלה על-פי דיני ארה"ב החלים על החברה, לאשר בבית משפט בישראל הליך של

הסדר או פשרה לפי סעיף 350 לחוק החברות, תתחייב החברה במסמך על-פי נרשמים לראשונה ניירות הערך הזרים למסחר, כי אם יהיה בכוונתה לאשר הסדר או פשרה לצורך שינוי תנאי ניירות הערך או לצורך מחיקת ניירות הערך מהרישום למסחר ביוזמת החברה, היא תעשה את כל הנדרש לשם אישור הפעולות כאמור על-פי סעיף 350 לחוק החברות, לרבות כינוס אסיפות נושים ו/או אסיפות בעלי ניירות הערך לסוגיהם, ובאסיפות כאמור יאושרו הפעולות ברוב של משתתפים, כנדרש על-פי סעיף 350 לחוק החברות לאישור הסדר, למעט אישור ההסדר בבית משפט בישראל. פעלה החברה בדרך המפורטת לעיל, תחשב החברה, לעניין זה, כמי שפעלה על-פי סעיף 350 לחוק החברות.

1.3 פטור רשות ניירות ערך

1.3.1 סעיף 35 ככס לפרק ה'3 לחוק ניירות ערך קובע, בין היתר, כי רשות ניירות ערך רשאית לפטור מהוראות הנוגעות לפרטים בתשקיף, מבנהו וצורתו, כולן או מקצתן, תאגיד שהואגד בישראל המציע ניירות ערך לציבור אם ניירות הערך שלו רשומים למסחר בבורסה בחו"ל.

1.3.2 החברה קיבלה מאת רשות ניירות ערך פטור בהתאם לסעיף 35 ככס לחוק ניירות ערך מתחולת תקנות ניירות ערך (פרטי תשקיף, מבנהו וצורתו), התשכ"ט-1969 ביחס לתשקיף מדף זה ("תקנות פרטי תשקיף" ו-"פטור הרשות" בהתאמה). פטור הרשות הותנה במתן חוות דעת, לפיה במקרה בו החברה היתה פועלת לרישום בארה"ב של ניירות ערך מן הסוג שניתן יהיה להציע על-פי תשקיף מדף זה, על-פי כללי ה-Securities Act, היתה החברה רשאית לעשות זאת באמצעות מסמך רישום על טופס F-3 ("Form F-3").

1.3.3 בנוסף, פטור הרשות הותנה בהתחייבותה של החברה, כי כל עוד ניירות ערך של החברה, מלבד מניות, רשומים למסחר בבורסה או מוחזקים על-ידי הציבור בישראל, אם מניותיה של החברה תימחקנה מהרישום למסחר בבורסה, תגיש החברה דיווחים לפי פרק ו' לחוק ניירות ערך ותחדל תחולת הוראות פרק ה'3 לחוק ניירות ערך על החברה.

1.3.4 כמו כן, הותנה פטור הרשות בהתחייבותה של החברה לפעול לפי מודל הגילוי ההיברידי, בהתאם למתכונת ולתנאים המצוינים בסעיף 1.3.7 להלן (להלן: "**חובות הדיווח הנוספות**" ו-"**מודל הגילוי ההיברידי**" בהתאמה).

1.3.5 בהתאם לפטור הרשות, החברה מאשרת כי היא ערכה תשקיף מדף זה, בהתבסס על דרישות ה-Securities Act וכללי רשות ניירות ערך האמריקאית ל-Form F-3. בהתאם, תשקיף מדף זה (כולל המסמכים הנכללים בו על דרך הפניה), עומד, מכל הבחינות המהותיות, בדרישות של ה-Securities Act והכללים והתקנות הרלוונטים של רשות ניירות ערך האמריקאית שהיו חלים אילו הוגש בארה"ב מסמך Form F-3

לצורך רישום של ניירות הערך מהסוג שניתן יהיה להציע על-פי תשקיף מדף זה, למעט סדר הפרקים ולמעט התאמתם של הכריכה, הפרקים הכלולים בתשקיף מדף זה שהנם בשפה העברית (וכללים הכללה על דרך ההפניה של דיווחים בשפה האנגלית של החברה), סעיף חוות דעת משפטית בפרק 4 לתשקיף מדף זה וכן פרק החתימות, שנערכו לפי הוראות תקנות פרטי תשקיף; וכן, למעט העובדה שב- Form F-3 היו נכללים הצהרות, נספחים והתחייבויות מסוימים אשר אינם נכללים בתשקיף זה ואשר אינם מהותיים לענין הצעת ניירות ערך לציבור בישראל.

1.3.6. יודגש, כי תשקיף זה לא הוגש לרשות ניירות ערך האמריקאית ולא נבדק על ידה.

1.3.7. הוראות מודל הגילוי ההיברידי:

הוראות מודל הגילוי ההיברידי¹, כמפורט להלן, יחולו כל עוד אגרות החוב (סדרה ו') ו/או אגרות החוב שיונפקו על פי תשקיף מדף זה יהיו במחזור:

החל ממועד התקיימות סימני אזהרה כפי שהם מוגדרים בסעיף 10(ב)(14) תקנות ניירות ערך (דוחות תקופתיים ומיידיים), התש"ל-1970 (להלן: "**תקנות הדוחות**"), וכל עוד סימני האזהרה מתקיימים², יחולו על החברה חובות דיווח נוספות, כמפורט להלן³:

1) תקנה 10(ב)(14) לתקנות הדוחות - גילוי אודות התקיימות סימני אזהרה בתאגיד וצירוף דוח תזרים מזומנים חזוי במקרים הנדרשים בתקנה; בחינת סימני האזהרה תיעשה על-פי הדוחות הכספיים המאוחדים של החברה (או על-פי פרסום נתונים הכספיים הרבעוניים).

2) תקנה 10(ב)(1)(ד) לתקנות הדוחות - גילוי אודות הבחינה שנעשתה על-ידי הדירקטוריון לגבי מצב הנזילות של החברה מקום שקיים אחד מסימני האזהרה והנימוקים להחלטה.

3) תקנה 35א לתקנות הדוחות - דיווחים מידיים לטובת מחזיקי תעודות התחייבות שבמחזור.

1 הוראות מודל הגילוי ההיברידי לא תחולנה מקום בו החברה הנפיקה אגרות חוב באמצעות תשקיף הצעה לציבור במדינה בה פועלת הבורסה הזרה ואגרות החוב רשומות למסחר בבורסה הזרה, וכן לא קיים הבדל משמעותי בין תקופת ההלוואה של אגרות החוב שיירשמו למסחר בישראל ליתרת תקופת ההלוואה של אגרות החוב שיירשמו למסחר בבורסה הזרה, וכן, תנאי אגרות החוב שיירשמו למסחר בישראל אינם נחותים באופן מהותי בהשוואה לתנאי אגרות החוב שיירשמו למסחר בבורסה הזרה.

2 המועד בו סימני האזהרה אשר מבוססים על דוחות כספיים או על חוות דעתו או סקירתו של רואה החשבון המבקר, יחדלו להתקיים יהיה המועד הראשון בו יפורסמו דוחות כספיים, חוות דעת או סקירה בהתאמה ללא סימני אזהרה.

3 בהתאם להחלטת מליאת רשות ניירות ערך מספר 1-2013: שינוי במודל הטיפול ומתן פטור לחברות ברישום כפול שמנפיקות אג"ח רק בישראל מיום 9 בספטמבר 2013, כפי שעודכנה ביום 27 ביוני 2017 (להלן: "**החלטת הרשות**"), במקרה של התקיימות סימני אזהרה כאמור, תדווח החברה דוח מידי שכותרתו "תחילת דיווחים בהתאם למודל הגילוי ההיברידי", ואשר עניינו הודעה על שינוי משטר הדיווח כמפורט בסעיף 1.3.7. זה יובהר כי במקרה של שינוי ו/או תיקון להחלטת הרשות ו/או לתקנות ניירות ערך (דוחות תקופתיים ומיידיים), התש"ל-1970, ביחס לדרישות הגילוי על-פי סעיפים (1)-(7) להלן, הגילוי יבוצע ויותאם, בשינויים המחויבים, בהתאם לתיקון ו/או לשינוי בהחלטת הרשות ו/או לתקנות כאמור.

(4) תקנה 37(א)(1) לתקנות הדוחות - פרטים על חלוקת דיבידנד.

(5) תקנה 37(א)(5) לתקנות הדוחות - פדיון מוקדם של אגרות חוב.

(6) תקנה 31ח לתקנות הדוחות - פשרה או הסדר.

(7) תקנות 37כ-37כח לתקנות הדוחות - גילוי אגב הסדרי חוב.

בנוסף, רשות ניירות ערך רשאית להפעיל את סמכויותיה הבאות ביחס לדרישות מודל הגילוי ההיברידי: (א) סמכות הרשות לדרוש קבלת מידע, פרטים ומסמכים; (ב) סמכות הרשות לעניין דרישה לפרסום דיווח מיידי ו/או דיווח מתקן ו/או דיווח משלים; (ג) סמכות הרשות לעניין דרישה להוספת גילוי או מידע כאמור בדיווחי החברה, ככל שהדבר נחוץ לצורך הגנת ציבור המשקיעים באגרות החוב.

1.3.8. דוח הצעת מדף שתפרסם החברה על-פי תשקיף זה יכלול (במסגרת הדוח או על דרך ההפניה), מידע משלים בגין התפתחויות מהותיות בחברה ממועד תשקיף מדף זה וכן מידע משלים נוסף, והכל בהתבסס על דרישות ה- Securities Act וכללי רשות ניירות ערך האמריקאית ל- Form F-3, לרבות מידע כספי מעודכן בהתבסס על דרישות כללי רשות ניירות ערך האמריקאית בסעיף 8 של Form F-20, אם וככל שיידרש, וזאת בנוסף לפרטים הדרושים על-פי תקנות הצעת מדף (ובכללם השלמת פרטים אודות ניירות הערך המוצעים וכל פרט אחר הטעון תיאור על-פי אותן תקנות).

1.3.9. הדיווחים השוטפים של החברה הינם בשפה האנגלית, בהתאם לכללי הרישום הכפול הקבועים בפרק ה'3 לחוק ניירות ערך, התשכ"ח-1968 והתקנות שהותקנו מכוחו. על-פי פטור הרשות, החברה תמשיך לדווח על-פי כללי הרישום הכפול כאמור.

**תשקיף זה כולל פרטים על דרך ההפניה. לפרטים ראו סעיף 3.14 לתשקיף
(Incorporation of Certain Information by Reference).**

פרק 2 - פרטי הצעת ניירות ערך על-פי תשקיף המדף

על-פי תשקיף מדף זה יכול שיוצעו לציבור, באמצעות דוחות הצעת מדף, מניות רגילות של החברה ו/או ניירות ערך אחרים של החברה (להלן ביחד: "ניירות הערך").

הצעת ניירות הערך על-פי תשקיף מדף זה תיעשה, בהתאם להוראות סעיף 23א לחוק ניירות ערך, באמצעות דוחות הצעת מדף אשר בהם יושלמו כל הפרטים המיוחדים לאותה הצעה, לרבות פרטי ניירות הערך המוצעים ותנאיהם, בהתאם להוראות תקנון הבורסה לניירות ערך בתל-אביב בע"מ והנחיותיה, כפי שיהיו באותה עת ולהוראות כל דין.

פרק 3

The securities have not been registered with the United States Securities and Exchange Commission and are not being offered in the United States or to U.S. Persons.

3.1 General

As used herein, references to “we,” “our,” “us,” the “Group,” “Partner” or the “Company” are references to Partner Communications Company Ltd. and its wholly-owned subsidiaries, Partner Future Communications 2000 Ltd., Partner Land-Line Communications Solutions LP, Partner Business Communications Solutions LP, Partner Communication Products 2016 LP, 012 Smile Telecom Ltd. (“012 Smile”) and 012 Smile’s wholly-owned subsidiary, 012 Telecom Ltd., except as the context otherwise requires. Partner Future Communications 2000 Ltd. serves as the general partner and the Company serves as the limited partner of each of the limited partnerships.

Pursuant to a 15-year Network Sharing Agreement that the Company entered into with HOT Mobile Ltd. (“HOT Mobile”) in November 2013, the parties created a 50-50 limited partnership, P.H.I. Networks (2015) Limited Partnership (“PHI”). See “Item 4B.8 OUR NETWORK” in our annual report on Form 20-F for the fiscal year ended December 31, 2017 (the “2017 20-F”).

In 2018 the Company founded Iconz Holdings Ltd., a company in the business of handset accessories, a subsidiary in which the Company holds 51% of the ownership.

In the context of cellular services, references to “our network” refer to Partner’s cellular telecommunications network which includes our core network, as well as the shared radio access network with HOT Mobile which is operated by PHI and any other Company infrastructure which enables our cellular service.

In addition, references to our “financial statements” are to our consolidated financial statements, unless the context requires otherwise.

The Company currently provides telecommunications services in the following two segments: (1) cellular telecommunications services (“Cellular Services”) and (2) fixed-line communication services (“Fixed-Line Services”), which include: (a) Internet services including access to the internet through both fiber optics and wholesale broadband access; internet services provider (“ISP”) services; internet Value Added Services (“VAS”) such as cyber protection, anti-virus and anti-spam filtering; and fixed-line voice communication services provided through Voice Over Broadband (“VOB”); (b) Business solutions including SIP voice trunks and Network Termination Point Services (“NTP”) – under which the Group supplies, installs, operates and maintains endpoint network equipment and solutions, including providing and installing equipment and cabling, within a subscriber’s place of business or premises, hosting services, transmission services, Primary Rate Interface (“PRI”) and other fixed-line communications solution services; (c) International Long Distance services (“ILD”): outgoing and incoming international telephony, hubbing, roaming and signaling and calling card services; and, as from 2017, (d) Television services over the Internet (“TV”). Sales of equipment include sales and leasing of telecommunications, audio visual and related devices including cellular handsets, phones, tablets, laptops, modems, data cards, domestic routers, servers, audio-visual devices and related peripherals, equipment and integration projects. Unless the context indicates otherwise, expressions such as “our

business,” “Partner’s business” and “the Company’s business” or “industry” refer to both Cellular and Fixed-Line Services.

In this document, references to “\$,” “US\$,” “US dollars,” “USD” and “dollars” are to United States dollars, and references to “NIS” and “shekels” are to New Israeli Shekels. We maintain our financial books and records in shekels. This shelf prospectus (the “Shelf Prospectus”) contains translations of NIS amounts into US dollars at specified rates solely for the convenience of the reader. No representation is made that the amounts referred to in this Shelf Prospectus as convenience translations could have been or could be converted from NIS into US dollars at these rates, at any particular rate or at all. The translations of NIS amounts into US dollars appearing throughout this Shelf Prospectus have been made at the exchange rate on December 31, 2017, of NIS 3.467 = US\$1.00 as published by the Bank of Israel, unless otherwise specified.

3.2 Forward Looking Statements

Some of the information contained or incorporated by reference in this Shelf Prospectus includes forward-looking statements within the meaning of Section 27A of the US Securities Act of 1933, as amended, Section 21E of the US Securities Exchange Act of 1934, as amended, and the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995. Words such as “believe,” “anticipate,” “expect,” “intend,” “seek,” “will,” “plan,” “could,” “may,” “project,” “goal,” “target” and similar expressions often identify forward-looking statements but are not the only way we identify these statements. All statements other than statements of historical fact included in this Shelf Prospectus, including the statements in “3.5 Risk Factors” below and in “Item 4 Information on the Company” and “Item 5 Operating and Financial Review and Prospects” in our 2017 20-F, incorporated by reference into this Shelf Prospectus, and elsewhere in this Shelf Prospectus and in the 2017 20-F regarding our future performance, revenues or margins, market share or reduction of expenses, regulatory developments and any statements regarding other future events or our future prospects, are forward-looking statements.

We have based these forward-looking statements on our current knowledge and our present beliefs and expectations regarding possible future events. These forward-looking statements are subject to risks, uncertainties and assumptions about Partner, consumer habits and preferences in cellular and fixed-line telephone usage, trends in the Israeli telecommunications industry in general, the impact of current global economic conditions and possible regulatory and legal developments.

For a description of some of the risks, see “3.5 Risk Factors” below and “Item 4 Information On The Company”, “Item 5 Operating And Financial Review And Prospects”, “Item 8A.1 Legal And Administrative Proceedings” and “Item 11 Quantitative And Qualitative Disclosures About Market Risk” in our 2017 20-F incorporated by reference into this Shelf Prospectus. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Shelf Prospectus might not occur, and actual results may differ materially from the results anticipated. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

3.3 Summary Information Regarding the Company

You should read the following summary together with the more detailed information regarding us and the securities being offered hereby, including the risks discussed under the heading “3.5 Risk Factors,” contained in this Shelf Prospectus. You should also read carefully the consolidated financial statements and notes thereto and the other information about us that is incorporated by reference in this Shelf Prospectus, including our 2017 20-F.

Our Company

Partner Communications Company Ltd. is a leading Israeli telecommunications company, providing a wide integrated and customized range of cellular and fixed-line telecommunication services, including infrastructure, international long distance (“ILD”), ISP, television and other services. We offer our subscribers a full range of products and services to address a broad range of communications needs based on advanced technologies and competitive tariff plans.

As a comprehensive communications group, we supply our services through two business segments:

- the cellular segment, our main business, which represents the largest portion of our total revenues. The cellular business segment includes cellular communications services such as airtime calls, international roaming services, text messaging, internet browsing, value-added and content services and services provided to other operators that use the Company’s cellular network. The Company also sells and leases a range of equipment related to cellular services. See “Item 4B.5a Cellular Services and Products” in our 2017 20-F.

At December 31, 2017, we had approximately 2,674 thousand cellular subscribers, representing an estimated 25% of total Israeli cellular telephone subscribers at that date. As of that date, approximately 87% of our subscriber base (approximately 2,320 thousand subscribers) was represented by subscribers who subscribe to post-paid tariff plans and 13% (approximately 354 thousand subscribers) by subscribers who subscribe to pre-paid tariff plans. (For a definition of “subscriber”, see “Item 3A Selected Financial Data” in our 2017 20-F).

Our GSM/UMTS network covered 99% of the Israeli population at year-end 2017. Our LTE network currently covers 99% of the Israeli population, in line with the deployment milestones in our license. We currently operate our GSM network in the 900 MHz and 1800 MHz bands, the UMTS network in the 900 MHz and 2100 MHz band and the LTE network in the 1800 MHz band. Our services provided on our network include standard and enhanced services, as well as value-added services and products. See “Item 4B.5 SERVICES AND PRODUCTS” in our 2017 20-F.

In 2017, we marketed our cellular services and products mainly under the Partner brand as well as under the 012 Mobile brand;

and

- the fixed-line segment, which includes a number of services provided over fixed-line networks including (a) Internet services including access to the internet through both fiber optics and wholesale broadband access, ISP services, internet VAS such as cyber protection, anti-virus and anti-spam filtering, and fixed-line voice communication services provided through Voice Over Broadband (“VOB”); (b) Business solutions including SIP voice trunks, Network Termination Point Services (“NTP”) – under which the Group

supplies, installs, operates and maintains endpoint network equipment and solutions, including providing and installing equipment and cabling within a subscriber's place of business or premises, hosting services, transmission services, Primary Rate Interface ("PRI") and other fixed-line communications solution services; (c) International Long Distance services ("ILD"): outgoing and incoming international telephony, hubbing, roaming and signaling and calling card services; and (d) Television services over the Internet ("TV"). In addition, this segment includes sales and leasing of related equipment. See "Item 4B.5b Fixed-line Services and Products" in our 2017 20-F.

In 2017, our fixed-line services were marketed under the Partner brand and our ILD services were marketed under the 012 brand.

In 2017, we were named by the Maala organization in their highest platinum plus category for corporate social responsibility for the tenth consecutive year.

Our principal executive offices are located at 8 Amal Street, Afeq Industrial Park, Rosh Ha'ayin 48103, Israel (telephone: +972-54-7814-888). Our website address is www.partner.co.il. Information contained on our website is not incorporated by reference and does not constitute a part of this Shelf Prospectus.

3.4 Summary Terms of the Offer

We may, from time to time, offer and sell ordinary shares and other securities of the Company in one or more offerings.

Each time we offer and sell securities we will provide the specific terms and initial public offering prices of these securities in a supplemental shelf offering report ("Shelf Offering Memorandum"). The supplemental Shelf Offering Memoranda may also add, update or change information contained in this Shelf Prospectus. You should carefully read this Shelf Prospectus and any supplement together with additional information described below under "3.15 Where You Can Find More Information" before purchasing any of our securities. We will not use this Shelf Prospectus to confirm sales of any securities that are being registered but not offered under this Shelf Prospectus, unless it is attached to a supplemental Shelf Offering Memorandum.

We may sell any combination of securities in one or more offerings. We may sell securities to or through underwriters and also to other purchasers or through agents. The names of any underwriters or agents will be stated in a supplemental Shelf Offering Memorandum.

3.5 Risk Factors

You should carefully consider all of the information contained in and incorporated by reference into this Shelf Prospectus and, in particular, the following risk factors when deciding whether to invest in the securities being offered. Depending on the extent to which any of the following risks materializes, our business, financial condition, cash flow or results of operations could suffer, and the market price of our shares may be negatively affected. The risks below are not the only ones we face, and other risks currently not affecting our business or industry, or which are currently deemed insignificant, may arise.

RISKS RELATING TO THE REGULATION OF OUR INDUSTRY

We operate in a highly regulated telecommunications market in which the regulator imposes substantial limitations on our flexibility in managing our business and continues to seek to increase industry competition. At the same time, the regulator limits our ability to compete by, among other measures, giving preference to new competitors, and limits our ability to expand our business and develop our network. These measures may increase our costs, decrease our revenues and adversely affect our business and results of operations.

If the Ministry of Communications fails to enforce its fixed-line wholesale market reforms on Bezeq and HOT Telecom, or if it fails to prevent Bezeq or HOT Telecom from lowering their retail prices for fixed-line services and thereby narrowing our margin in these services, our business and results of operations may be materially adversely affected.

In the past, the Ministry of Communications (the “MoC”) has failed to enforce its fixed-line wholesale market reforms (“Wholesale Market Reform”) on Bezeq-The Israel Telecommunication Corp., Ltd. (“Bezeq”) and HOT Telecom LP (“HOT Telecom”), the two largest wireline infrastructure operators in Israel. See “3.5 Risk Factors - Competition resulting from the full service offers by telecommunications groups and additional entrants into the mobile telecommunications market, as well as other actual and potential changes in the competitive environment and communications technologies, may continue to cause a further decrease in tariffs, an increase in subscriber acquisition and retention costs, and may continue to reduce our subscriber base and increase our churn rate, each of which could adversely affect our business and results of operations.” and “Item 4B.12e - iv The Ministry of Communications policy regarding the fixed-line telecommunications sector” in our 2017 20-F.

MoC policy and decisions regarding the Wholesale Market Reform (Bit Stream Access (BSA), fixed-line telephony and passive infrastructures, see “Item 4B.12e - iv The Ministry of Communications policy regarding the fixed-line telecommunications sector” in our 2017 20-F) have not been effectively enforced by the MoC since May 2015. If the MoC fails to enforce the most important components of its wholesale market reform, or if it rolls back (partially or in-whole), or fails to enforce, its decisions regarding wholesale access to HOT Telecom’s network, or adopts other regulation unfavorable to companies, such as Partner, which must rely on the two wholesale suppliers, such actions may negatively affect our business and results of operations.

For further information regarding this risk, see “Item “4B.12e - iv The Ministry of Communications policy regarding the fixed-line telecommunications sector” in our 2017 20-F.

In addition, the infrastructure owners (Bezeq and HOT Telecom) may lower their infrastructure retail prices thereby narrowing the margin between their retail prices and the wholesale price we are required to pay them to use their fixed-line infrastructure. This may erode our margin to the point of eradicating the economic feasibility of continuing such operations. If the MoC fails to prevent such conduct by the infrastructure owners, this may adversely affect our business and results of operations.

The MoC might require us to terminate the use of certain spectrum ranges which have been allocated to us, limit our use of such spectrum or fail to respond to our demands for the allocation of additional spectrum. Such eventualities may adversely affect our

business and results of operations.

The MoC might prevent us from using some of our existing spectrum, may limit our ability to use such spectrum (whether by demanding we share such use with others or placing other limits on such use) or may fail to respond to our demands for the allocation of additional spectrum or for the refarming of our existing spectrum (the conversion of existing frequencies to a different technology). Such actions may interfere with our ability to effectively manage our licensed spectrum, reduce our ability to adequately provide services to our subscribers and place us at a competitive disadvantage. These possible eventualities may adversely affect our business and results of operations.

If the structural separation provisions (which apply to Bezeq and HOT) are not enforced or are removed before we have established ourselves in the fixed-line and TV markets, this would adversely affect our business and results of operations.

The current structural separation limitations require Bezeq to equally market all ISPs (internet service providers) when selling service bundles which include its infrastructure services and ISP services. Since the launch of the Wholesale Market Reform, Bezeq has launched a bundle which includes its services and the services of certain ISPs and does not market all ISPs equally. If the MoC continues to fail to effectively enforce this requirement, it may continue to erode our market share in the internet segment.

The MoC has also announced that it intends to cancel the regulations requiring Bezeq to maintain a “structural separation” between its fixed-line telephony, ILD, mobile telecommunications, internet infrastructure and services and TV operations. In the past, the MoC has published official announcements which indicate its satisfaction with the implementation of the Wholesale Market Reform. The MoC also provided Bezeq with a letter in which it announced it is promoting the removal of corporate separation provisions which currently apply to the Bezeq group. We strongly oppose the factual descriptions and the conclusions in these announcements. If the MoC removes the structural separation provisions based on its above-mentioned announcements before we have firmly established ourselves in the fixed-line telecommunications services market (in both fixed-line telephony, passive infrastructures and broadband) and the multi-channel TV market, Bezeq and HOT may be able to offer bundled services more effectively than we, and thereby gain a competitive advantage which could adversely affect our results of operations.

For further information regarding this risk, see “Item “4B.12e - iv The Ministry of Communications policy regarding the fixed-line telecommunications sector” in our 2017 20-F.

The Network Sharing Agreement we entered into with HOT Mobile may be terminated earlier than we expected due to regulatory intervention. In such case we will be required to split the shared network with Hot Mobile, and the resources, time and expense it may take us to have our own network on a nation-wide coverage may be substantial and could also materially harm our business and the results of operations at such time. Network sharing and similar agreements entered into by our competitors may place us at a competitive disadvantage.

In November 2013, we entered into a 15-year network sharing agreement (“Network Sharing Agreement”) with HOT Mobile pursuant to which the parties created a limited partnership, under the name P.H.I. Networks (2015) Limited Partnership (“PHI”). The purpose of PHI is to operate and develop a radio access network to be shared by both parties.

In May 2014, the Anti-Trust Commissioner resolved to approve the Network Sharing

Agreement, subject to a number of conditions (“Anti-Trust Commissioner Approval”) and in April 2015, the Ministry of Communications resolved to approve the Network Sharing Agreement, subject to a number of conditions as well (“MoU Approval”).

However, the Network Sharing Agreement may terminate or expire prior to the lapse of the said 15-year period due to regulatory intervention in one of the following circumstances:

- 1) Pursuant to the Anti-Trust Commissioner Approval - as of April 22, 2021, the Anti-Trust Commissioner will be entitled to notify Partner and Hot Mobile that the network sharing is terminated, if at that time the Anti-Trust Commissioner will be of the opinion that PHI or its activities may adversely affect competition, in which case the parties will be required to cease sharing the active part of the shared network within two years and the passive parts within five years from the Anti-Trust Commissioner’s notice to that effect;
- 2) In the event we are found to be in breach of any of the conditions set out in the Anti-Trust Commissioner Approval or in the MoU’s Approval, the Anti-Trust Commissioner Approval or the MoU Approval might be terminated, which could create significant uncertainty as to the management of the shared radio access network;
- 3) PHI is operating under a special license granted by the Ministry of Communications on August 9, 2015. The term of the license is 10 years from the grant thereof. If the term of the license will not be extended we may not be able to continue sharing the network.

If and when the network sharing will end, we will need to split the shared network with HOT Mobile and the resources, time and expense it may take to have our own network on a nation-wide coverage, may be substantial and could materially harm our business and results of operations at such time. See also “3.5 Risk Factors - If the network sharing agreement entered into with HOT Mobile is unilaterally terminated by HOT Mobile earlier than we expect, we will be required to split the shared network with Hot Mobile and the resources, time and expense it may take us to have our own network in a nationwide coverage, would be substantial and could also materially harm our business and the results of operations at such time.” and “Item 4B.8a Overview - Cellular Network Sharing Agreement” in our 2017 20-F.

Network sharing and similar agreements entered into by our competitors

In January 2017, Cellcom Israel Ltd. (“Cellcom”) announced that it had reached an agreement with Electra Consumer Products Ltd. (“Electra”) for 3G and 4G network sharing and 2G hosting services. According to Cellcom’s report, Electra simultaneously entered into an agreement with Golan Telecom and its shareholders to purchase Golan Telecom’s share capital. These agreements were approved by the Israeli Anti-Trust Commissioner, subject to certain conditions. In March 2017, Cellcom reported that the agreements were approved by the Ministry of Communications. Our knowledge of the content of these agreements is based on partial publications including reports filed by Cellcom, Electra and the IDB Development Company Ltd. However, if these agreements or any future network sharing agreement receive regulatory approval under conditions that are more lenient than those imposed on us, this would place us at a competitive disadvantage compared to our competitors. As a result, our business and results of operations may be negatively impacted.

New regulatory initiatives may continue to increase the regulatory burden and

intensify competition, which could negatively affect our business and results of operations.

The implementation of the Telecommunications Law, 1982, (“Telecommunications Law”), the Wireless Telegraph Ordinance [New Version], 1972 (“Wireless Telegraph Ordinance”) and other laws and regulations, as well as the provisions of our licenses, are all subject to interpretation and change. New laws, regulations or government policies, changes to current regulations, or a change to the interpretation thereof, may be adopted or implemented in a manner which damages our business and operating results. Such measures may include new limits on our ability to market our services, new safety and health related requirements, new limits on the construction and operation of cell towers, new requirements, standards, consumer protection provisions, privacy provisions, coverage term and other conditions or limits applicable to the services we provide. Such measures may negatively affect our business and results of operations. Furthermore, if such measures would benefit our competitors or are applied only to us (and not to our competitors), we may be placed at a competitive disadvantage. For information regarding the principal regulations and regulatory developments affecting our business, see “Item 4B.12e Regulatory Developments” in our 2017 20-F.

The State may impose regulations on TV content services provided over the Internet, which may negatively affect our business and results of operations.

The state (through the MoC and/or the Council for Cable and Satellite Broadcasting) may impose regulations on nascent TV content services which are provided over the Internet (“OTT”) and which are currently unregulated. If such regulations are set (including a requirement to invest in original productions), this will increase our costs, raise the cost of operations in this segment and, if applied only to Israeli OTT providers, place us at a competitive disadvantage, in each case with potential negative effects on our business and results of operations.

The deployment of our fiber-optic based infrastructure is dependent on effective enforcement by the Ministry of Communications of its reform enabling us to use a competitor’s cable ducts.

The deployment of a fiber-optic based infrastructure is part of our overall strategy to become a comprehensive telecommunications group.

Currently, the majority of our deployment is performed based on the MoC’s reform which enables us to use Bezeq’s existing cable ducts in order to deploy our fiber optic cables, see “Item 4B.12e - iv- The Ministry of Communications policy regarding the fixed-line telecommunications sector” in our 2017 20-F.

Bezeq has not abided by some of its main obligations under the relevant MoC reform. For example, Bezeq does not allow us to use the manholes that are situated in front of buildings, thus making it difficult and more expensive to enter the buildings with our fiber optic cables. Bezeq has attempted to overcharge for actions it has performed for us (during the period in which it lay down fiber-optic cables for us) and has also attempted to charge us fees for actions which the relevant MoC decision expressly states are to be performed at no charge. If the MoC fails to effectively enforce its reform in this matter against Bezeq, the future progress of this project and our business and results of operations may be materially and adversely affected.

We are subject to monitoring and enforcement measures by the Ministry of Communications and other relevant authorities, which may adversely affect our business and results of operations.

Although we believe that we are currently in compliance with all material requirements of the relevant legislation and our licenses, disagreements have arisen and may arise in the future between the MoC and us regarding the interpretation and application of the requirements set out in relevant legislation and our licenses. The MoC is authorized to levy significant fines on us for breaches of the Telecommunications Law, relevant regulations and our licenses. Our operations are also subject to the regulatory and supervisory authority of other Israeli regulators which have the authority to impose criminal and administrative sanctions against us.

We may not always be successful in our defense, and should we be found in violation of these regulations, we and our management may be subject to civil or criminal penalties, including the loss of our operating license as well as administrative sanctions. All such enforcement measures may adversely affect our financial condition or results of operations. For information regarding on-going litigation and legal proceedings, see “Item 8A.1 Legal and Administrative Proceedings” in our 2017 20-F.

Potential future regulation of roaming services may decrease our roaming revenues and negatively affect our income.

In August 2014, the Ministry of Communications published a hearing aimed at increasing competition in roaming services abroad and which suggested adopting various measures intended to improve transparency and limit subscriber payments for roaming services. Adoption of such measures might decrease our roaming revenues and negatively affect our income. See “4B.12e - iii Hearings and Examinations” in our 2017 20-F.

We have had difficulties obtaining some of the building and environmental permits required for the erection and operation of our cellular network sites, and some building permits have not been applied for or may not be fully complied with. These difficulties could have an adverse effect on the coverage, quality and capacity of our network. Operating network sites without building or other required permits, or in a manner that deviates from the applicable permit, may result in criminal or civil liability to us or to our officers and directors.

Our ability to maintain and improve the extent, quality and capacity of our cellular network coverage depends in part on our ability to obtain appropriate sites and approvals to install our network infrastructure, including network sites. The erection and operation of most of these network sites require building permits from local or regional planning and building authorities, as well as a number of additional permits from other governmental and regulatory authorities. In addition, as part of our network build-out and expansion, we are erecting additional network sites and making modifications to our existing network sites for which we may be required to obtain new consents and approvals.

For the reasons described in further detail below, we have had difficulties obtaining some of the building permits required for the erection and operation of our network sites. As of December 31, 2017, less than 10% of our network sites were operating without local building permits or exemptions which, in our opinion, are applicable. In addition, some of our network sites are not built in full compliance with the applicable building permits.

Network site operation without required permits or that deviates from the permit has in some cases resulted in the filing of criminal charges and civil proceedings against us and our officers and directors, and monetary penalties against the Company, as well as demolition orders. See “Item 8A.1 Legal and Administrative Proceedings” in our 2017 20-F. In the future, we may face additional demolition orders, monetary penalties (including compensation for loss of property value) and criminal charges. The prosecutor’s office has a national unit that enforces planning and building laws. The unit has stiffened the punishments regarding violations of planning and building laws, particularly against

commercial companies and its directors. If we continue to experience difficulties in obtaining approvals for the erection and operation of network sites and other network infrastructure, this could have an adverse effect on the extent, coverage and capacity of our network, thus impacting the quality of our cellular voice and data services, and on our ability to continue to market our products and services effectively. In addition, as we seek to improve the range and quality of our services, we need to further expand our network, and difficulties in obtaining required permits may delay, increase the costs or prevent us from achieving these goals in full. Our inability to resolve these issues could prevent us from maintaining the quality requirements contained in our license.

Uncertainties under National Building Plan 36. Since June 2002, following the approval of the National Building Plan 36 (the “Plan”), which regulates network site construction and operation, building permits for our network sites (where required) have been issued in reliance on the Plan. Several local planning and building authorities have questioned the ability of Israeli cellular operators to receive building permits, in reliance on the Plan, for network sites operating in frequencies not specifically detailed in the frequency charts attached to the Plan. In a number of cases, these authorities have refused to grant building permits for network sites, claiming that frequencies are not included in the Plan. There has been no judicial ruling at this stage. If a future court ruling determines that building permits cannot be issued for network sites operating in frequencies not specifically detailed in the frequency charts attached to the Plan, this could have a material adverse effect both on our ability to erect new sites as well as on our existing sites.

The Plan is in the process of being changed. See “Item 4B.12h Network Site Permits” in our 2017 20-F.

Uncertainties regarding the validity of exemptions for wireless access devices. We have set up several hundred small communications devices, called wireless access devices, pursuant to a provision in the Telecommunications Law which exempts such devices from the need to obtain a building permit. A claim was raised that the exemption does not apply to cellular communications devices and the matter reached first instance courts a number of times, resulting in conflicting decisions. This claim is included in an application to certify a class action filed against the three principal Israeli cellular operators. In May 2008, a district court ruling adopted the position that the exemption does not apply to wireless access devices. We, as well as our competitors, filed a request to appeal this ruling to the Supreme Court. In May 2008, the Attorney General filed an opinion regarding this matter stating that the exemption does apply to wireless radio access devices under certain conditions. Two petitions were filed with the High Court of Justice in opposition to the Attorney General’s opinion. The matter is still pending before the Supreme Court and the High Court of Justice. See “Item 4B.12h Network Site Permits” in our 2017 20-F. In December 2017, the Knesset Economics Committee discussed a new version of the regulations passed by the Minister of Finance in coordination with the other relevant government ministries. The Economics Committee has not concluded its discussion of all the regulations clauses and therefore has clarified that a follow-up discussion of the regulations would be scheduled. The proposed text was recommended for approval by the National Planning and Building Council. Insofar as the wording is approved in the format submitted to the Economics Committee, it will be very difficult to transfer existing wireless access devices from place to place and also to make changes to existing access devices.

If a definitive court judgment holds that the exemption does not apply to cellular devices at all, we may be required to remove the existing devices. As a result, our network capacity and coverage would be negatively impacted, which could have an adverse effect on our revenue and results of operations.

Uncertainties regarding requirements for repeaters and other small devices. We, like the

other cellular operators in Israel, provide repeaters, also known as bi-directional amplifiers, to subscribers seeking an interim solution to weak signal reception within specific indoor locations. In light of the lack of a clear policy of the local planning and building authorities, and in light of the practice of the other cellular operators, we have not requested permits under the Planning and Building Law, 1965 (“Planning and Building Law”) for the repeaters. However, we have received an approval to connect the repeaters to our communications network from the Ministry of Communications and have received from the Ministry of Environmental Protection permit types for all our repeaters. If the local planning and building authorities determine that permits under the Planning and Building Law are also necessary for the installation of these devices, or any other receptors that we believe do not require a building permit, it could have a negative impact on our ability to obtain permits for our repeaters.

In addition, we construct and operate microwave links as part of our transmission network. The various types of microwave links receive permits from the Ministry of Environmental Protection in respect of their radiation level. Based on an exemption in the Telecommunications Law, we believe that building permits are not required for the installation of most of these microwave links on rooftops, but to the best of our knowledge, there is not yet a determinative ruling on this issue by the Israeli courts. If the courts determine that building permits are necessary for the installation of these sites, it could have a negative impact on our ability to obtain environmental permits for these sites and to deploy additional microwave links, and could hinder the coverage, quality and capacity of our transmission network.

In connection with some building permits, we may also be required to indemnify planning committees in respect of claims against them relating to the depreciation of property values that result from the granting of permits for network sites.

Under the Planning and Building Law, local planning committees may be held liable for the depreciation of the value of nearby properties as a result of approving a building plan. Under the Non-Ionizing Radiation Law, 2006 (the “Non-Ionizing Radiation Law”) the National Council for Planning and Building requires indemnification undertakings from cellular companies as a precondition for obtaining a building permit for new or existing network sites. The National Council has decided that until the Plan is amended to reflect a different indemnification amount, cellular companies will be required to undertake to indemnify the committees in full against all losses resulting from claims against a committee for reductions in property values as a result of granting a permit to the network site. On June 1, 2010, the National Council for Planning and Building approved the National Building Plan No. 36/A/1 version that incorporates all of the amendments to the Plan (the “Amended Plan”). The Amended Plan sets forth the indemnification amounts as a percentage of the value of the depreciated property claims in accordance with the manner in which the licenses were granted. See “Item 4B.12h Network Site Permits” in our 2017 20-F. The Amended Plan is subject to governmental approval, in accordance with the Planning and Building Law. It is unknown when the government intends to approve the Amended Plan.

As of December 31, 2017, we have provided local authorities with 488 indemnification undertakings. These indemnifications expose us to risks which are difficult to quantify or mitigate and which may have a material adverse effect on our financial conditions and results of operations, if we are required to make substantial payments in connection therewith. In addition, the requirement to provide indemnification in connection with new building permits may impede our ability to obtain building permits for existing network sites or to expand our network with the erection of new network sites. The indemnification requirement may also cause us to change the location of our network sites to less suitable locations or to dismantle existing network sites, which may have an adverse effect on the quality and capacity of our network coverage.

In 2007, the Israeli Ministry of Interior Affairs extended the limitation period within which depreciation claims may be brought under the Planning and Building Law from three years from approval of the building plan to the later of one year from receiving a building permit for a network site under the Plan and six months from the construction of a network site. The Ministry retains the general authority to extend such period further. This extension of the limitation period increased our potential exposure to depreciation claims.

Potential future regulation of the ILD market may decrease our revenues from international calls and adversely affect our income.

In October 2013, the Ministry of Communications published a hearing regarding proposed new regulations for the ILD market which would allow all general licensees to provide international call services (under certain conditions). The MoC also proposed that general licensees (such as cellular operators) would no longer be allowed to charge interconnect fees for outgoing international calls and that some international calls would be preceded with a voice message stating the tariff of such call and allowing the subscriber to disconnect without being charged. Such regulation if adopted, may decrease our revenues from international calls and adversely affect our income. See “Item 4B.12e - iii Hearings and Examinations” in our 2017 20-F.

The Ministry of Communications has indicated its intent to reduce mobile interconnection charges, which would negatively affect our income.

An MoC economic opinion published in February 2013, included a recommendation for a further reduction of cellular call and SMS interconnect tariffs towards the end of 2016. Such a reduction may negatively affect our business and results of operations. In February 2017, the MoC notified the cellular companies that due to other priorities, it does not intend to pursue this task at this time.

We can only operate our business for as long as we have licenses from the Ministry of Communications.

We conduct our operations pursuant to licenses granted to us by the Ministry of Communications, which may be extended for additional periods upon our request to the Ministry of Communications and confirmation from the Ministry that we have met certain performance requirements. We cannot be certain that our licenses will not be revoked, will be extended when necessary, or, if extended, on what terms an extension may be granted. See “Item 4B.12f Our Mobile Telephone License” in our 2017 20-F.

Our mobile telephone license imposes certain obligations on our shareholders and restrictions on who can own our shares. Ensuring compliance with these obligations and restrictions may be outside our control, and may limit our ability to raise new equity capital. If the obligations or restrictions are not respected by our shareholders, we could lose our license.

As with other companies engaged in the telecommunications business in Israel, our license requires that a minimum economic and voting interest in, and other defined means of control of our company be held by Israeli citizens and residents or entities under their control. If this requirement is not complied with, we could be found to be in breach of our license, even though ensuring compliance with this restriction may be beyond our control. See “Item 4B.12f Our Mobile Telephone License” in our 2017 20-F.

Our general mobile telephone license requires that our “founding shareholders or their approved substitutes”, as defined in the license, hold at least 26% of the means of control in the Company, including 5% which must be held by Israeli founding shareholders (Israeli citizens and residents), who were approved as such by the Minister of

Communications. If the Company decides to raise capital, it may face significant difficulty to do so since the current holdings of Israeli entities (as defined in the license) holdings are approximately 5% and any equity offering to the public or to the Company's employees and office holders will require an equivalent equity offering of shares to Israeli entities, in a manner in which the total Israeli entities founding shareholders' holdings will not be less than 5% of the total issued share capital. Since the transfer of these Israeli entity shares requires pre-approval of the MoC to determine that the receiving shareholder is eligible to be an Israeli entity, they are limited in their capability of transfer to another shareholder. The Company may need to grant a significant discount in an equity offering of these Israeli entity shares. If the Company were required to raise capital and this issue prevented it from doing so, our business could be adversely impacted (e.g., reduction in sales with long term credit arrangements and/or reduction in capital investments). The license also requires that these Israeli founding shareholders appoint at least 10% of our Board of Directors. In 2006, our Israeli founding shareholders sold substantially all of their shares in the Company to Israeli institutional investors, who were approved as substitutes. Since then, there were additional share sales to Israeli institutional investors that were approved as substitutes by the Minister of Communications.

In addition, according to our license, no transfer or acquisition of 10% or more of any of such means of control, or the acquisition of control of our company, may be made without the consent of the Minister of Communications. Nevertheless, under certain licenses granted, directly or indirectly, to Partner, approval of, or notice to, the Minister of Communications may be required for holding of 5% or more of Partner's means of control. Our license also restricts cross-ownership and cross-control among competing mobile telephone operators, including the ownership of 5% or more of the means of control of both our company and a competing operator, without the consent of the Minister of Communications, which may limit certain persons from acquiring our shares. Shareholdings in breach of these restrictions relating to transfers or acquisitions of means of control or control of Partner could result in the following consequences: the shares will be converted into "dormant" shares as defined in the Israeli Companies Law, 1999 ("Israeli Companies Law"), with no rights other than the right to receive dividends or other distributions to shareholders, and to participate in rights offerings until such time as the consent of the Minister of Communications has been obtained and our license may be revoked. In addition, under certain licenses of the Company's subsidiaries, approval of, or notice to, the Minister of Communications may be required for holding of less than 5% of means of control. Because of this lack of consistency, Partner may be in breach of its licenses in this regard.

RISKS RELATING TO OUR BUSINESS OPERATIONS

As a result of substantial and continuing changes in our regulatory and business environment, our operating results and profitability have decreased significantly in the past five years, with a loss for 2015. In 2017 we earned profits of NIS 114 million (US\$ 33 million). Profit without the impact of the early adoption of IFRS 15 in 2017 would have been NIS 61 million (US\$ 18 million), and profit in 2016 was NIS 52 million. Our operating results may again decline in 2018 and beyond, which may adversely affect our financial condition.

Our revenues in 2017 were NIS 3,268 million (US\$ 943 million), a decrease of 8% from NIS 3,544 million in 2016 and a decrease of 21% from NIS 4,111 million in 2015. The Company recorded a profit in 2017 of NIS 114 million (US\$ 33 million). Profit without the impact of the early adoption of IFRS 15 in 2017 would have been NIS 61 million (US\$ 18 million), compared with a profit in 2016 of NIS 52 million. The principal factor leading to the continued decline in operating results over the past several years has been the intense competition resulting largely from regulatory developments intended to enhance competition in the Israeli telecommunications market. These developments have caused,

over the past several years, (i) significant price erosion in cellular services due to heightened competition from new entrants (since 2012) in the Israeli cellular market, (ii) a decrease in our cellular subscriber base and market share, and (iii) a significant decrease in gross profits from equipment sales. Service revenues and gross profits from equipment sales may decrease further in 2018.

Because the regulatory and business environment continues to evolve, generally with the objective of further increasing competition in the various markets in which we operate, depending on past and future regulatory and market developments, these factors may continue to negatively impact our business through 2018 and beyond, which may adversely affect our financial condition by, among other things, increasing the risk of a substantial impairment in the value of our telecommunications assets. See also “Item 5D.2 Outlook” in our 2017 20-F.

Our level of indebtedness could adversely affect our business, profits and liquidity. Furthermore, difficulties in generating sustainable cash flow may impair our ability to repay our debt and reduce the level of indebtedness.

As of December 31, 2017, total borrowings and notes payables amounted to NIS 1,923 million (US\$ 555 million), compared to NIS 2,694 million as of December 31, 2016. See also “Item 5B.4 Total net financial debt” in our 2017 20-F. The terms of the Company’s borrowings require the Company to comply with financial covenants and other stipulations for existing borrowings. The existing borrowing agreements allow the lenders to demand an immediate repayment of the borrowings in certain events (events of default), including, among others, a material adverse change in the Company’s business and non-compliance with the financial covenants set in those agreements. Furthermore, although the Company has entered into agreements for deferred borrowing commitments in a total amount of NIS 376.75 million (US\$ 109 million), these agreements allow the lenders to not provide the borrowings should any of the events of default defined for our existing borrowings occur prior to the date for providing the deferred borrowings. These events of default include non-compliance with the financial covenants, as well as other customary terms. See “Item 5B.2 Long-Term Borrowings” in our 2017 20-F.

In addition, our need for cash to service our substantial existing debt may in the future restrict our ability to continue offering long-term installment plans to promote sales of equipment. As a result, our ability to continue benefiting from one of the current contributors to total Company profits may be limited. (See also “Item 5 Operating and Financial Review and Prospects” and specifically “Item 5D.2 Outlook” in our 2017 20-F);

Our substantial indebtedness could also adversely affect our financial condition and profitability by, among other things:

- requiring us to dedicate a substantial portion of our cash flow from operations to service our debt, thereby reducing the funds available for financing ongoing operating expenses and future business development;
- limiting our flexibility in planning for, or reacting to, changes in our industry and business as well as in the economy generally;
- increasing the likelihood of a downgrade in the rating of our Notes by the rating company;
- increasing the risk of a substantial impairment in the value of our telecommunications assets; and

- limiting our ability to obtain the additional financing we may need to serve our debt, operate, develop and expand our business on acceptable terms or at all.

If our financial condition is affected to such an extent that our future cash flows are not sufficient to allow us to pay principal and interest on our debt, we might not be able to satisfy our financial and other covenants, and may be required to refinance all or part of our existing debt, use existing cash balances or issue additional equity or other securities. We cannot be sure that we will be able to do so on commercially reasonable terms, if at all.

Our recent entry into the television services market entails risks and costs, without expectations of profitability in the short term.

Our entry into the television services market in June 2017 necessarily entails costs, including capital and operating expenditures related to the establishment of the infrastructure of our technological content management system, which supports our TV service, and costs of wholesale access to fixed-line infrastructure, TV technicians, the content management team, service and sales, licensing and distribution rights and the purchase of other equipment (e.g. Set top boxes).

Entry into the television services market also requires access to premium content. If we fail to secure and maintain the rights to premium content, our ability to continue to expand our customer base may be limited and our results of operations may be negatively affected.

Our TV services are provided over the internet. Due to the fact that most of our TV subscribers are also subscribers to our wholesale internet infrastructure service, any growth in the volume of data such TV subscribers (as well as ISP and wholesale market subscribers) consume during peak hours translates into an increase in the payment we have to pay to the infrastructure holders for access to their infrastructure. If such growth exceeds our estimations this may increase our costs and negatively affect our results of operations.

As is typical when entering a new market, we do not expect to achieve profitability in the short term.

In addition, our recent entry into a market which is controlled by two dominant competitors, as well as the competition we face from additional existing and potential competitors, may cause us unexpected increased costs in content, sales and marketing, as part of our goal to continue to expand our customer base for TV services.

Such an increase in our costs would have a further negative impact on our EBITDA and results of operations.

Our revenues from the pre-paid subscriber base have decreased over the last few years and may continue to decrease as a result of the increased competition in the market.

Over the last few years, our revenues from cellular pre-paid subscriber base have decreased. Service revenues from cellular pre-paid subscribers totaled NIS 146 million (US\$ 42 million) in 2017 compared with NIS 180 million in 2016, a decrease of 19%, and compared with NIS 230 million in 2015. The principal factors leading to this continued decline over the past few years have been the decline in pricing of unlimited post-paid plans and therefore the relative attractiveness of those plans compared to the pre-paid plans as well as increased competition due to the entrance of new operators into the pre-paid market. If this trend continues, revenues from pre-paid subscribers will continue to decline.

If the network sharing agreement entered into with HOT Mobile is unilaterally terminated by HOT Mobile earlier than we expect, we will be required to split the shared network with Hot Mobile and the resources, time and expense it may take us to have our own network in a nationwide coverage, would be substantial and could also materially harm our business and the results of operations at such time.

Pursuant to the terms of the Network Sharing Agreement that we entered into with HOT Mobile as of April 2023, either party is entitled to terminate the Network Sharing Agreement for convenience by notifying the other party to that effect two years in advance. See “3.5 Risk Factors - The Network Sharing Agreement we entered into with HOT Mobile may be terminated earlier than we expected due to regulatory intervention. In such case we will be required to split the shared network with Hot Mobile, and the resources, time and expense it may take us to have our own network on a nation-wide coverage may be substantial and could also materially harm our business and the results of operations at such time. Network sharing and similar agreements entered into by our competitors may place us at a competitive disadvantage”.

If and when the network sharing will end, we will need to split the shared network with HOT Mobile and the resources, time and expense it may take to have our own network on a nation-wide coverage, would be substantial and could materially harm our business and results of operations at such time.

Competition resulting from the full service offers by telecommunications groups and additional entrants into the mobile telecommunications market, as well as other actual and potential changes in the competitive environment and communications technologies, may continue to cause a further decrease in tariffs and an increase in subscriber acquisition and retention costs, and may continue to reduce our subscriber base and increase our churn rate, each of which could adversely affect our business and results of operations.

Competition by Golan Telecom and HOT Mobile. HOT Mobile and Golan Telecom, which entered the market in May 2012, were awarded various benefits and leniencies by the MoC. These leniencies include a waiver of HOT Mobile and Golan Telecom’s obligation to build an independent network subject to their commitment to invest in a shared network with another operator the same amount that they have committed to invest in their UMTS network. Such leniencies and benefits place us at a substantial competitive disadvantage, which may negatively affect our results of operations.

Entrance of the sixth facility-based operator. Following the 4G tender results, Marathon 018 Xfone Ltd. (“Xfone”) gained one band of 5 MHz in the 1800 range, allowing it to share its frequencies with other operators and share their network (as part of a network sharing agreement). Cellcom, Golan and Xfone have reached a network sharing agreement which has been approved by the Anti-Trust Commissioner and the Ministry of Communications. This agreement will enable Xfone to enter the market as the sixth facility based operator, which may further increase competition levels in the cellular market and cause further rate decreases, thus negatively affecting our results of operations.

The acquisition of Golan Telecom by Electra, which was approved by the Anti-Trust Commissioner under certain conditions and by the MoC, might increase competition in the cellular market. Electra’s retail business allows it access to a wide customer base and distribution network and may enable it to offer attractive package prices to their customers. Furthermore, the terms under which the acquisition of Golan by Electra has been approved by the relevant regulators may also affect our ability to compete. See “3.5 Risk Factors - Network sharing and similar agreements entered into by our competitors”.

Network sharing and national roaming agreements entered into by our competitors. Our

knowledge of the content of the network sharing and national roaming agreements entered into by our competitors is based on partial publications, including reports filed by Cellcom, Electra and the IDB Development Company Ltd. However, if such agreements (or any such future agreements) have been approved under conditions that are more lenient than those imposed on us, or if such conditions are not effectively enforced by the relevant authorities, this would place us at a competitive disadvantage compared to our competitors. As a result, our business and results of operations may be negatively impacted. See “3.5 Risk Factors - The Network Sharing Agreement we entered into with HOT Mobile may be terminated earlier than we expected due to regulatory intervention. In such case we will be required to split the shared network with Hot Mobile, and the resources, time and expense it may take us to have our own network on a nation-wide coverage may be substantial and could also materially harm our business and the results of operations at such time. Network sharing and similar agreements entered into by our competitors may place us at a competitive disadvantage.”

Entrance of additional MVNOs. The entrance of additional Mobile Virtual Network Operators (“MVNOs”) may further increase competition in the cellular market. Some MVNOs are retailers with a wide customer base and distribution network that allows them to offer attractive package prices to their customers. See “Item 4B.9a Competitors in the Cellular Services market” in our 2017 20-F.

Competitive advantages of the two fixed-line infrastructure groups. The Bezeq Group and the HOT Group are the only Israeli telecommunications providers that have their own nationwide fixed-line telecommunications infrastructures. See “3.5 Risk Factors - If the structural separation provisions (which apply to Bezeq and HOT) are not enforced or are removed before we have established ourselves in the fixed-line and TV markets, this would adversely affect our business and results of operations.”

Because the Bezeq Group and the HOT Group operate their own broadband internet access and transmission infrastructures, they do not depend on any third party for broadband internet access. Partner and other telecommunications services providers who do not have their own independent broadband internet access infrastructure are unable to provide some of these services, and are dependent on Bezeq and HOT in providing some of these services, substantially limiting their ability to compete.

Entry into the fixed-line infrastructure market. In August 2017, we announced the commencement of the commercial phase and acceleration of our independent fixed-line infrastructure deployment using fiber optics. Entry into this market entails significant long-term investments associated with infrastructure deployment, for which a positive return on capital is not expected in the short term. As a result, our results of operations may be adversely affected. In addition, our entrance into this market may accelerate the entry of additional competitors, deploying their own competitive infrastructures and operating existing ones, all of which might reduce or limit our market penetration.

Furthermore, entry into new markets (e.g. television services, fixed-line infrastructure) may further intensify price competition in the cellular and fixed-line markets which may have an adverse effect on our results of operations.

Israel Broadband Company (IBC). In August 2013, the Minister of Communications granted Israel Broadband Company (2013) Ltd. (“IBC”), a general license for the provision of fixed-line telecom services (infrastructure) and for the establishment of a nationwide optic fiber network using the Israeli Electric Company’s infrastructure. IBC has launched a web portal in which it offers ISP services to end-users (through agreements with selected ISPs). The variety of suppliers, immediate choice, and ability to quickly switch suppliers may commoditize the ISP segment and negatively impact our revenues and profits. IBC was also granted a special license for the provision of domestic fixed-line

data communication. According to local media reports, IBC is permitted under its special license to provide its services to large business customers. Entry of IBC into the large business segment of the ISP market may increase competition in this segment and erode our market share and may affect our results of operation. IBC has retained Rothschild Bank in its attempt to find a strategic investor. Partner is examining the feasibility of such investment, as are other entities. In November of 2017, the MoC informed Partner that IBC had requested that its universal deployment obligation be “substantially reduced”. If the MoC decides to grant IBC such leniencies and not treat other competitors (such as Partner) equally by providing them with the NIS 150 million grant that was paid to IBC by the State, this may place us at a competitive disadvantage and adversely effect on our results of operations.

Sale of handsets and other equipment. Competition in the market for handsets and other equipment including tablets, laptops, audio-visual devices and other related equipment sold by the Company is high and may increase, which may affect our results of operation.

Competition in Roaming Services. Some of our competitors may be able to obtain lower roaming rates than us either since they have larger call volumes or through their affiliations with other international cellular operators. Some competing service providers use alternative technologies for roaming that bypass the existing method of providing roaming services. Further competition in roaming services (both inbound and outbound) has arisen and may arise in the future from other telecommunication operators and new technologies that allow subscribers to use global SIM cards and pure internet-based services such as Skype, Viber and WhatsApp, as well as other operators’ products which use VoIP applications. In addition, some cellular operators market plans that, in addition to calls, SMS and internet, include roaming services to set lists of countries.

Reliance on other service providers for roaming. We rely on agreements to provide roaming capability to our subscribers in many areas outside Israel. However, we cannot control the quality of the service that other telecommunication companies provide or whether they will be able to provide the services at all, and it may be inferior to our quality of service. Our subscribers also may not be able to use some of the advanced features that they enjoy when making calls on our network. As a result, we may lose some of our customers’ roaming traffic to other roaming solutions, which would negatively impact our results of operations from this important source of earnings.

Significant expansion in the capacity for international connectivity between Israel and Western Europe and increased competition in the ISP market resulted in sharp price decreases in these markets in 2011 and, as a result, caused us, and may in the future cause us, to recognize substantial impairment in the value of our fixed-line telecommunications assets.

Beginning in December 2011, total capacity available in international connectivity between Israel and Western Europe increased significantly as a result of the entry into operation of new underwater cables, and international connectivity services experienced a sharp decline in prices. In addition, we face increased competition in the retail ISP market, mainly since the launch of HOT-NET in the beginning of 2012. We therefore performed, with the assistance of an independent appraisal an impairment test on assets that belong to the VOB/ISP Cash Generating Unit (“CGU”) of our fixed-line segment. As a result of the testing, impairment charges in a total amount of NIS 235 million were recognized for the fixed-line business at December 31, 2011. In addition, the Company’s management performed, as required, its annual impairment review of goodwill, which resulted in an impairment charge to goodwill in 2011 in an amount of NIS 87 million with respect to the VOB/ISP and ILD group of CGUs of the fixed line segment.

At December 31, 2015, we recorded further asset impairment of NIS 98 million for the

fixed-line business in the ISP/VOB CGU. See “Item 1A.1a *Impairment of Fixed-Line Assets and Goodwill*” in our 2017 20-F.

Continued increases in the level of competition for international connectivity and ISP services may bring further downward pressure on prices, and as a result, we may be required to perform further impairment tests of our fixed-line telecommunications assets in the future. Such impairment tests may lead to recording additional significant impairment charges, which could have a material negative impact on our operating and net profit.

In addition, continued increases in the level of competition for cellular, fixed-line and data transmission services may bring further downward pressure on prices which may require us to perform further impairment tests of our assets. Such impairment tests may lead to recording additional significant impairment charges, which could have a material negative impact on our operating and net profit.

The unionization of our employees has negatively affected and may continue to negatively affect our financial results.

We signed a collective employment agreement with the employees’ representatives and the Histadrut, the labor union representing the Company’s employees, on March 13, 2016. The agreement includes an organizational chapter that is valid for a period of three years (2016-2018) and an economic chapter that was valid until December 30, 2016, and on December 12, 2016, we signed a new economic chapter that is valid for the years 2017 and 2018. The organizational chapter includes, among others, provisions regarding manning and changing of positions, termination of employment and tenure. The new economic chapter includes, among others, provisions regarding terms of employment, benefits and welfare. See “Item 6D Employees” in our 2017 20-F.

As a result, management attention that would otherwise be available for our ongoing business must be directed towards the implementation of the collective employment agreement and other matters involving the unionization. The unionization of our employees has limited management’s flexibility to efficiently run our business and adjust operations to market conditions, including the ability to execute organizational and personnel changes. It has resulted in increased costs and negatively affected our financial results, and may continue to do so in the future.

The Company is expected to begin negotiations during the last quarter of 2018 to renew the collective employment agreement. If the Company reaches understandings with the employee representatives and the Histadrut, the Company may incur further expenses which could increase operating expenses and reduce profitability. Failure to reach an understanding with the employee representatives, may lead to disruptions in our operations or cause work stoppages.

Our purchase commitments pursuant to our non-exclusive agreement with Apple for the purchase and resale of iPhone handsets in Israel may adversely affect our financial results.

Following the expiration of our previous agreement in 2016 and pursuant to a non-exclusive agreement we entered into in June 2016 with Apple Distribution International for the purchase and resale of iPhone handsets in Israel, we agreed to purchase a minimum quantity of iPhone handsets per year, for a period of three years. These purchases represent a significant portion of our expected handset purchases over that period. If we fail to meet the minimum quantities and do not reach an agreement with Apple regarding this matter, we may be in breach of the agreement which may involve payment of damages, which would increase our costs.

We depend on a limited number of suppliers and vendors for key equipment and services. Our results of operations could be adversely affected if our suppliers and vendors fail to provide us with needed services and adequate supplies of network equipment, handsets and other devices or maintenance support on a timely basis.

Network suppliers. We purchased our network equipment, such as switching equipment, base station controllers and base transceiver stations and network software, from Ericsson. In October 2010, we entered into an agreement with Ericsson for the upgrade and modernization of our networks and the deployment of our fourth generation network in Israel. The initial term of the agreement ended on December 31, 2014. We extended, with certain modifications, the maintenance period by additional periods until the end of 2018. See “Item 4B.8g Suppliers” in our 2017 20-F. We are therefore, as a practical matter, materially dependent on Ericsson as our sole vendor for our UMTS and LTE networks.

Handset and other equipment suppliers. We purchase the majority of our handsets and other equipment from a limited number of suppliers.

TV equipment and services. We purchase our TV set top boxes and the rights to distribute sports content each from a single supplier.

We cannot be certain that we will be able to obtain contracted services, equipment or handsets from one or more alternative suppliers on a timely basis in the event that any of our suppliers is unable to satisfy our requirements for services, equipment or handsets, or that the equipment provided by such alternative supplier or suppliers will be compatible with our existing equipment. Our handset and equipment suppliers may experience inventory shortages from time to time.

Our results of operations could be adversely affected if any of our key suppliers fails to provide us with contracted services or adequate supplies of handsets, equipment, as well as ongoing maintenance and upgrade support, in a timely manner. In addition, our results of operations could be adversely affected if the price of network equipment rises significantly. In our experience, suppliers from time to time extend delivery times, limit supplies and increase the prices of supplies due to their supply limitations and other factors. If the availability of handsets and other equipment furnished by our suppliers is insufficient to meet our customers’ demands, we may lose opportunities to benefit from demand for this product, and our unserved customers may purchase the equipment independently which may adversely affect our revenues. In addition, the constant development of new handsets and other equipment can render existing handsets and other equipment obsolete resulting in high levels of slow moving inventory.

Unanticipated growth in subscriber demand for cellular data may require us to make additional investments and to modify certain products or services.

As a diversified multi-service communications and media service provider, we have developed services and successfully encouraged subscriber demand for internet access and content and data consumption using cellular phones, smartphones, tablets, data cards and ISP Services. However, in the event subscriber demand for data increases more rapidly than expected, we may need to develop strategies to avoid data traffic overloading the capacity of the network. Such strategies may include modifying certain products or services or undertaking significant additional investments. In addition, regulatory developments seeking to ensure “fair usage” of the internet for all persons may impose changes on the terms and conditions of certain of our current or future services. In the event of substantial, rapid growth in data consumption by our subscribers and the public generally, we may be obliged to undertake significant investments and to adjust our product offerings or, both of which could have a material adverse effect on our financial condition or results of operations.

We could be subject to legal claims due to the inability of our information systems to fully support our tariff plans.

In order to attract and retain the maximum number of subscribers in our highly competitive market, we design specific tariff plans to suit the preferences of various subscriber groups. We require sophisticated information systems to record accurately subscriber usage pursuant to the particular terms of each subscriber plan, as well as accurate database management and operation of a very large number of tariff plans. From time to time, we have detected some discrepancies between certain tariff plans and the information processed by our internal information systems, such as applying an incorrect rebate or applying an incorrect tariff to a service, resulting in a higher or lower charge. We have invested substantial resources to refine and improve our information and control systems and ensure that our tariff plans are appropriately processed by our information systems. We have also taken steps to remedy the identified discrepancies. Despite our investments, we may experience discrepancies in the future due to the multiplicity of our plans and the scope of the processing tasks. Further, while we invest substantial efforts in monitoring our employees and third-party distributors and dealers that market our services, it is possible that some of our employees, distributors or dealers may offer terms and make (or fail to make) representations to existing and prospective subscribers that do not fully conform to applicable law, our license or the terms of our tariff plans. As a result of these discrepancies, we may be subject to subscribers' claims, including class action claims, and substantial sanctions for breach of our license that may materially adversely affect our results of operations.

Actual and alleged health risks related to network sites and the use of mobile telecommunications devices, including handsets, could have a material adverse effect on our business, operations and financial condition.

A number of studies have been conducted to examine the health effects of wireless phone use and network sites, and some of these studies have been construed as indicating that radiation from wireless phone use causes adverse health effects. Media reports have suggested that radio frequency emissions from network sites, wireless handsets and other mobile telecommunication devices may raise various health concerns.

The Ministry of Health published in July 2008 recommendations regarding precautionary measures when using cellular handsets. The Ministry of Health indicated that although the findings of an international study on whether cellular phone usage increases the risk of developing certain tumors were not yet finalized, partial results of several of the studies were published, and a relationship between prolonged cellular phone usage and tumor development was observed in some of these studies. These studies, as well as the precautionary recommendations published by the Ministry of Health, have increased concerns of the Israeli public with regards to the connection between cellular phone exposure and illnesses.

In May 2011, the International Agency for Research on Cancer ("IARC"), which is part of the World Health Organization ("WHO"), published a press release according to which it classified radiofrequency electromagnetic fields as possibly carcinogenic to humans based on an increased risk for adverse health effects associated with wireless phone use.

In June 2011, WHO published a fact sheet (no. 193) in which it was noted that "A large number of studies have been performed over the last two decades to assess whether mobile phones pose a potential health risk. To date, no adverse health effects have been established as being caused by mobile phone use". It was also noted by WHO that "While an increased risk of brain tumors is not established, the increasing use of mobile phones and the lack of data for mobile phone use over time periods longer than 15 years warrant further research of mobile phone use and brain cancer risk in particular, with the

popularity of mobile phone use among younger people, and therefore a potentially longer lifetime of exposure". WHO notified that in response to public and governmental concern it will conduct a formal risk assessment of all studied health outcomes from radio frequency fields exposure by 2014. We are not aware that such an assessment has been published.

We have complied and are committed to continue to comply with the rules of the authorized governmental institutions with respect to the precautionary rules regarding the use of cellular telephones. We refer our customers to the precautionary rules that have been recommended by the Ministry of Health, as may be amended from time to time.

While, to the best of our knowledge, the handsets that we market comply with the applicable laws that relate to acceptable Specific Absorption Rate ("SAR") levels, we rely on the SAR levels published by the manufacturers of these handsets and do not perform independent inspections of the SAR levels of these handsets. As the manufacturers' approvals refer to a prototype handset, and not for each and every handset, we have no information as to the actual level of SAR of the handsets along the lifecycle of the handsets, including in the case of repaired handsets. See also "Item 4B.12g Other Licenses" in our 2017 20-F. Furthermore, our network sites comply with the International Council on Non-Ionizing Radiation Protection standard, a part of the World Health Organization, which has been adopted by the Israeli Ministry of Environmental Protection.

Several lawsuits have been filed in the past against operators and other participants in the wireless industry alleging adverse health effects and other claims relating to radio frequency transmissions from sites, handsets and other mobile telecommunications devices, including lawsuits against us.

A class action was filed against us and three other operators alleging, among other things, that health effects were caused due to a lack of cell sites, resulting in elevated levels of radiation, mainly from handsets. The plaintiffs stressed that health damages are not a part of the claim. Another class action was also filed against us and three other operators alleging, among other things, that the supply of accessories that are intended for carrying cellular handsets on the body are sold in a manner that contradicts the instructions and warnings of the cellular handset manufacturers and the recommendations of the Ministry of Health, and without disclosing the risks entailed in the use of these accessories when they are sold or marketed. In these two class actions, Partner and the plaintiff filed a settlement agreement, which the court approved. The plaintiff filed an appeal with the Supreme Court regarding the court's decision not to appoint an expert to examine the technical test which is part of the settlement.

In February 2009, a municipal court ruled against one of our competitors, stating that there is no need for the standard burden of proof to prove damages from a cellular network site, and that under certain circumstances it would be sufficient to prove the possibility of damage in order to transfer the burden of proof to the cellular companies. To the best of our knowledge, the defendant appealed the ruling and the ruling was dismissed as part of a settlement between the parties. Although we were not a party to this proceeding, such rulings could have an adverse effect on our ability to contend with claims of health damages as a result of the erection of network sites.

The perception of increased health risks related to network sites may cause us increased difficulty in obtaining leases for new network site locations or renewing leases for existing locations or otherwise in installing mobile telecommunication devices. If it is ever determined that health risks existed or that there was a deviation from radiation standards which would result in a health risk from sites, other telecommunication devices or handsets, this would have a material adverse effect on our business, operations and financial condition, including through exposure to potential liability, a reduction in

subscribers and reduced usage per subscriber. Furthermore, we do not expect to be able to obtain insurance with respect to such liability.

Equipment failures, system failures, natural disasters and hostile events such as acts of war, terror or cyber-attacks may materially adversely affect our results of operations.

Our ability to provide ongoing services to our subscribers, bill for services rendered and protect company and subscriber data are all vulnerable to various types of risks.

Such risks may include equipment failures, network failures, computer and IT system failures, transmission outages, spectral interferences, third-party systems and networks, natural disasters (such as fire, extreme weather and earthquakes), hostile events (such as acts of war, terror-attacks, see “3.5 Risk Factors - The political and military conditions in Israel may adversely affect our financial condition and results of operations.”), cyber-attacks and data breaches whether by employees or other third parties. If any such events do occur, they could have a material adverse effect on our operations.

Like many other telecommunication companies, we have experienced an increase in cyber incidents over the past few years, some of which penetrated our cyber defenses, although no significant damage or loss of customer data resulted. We have integrated protective systems and prepared Disaster Recovery Plans (“DRP”) to mitigate such and other related risks, and we regularly consider our defensive systems and evaluate their effectiveness, including through simulated cyber penetrations; however it is not possible to determine in advance whether our defense systems and recovery plans will continue to be entirely effective, or how quickly we will be able to restore any affected service. We do not currently have insurance coverage for these types of risks.

As threats to our network, services and data continue to evolve, we may be required to expend significant efforts and resources to enhance our control environment, processes, practices and other protective measures.

If despite such efforts, we are unable to provide some or all of the telecommunications services to a substantial portion of our customers, whether temporarily or for an extended period of time, or if customer data is lost or accessed by third parties, we may be exposed to legal claims and liability, we may be found to be in breach of our legal obligations towards our customers, our brand and reputation may be damaged, we may suffer a loss of customers, our ability to attract new customers may be impaired, and we may be required to compensate our customers. Such eventualities may negatively affect our business, and our short- and long- term results of operations may be materially adversely affected.

The telecommunications industry is subject to rapid and significant changes in technology and industry structure which could reduce demand for our services.

We face competition from existing or future technologies that have the technical capability to handle mobile, fixed-line and international long distance telephone calls, and to interconnect with local and international telephone networks and the Internet. Such new and evolving technologies include fixed-line and broadband wireless access services, Over the Top or Internet-based voice and multimedia services, Wi-Fi technologies and VoC. For example, internet-based services that provide user experience largely equivalent to our offerings, such as Voice over IP (“VoIP”), messaging services (WhatsApp, Skype, Viber), and video services (YouTube, video portals) are already available. In addition, the rapid development in recent years of technologies that allow international calls to be placed over the Internet without the need to use the services of an ILD has caused a decrease in the amount of international call minutes placed through the ILD services and also serve as an alternative for fixed-line communications. In particular, the risk posed by VoIP is that the purchase of a data package alone will be sufficient for the provision of most cellular voice,

data and messaging services.

The effect of emerging and future technological changes, including the convergence of technologies, on the viability or competitiveness of our network cannot be accurately predicted. The technologies we employ or intend to employ may become obsolete or subject to competition from new disruptive technologies in the future. Competition from new technologies in the future may have a material adverse impact on our business and results of operations.

Moreover, global equipment vendors and Internet providers have expressed their interest in penetrating the cellular telephone industry and strengthening their position along the value chain. They have expressed their intention, and some have already begun, to provide direct access to the end-user to a wide variety of applications and services (e.g. Apple with iTunes and Google with the Android market). This has already changed our competitive position and may further increase the dominance of those new providers at the expense of cellular service providers. Changes in the industry value chain structure might result in an increase in our expenses as well as a decrease in our revenues.

We are exposed to, and currently engaged in, a variety of legal proceedings, including requests to approve lawsuits as class actions related primarily to our network infrastructure and consumer claims.

In addition to a number of legal and administrative proceedings arising in the ordinary course of our business, we have been named as defendants in a number of civil and criminal proceedings related to our network infrastructure, which may result in civil liabilities or criminal penalties against us or our officers and directors, and consumer claims, including class action suits, regarding, for example, our tariff plans and billing methods or alleging, for example, unlawful charges, which are costly to defend and may result in significant monetary damages and civil penalties. The number of class actions that have been filed against us has increased over the past few years and this trend may continue in light of various amendments to the Consumer Protection Law and stricter regulatory policies that have been adopted. In class actions that require interpretation of our license provisions, the courts have in some instances requested the position of the Ministry of Communications or the Attorney General. In cases where the interpretation contradicts our interpretation and the court adopts such interpretation, it may enforce the implementation of such provisions retroactively which may adversely affect our financial results. The costs that may result from these lawsuits are only accrued when it is more likely than not that a liability, resulting from past events, will be incurred and the amount of that liability can be quantified or estimated within a reasonable range. The amount of the provisions recorded is based on a case-by-case assessment of the risk level, and events arising during the course of legal proceedings may require a reassessment of this risk. The Company's assessment of risk is based both on the advice of legal counsel and on the Company's estimate of the financial exposure if the verdict is in favor of the plaintiff. If the requests to certify lawsuits against us as class actions are approved and succeed or if we underestimate the potential exposure our financial results will be adversely affected. See "Item 8A.1 Legal and Administrative Proceedings" in our 2017 20-F.

We are also subject to the risk of intellectual property rights claims against us, including in relation to innovations we develop ourselves and the right to use content, including television, video and music content, which we have purchased or licensed from third parties who present themselves as the owners or official licensors (or as the representatives of owners or licensors) of the intellectual property rights included in the content, when in fact they may not be. These claims may require us to initiate or defend protracted and costly litigation, regardless of the merits of these claims. If any of these claims succeed, we may be forced to pay damages or may be required to obtain licenses for the infringing content, product or service, which may affect our financial results. If we cannot obtain all

necessary licenses on commercially reasonable terms, we may be forced to cease using, distributing or selling the products and services.

We are dependent upon our ability to interconnect with other telecommunications carriers. We also depend on Bezeq and other suppliers for transmission services and some of our Fixed-Line Services are dependent on our having access to Bezeq and the HOT Group's fixed-line network. The failure of these carriers to provide these services on a consistent basis could have a material adverse effect on us.

Our ability to provide commercially viable fixed-line and cellular telephone services depends upon our ability to interconnect with the telecommunications networks of existing and future fixed-line, cellular telephone and international operators in Israel in order to complete calls between our customers and parties on the fixed-line or other cellular telephone networks. All fixed-line, cellular telephone and international operators in Israel are legally required to provide interconnection to, and not to discriminate against, any other licensed telecommunications operator in Israel. We have interconnect relations with all the Israeli operators, including Bezeq and HOT Telecom, and we also depend on their internet broadband access infrastructure in order to provide TV, ISP services and VoB fixed telephony services. See "3.5 Risk Factors - If the Ministry of Communications fails to enforce its fixed-line wholesale market reforms on Bezeq and HOT Telecom, this may negatively affect our business and results of operations." and "3.5 Risk Factors - If the structural separation provisions (which apply to Bezeq and HOT) are not enforced or are removed before we have established ourselves in the fixed-line and TV markets, this would adversely affect our business and results of operations."

We are also dependent on the submarine infrastructure made available by TI Sparkle Israel (formerly Med Nautilus), which provides mutual international transmission based on fiber optics between Israel and other countries. See "10C Material Contracts" in our 2017 20-F. We also depend on foreign operators that provide us with interconnection to the global internet network.

We also rely on agreements to provide ILD services to our subscribers. However, we cannot control the quality of the service that other foreign telecommunication companies provide or whether they will be able to provide the services at all, and it may be inferior to our quality of service.

We have no control over the quality and timing of the investment and maintenance activities that are necessary for these entities to provide us with interconnection to their respective telecommunications networks. Disruptions, stoppages, strikes and slowdowns experienced by them may significantly affect our ability to provide telecommunication services. The failure by our suppliers to provide reliable interconnections and transmission services to us on a consistent basis could have a material adverse effect on our business, financial condition or results of operations.

The political and military conditions in Israel may adversely affect our financial condition and results of operations.

The political and military conditions in Israel directly influence us. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab neighbors. Hostilities involving Israel, the interruption or curtailment of trade between Israel and its trading partners and political instability within Israel or its neighboring countries are likely to cause our revenues to fall and harm our business. During the last decade, there has been a high level of violence between Israel and the Palestinians, including missile strikes by Hamas against Israel, which led to an armed conflict between Israel and the Hamas over the past few years and more recently in July 2014. In the last few years, Iran has threatened to attack Israel with nuclear

weapons. There is evidence that Iran has a strong influence among extremist groups in areas that neighbor Israel, such as Hamas in Gaza and Hezbollah in Lebanon and Syria. This situation may potentially escalate in the future to violent events which may affect Israel and us. Ongoing violence between Israel and its Arab neighbors and Palestinians may have a material adverse effect on the Israeli economy, in general, and on our business, financial condition or results of operations. During such periods, incoming and outgoing tourism may be affected which consequently may have an adverse effect on our financial results. In particular, in recent conflicts, missile attacks have occurred on civilian areas, which could cause substantial damage to our infrastructure network, reducing our ability to continue serving our customers as well as our overall network capacity. In addition, in the event political unrest and instability in the Middle East, including changes in some of the governments in the region, causes investor concerns resulting in a reduction in the value of the shekel, our expenses in non-shekel currencies may increase, with a material adverse effect on our financial results.

Some of our directors, officers and employees are currently obligated to perform annual reserve duty. Additionally, all reservists are subject to being called to active duty at any time under emergency circumstances. In addition, some of our employees may be forced to stay at home during emergency circumstances in their area. We cannot assess the full impact of these requirements on our workforce and business if conditions should change.

During an emergency, including a major communications crisis in Israel's national communications network, a natural disaster, or a special security situation in Israel, control of our network may be assumed by a lawfully authorized person in order to protect the security of the State of Israel or to ensure the provision of necessary services to the public. During such circumstances, the government also has the right to withdraw temporarily some of the spectrum granted to us. Under the Equipment Registration and Mobilization to the Israel Defense Forces Law, 1987, the Israel Defense Force may mobilize our engineering equipment for their use, compensating us for the use and damage. This may materially harm our ability to provide services to our subscribers in such emergency circumstances, and would thus have a negative impact on our revenues and results of operations.

Moreover, the Prime Minister of Israel may, under powers which the Telecommunications Law grants him for reasons of state security or public welfare, order us to provide services to the security forces, to perform telecommunications activities and to set up telecommunications facilities required by the security forces to carry out their duties. While the Telecommunications Law provides that we will be compensated for rendering such services to security forces, the government is seeking a change in the Telecommunications Law which would require us to bear some of the cost involved with complying with the instructions of security forces. Such costs may be significant and have a negative impact on our revenues and results of operations.

Operating a telecommunications network involves the inherent risk of fraudulent activities and potential abuse of our services, which may cause loss of revenues and non-recoverable expenses.

There is an inherent risk of potential abuse by individuals, groups, businesses or other organizations that use our telecommunications services and avoid paying for them entirely or at all. The effects of such fraudulent activities may be, among others, a loss of revenue and out-of-pocket expenses which we will have to pay to third parties in connection with those services, such as interconnect fees, payments to international operators or to operators overseas and payments to content providers. Such payments may be non-recoverable. Although we are taking measures in order to prevent fraudulent activities, we have suffered from these activities in the past, and we may suffer from them in the future. The financial impact of fraudulent activities that have occurred in the past has not been

material. However, fraudulent activities may in the future materially affect our financial condition and results of operations.

Our business may be impacted by shekel exchange rate fluctuations and inflation.

Nearly all of our revenues and a majority of our operating expenses are denominated in shekels. However, in recent years, approximately one fifth of our operating expenses (excluding depreciation and amortization), including a substantial majority of our equipment purchases, were linked to or denominated in non-shekel currencies, mainly the US dollar. These expenses, where the price paid by us is based mainly in US dollars, included the acquisition of equipment and devices sold, payments for roaming services and payments to content suppliers. In addition, our capital expenditures include payments that are incurred in, or linked to, non-shekel currencies, mainly US dollars. A decline in the value of the shekel against the dollar (or other foreign currencies) could have an adverse impact on our results, which may be material if we are unable to pass on higher costs to our customers in the Israeli market. Material changes in exchange rates may cause the amounts that we must invest to increase materially in shekel terms.

Since May 2013, we have not entered into any derivative transactions to hedge underlying exposure to foreign currencies. As a matter of policy, we do not enter into transactions of a speculative or trading nature.

The repayments of principal and interest on our Series C Notes, due 2018, at a total principal of NIS 213 million as of December 31, 2017 (including current maturities, less offering expenses) are linked to the Israeli CPI. We also have entered into a number of operating leases whose rental payments are linked to the Israeli CPI. We may not be able to raise our tariffs in a manner that would fully compensate for significant increase in the CPI. Therefore, a significant increase in the rate of inflation may also have a material adverse impact upon us by increasing our financial expenses without an offsetting increase in revenue. See “Item 11 Quantitative and Qualitative Disclosures About Market Risk” in our 2017 20-F for more information regarding the Company’s exposure to exchange rate fluctuations and inflation.

We may fail to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, which may have a material adverse effect on our operating results and our share price.

Our efforts to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 relating to the evaluation of our internal control over financial reporting require substantial resources, management time and attention. We expect these efforts to require a continued commitment of resources. If we fail to maintain the adequacy of our internal controls, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting. Although our management has concluded that our internal control over financial reporting was effective as of December 31, 2017, we may identify material weaknesses or other disclosable conditions relating to internal control over financial reporting in the future. Failure to maintain effective internal control over financial reporting could result in investigation or sanctions by regulatory authorities and significant effort and expense, and could have a material adverse effect on our operating results and on the market price of our ordinary shares.

Based on a decision of the Board of Directors in 2012, dividend distributions are assessed from time to time on the basis of various factors. There can be no assurance that dividends will be declared or, if they are, at what level. No dividends have been distributed since 2013.

In September 2012, the Board of Directors resolved to cancel the then existing dividend

policy, which targeted a minimum payout ratio of 80% of annual net income, and to assess dividend distributions (and their scope) from time to time, by reference to, among other things, the Company's cash flow, profitability, debt level, debt coverage ratios and the business environment in general. The level of any distribution of dividends may also be affected by the Company's stated intention to use its cash flow and take other measures to reduce its financial debt, as well as by the need to comply with existing financial covenants and to fund any necessary capital expenditures.

Under Israeli law, the payment of dividends is generally made from accumulated retained earnings or retained earnings accrued over a period of the last two years (after deducting prior dividends to the extent not already deducted from retained earnings), and in either case, provided there is no reasonable concern that the dividend will prevent the company from satisfying current or foreseeable obligations as they come due. A dividend distribution that does not meet the above mentioned conditions would be allowed only after receiving court approval and after providing debtors with the opportunity to present to the court any opposition to the dividend distribution.

There is no assurance that we will declare dividend distributions in the future or regarding the level of any dividend distribution which may be declared. No dividends have been distributed since 2013. A distribution of dividends that may result in a significant reduction of our future reserves could prevent us from complying with existing or future financial covenants, or limit our ability to fund capital expenditures. We may also be required to increase our financial indebtedness to obtain needed liquidity, which may not be possible on commercially reasonable terms or at all.

If we are unable to pay dividends at levels anticipated by our shareholders, the market price of our shares may be negatively affected and the value of our investors' investment may be reduced.

Our tax liability may be greater than expected.

We are subject to taxation in Israel, and significant judgment is required in determining our provisions for taxes on income. We are also subject to audits by the Israeli tax authorities, including in relation to VAT payments. In such audits, it is possible to present our case according to our interpretation of tax legislation, and the relevant tax authorities may disagree, and then also challenge the amount of our profits subject to tax in Israel.

While we believe that our estimates are reasonable, the final outcome of these audits and related legal litigations, in so much as they may occur, may differ from the amount of our provisions for taxes and therefore may affect our operating results. See also note 25 to our consolidated financial statements and "Item 5A.1c Settlement Agreement with Orange Brand Services Ltd." in our 2017 20-F.

RISKS RELATED TO OUR PRINCIPAL SHAREHOLDERS

29.37% of our issued and outstanding shares and voting rights were held by S.B. Israel Telecom Ltd., our largest shareholder, as of March 1, 2018.

As of March 31, 2018, our largest shareholder, S.B. Israel Telecom Ltd. ("S.B. Israel Telecom"), held approximately 29.37% of our issued and outstanding shares.

As our largest shareholder, S.B. Israel Telecom has the ability to significantly influence our business through its ability to appoint directors serving on our Board of Directors and thereby substantially control all actions that require approval of our Board of Directors. S.B. Israel Telecom is not obligated to provide us with financial support or to exercise its rights as a shareholder in our best interests or in the best interests of our other shareholders and

noteholders, and it may engage in activities that conflict with such interests. If the interests of S.B. Israel Telecom conflict with the interests of our other shareholders and noteholders, those shareholders and noteholders could be disadvantaged by the actions that it may pursue. However, S.B. Israel Telecom is subject to the fairness duty of a controlling shareholder under the Israeli Companies Law, and, in the context of related party transactions, to vote for the approval of transactions which are in favor of the Company. See “Item 6C.10 Duties of a Shareholder” in our 2017 20-F.

3.6 Ratio of Earnings to Fixed Charges

Our ratio of earnings to fixed charges for the periods indicated below was as follows:

Ratio of Earnings to Fixed Charges (1)	2013	2014	2015	2016	2017	Three months ended March 31, 2018
	1.73	2.10	0.84	1.48	1.58	1.38

- (1) Our ratio of earnings to fixed charges is calculated by dividing (i) income (loss) from ordinary activities before income taxes plus fixed charges by (ii) fixed charges. Fixed charges consist of interest expensed and capitalized, amortization of issuance costs relating to our notes payable, and one third of our operating leases, principally for antenna sites (being the portion deemed to represent the interest factor).

3.7 Use of Proceeds

The net proceeds from any offering, after deduction of the arranger’s fees and other expenses and commissions of the offering, will be published in the supplemental Shelf Offering Memorandum for the offering of securities pursuant to this Shelf Prospectus.

We intend to use the net proceeds from any offering for general corporate purposes which may include refinancing of outstanding debt, financing our operating and investment activities, financing future mergers and acquisitions (if any), and dividend distributions, subject to the decision of the Company’s board of directors from time to time.

Until used by us in the manner aforementioned, the proceeds of any offering will be invested by us, at our discretion and subject to the decision of the Company’s board of directors from time to time, in non-speculative investments, including, but not limited to, interest bearing monetary deposits, foreign currency deposits, governmental and corporate bonds and the like investments. For the purpose of the foregoing, investment in equity securities, instruments linked to equity securities or to indexes of equity securities or options on securities or in derivative instruments shall not be deemed non-speculative investments.

3.8 Capitalization and Indebtedness

The following table sets forth our capitalization as of March 31, 2018.

The information in this table should be read in conjunction with and is qualified by reference to the consolidated financial statements and notes thereto and other financial information incorporated by reference into this Shelf Prospectus.

	At March 31, 2018
Cash and cash equivalents	403
Short term deposit	<u>300</u>
Debt	
Notes payable series C, less deferred costs, including current maturities	212
Notes payable series D, less deferred costs, including current maturities	435
Notes payable series F, less deferred costs, including current maturities	650
Borrowings from banks and others	<u>325</u>
Total debt	1,622
Equity:	
Share capital	2
Capital surplus	1,155
Accumulated retained earnings	504
Treasury shares	<u>(214)</u>
Total shareholders' equity	1,447
Total capitalization and indebtedness	<u>2,366</u>

3.9 Markets

Our ADSs are quoted on the NASDAQ Global Select Market under the symbol “PTNR”. Our ordinary shares are traded on the Tel Aviv Stock Exchange under the symbol “PTNR”. Please see our 2017 20-F for information on the historical price range of our ordinary shares.

3.10 Description of Share Capital

Our registered share capital consists of a single class of 235 million ordinary shares, par value NIS 0.01 per share.

As of December 31, 2017, we had 169,620,294 issued and outstanding ordinary shares (not including 1,474,091 shares held by the Company as treasury shares), and outstanding employee stock options to purchase an aggregate of 8,708,483 ordinary shares at a weighted average exercise price of NIS 29.67, with the latest expiration date of these options being 2024 (of which options to purchase an aggregate of 5,190,586 ordinary shares were exercisable as of December 31, 2017).

As of March 31, 2018, we had outstanding 169,754,320 ordinary shares (not including 1,341,419 shares held by the Company as treasury shares), and outstanding employee stock options to purchase an aggregate of 9,031,870 ordinary shares, of which 5,316,943 were exercisable, and outstanding restricted shares granted to employees in an aggregate amount of 1,352,102 of which 9,710 were exercisable.

All outstanding ordinary shares (not including shares held by the Company as treasury shares and not including restricted shares held by a trustee on behalf of employees) are validly issued, fully paid and non-assessable. The ordinary shares do not have preemptive rights. Under the terms of our amended and restated 2004 Equity Incentive Plan (the “Plan”), our board of directors may from time to time elect to allow exercise of employee stock options through a net exercise procedure and, with respect to employee stock options granted after February 23, 2009, may from time to time require exercise of employee stock options through a net exercise procedure. In the net exercise procedure, an exercising employee is not required to make a cash payment of the exercise price and instead upon option exercise receives ordinary shares with a fair market value equal to the difference between (i) the aggregate exercise price of the options being exercised and (ii) the aggregate fair market value of the ordinary shares underlying the options being exercised. To the extent that a net exercise procedure is used, the maximum number of ordinary shares that can be issued upon exercise of employee stock options will be less than that stated above.

In addition, as of December 31, 2017, 1,474,091 ordinary shares and as of March 31, 2018, 1,341,419 ordinary shares were held by us as treasury shares. These treasury shares were purchased by us in 2008, as part of a purchase of 4,467,990 ordinary shares, with a book value (cost) of NIS 351 million.

From January 1, 2015 through December 31, 2017, we issued a total of 12,170,968 ordinary shares, of which 1,992,757 were issued upon the exercise of options and vesting of restricted shares granted under our Plan and 10,178,211 were issued to shareholders. No other shares were issued during this time period. From January 1, 2018 through March 31, 2018, we issued 120,079 ordinary shares upon the exercise of options and vesting of restricted shares granted under our Plan.

From January 1, 2018 through March 31, 2018, the Company issued an additional 518,855 employee stock options to purchase ordinary shares of the Company and additional 165,569 restricted shares to employees.

3.11 Exchange Rate Data

From March 1, 2018 until March 31, 2018, the high and low exchange rates were NIS 3.51 per US dollar and NIS 3.43 per US dollar, respectively, as published by the Bank of Israel.

From April 1, 2018 until April 30, 2018, the high and low exchange rates were NIS 3.60 per US dollar and NIS 3.50 per US dollar, respectively, as published by the Bank of Israel.

From May 1, 2018 until May 31, 2018, the high and low exchange rates were NIS 3.63 per US dollar and NIS 3.56 per US dollar, respectively, as published by the Bank of Israel.

From June 1, 2018 until June 6, 2018, the high and low exchange rates were NIS 3.57 per US dollar and NIS 3.56 per US dollar, respectively, as published by the Bank of Israel.

On June 6, 2018, the exchange rate was NIS 3.57 per US dollar as published by the Bank of Israel. Please see our 2017 20-F for other historical exchange rate information.

3.12 Expenses of the Offering

The aggregate amount that we will pay for consulting fees, distribution fees and commitment fees and other commissions and expenses in connection with an offering under this Shelf Prospectus will be published in the supplemental Shelf Offering Memoranda.

3.13 Recent Developments

On June 5, 2018 The MoC decided not to extend its temporary arrangement regarding provision of wholesale telephony service on Bezeq's network by way of resale. The MoC decided that Bezeq will be required to provide a full wholesale telephony service in accordance with the terms of its service portfolio by August 1, 2018, both as a stand-alone service and as an add on service to Bezeq's wholesale bit-stream service.

According to its immediate report regarding this decision, Bezeq has stated that the service format, as it was prescribed in the Ministry's service portfolio, is technologically inapplicable and requires it to install a new switch which is a complex and prolonged process. The Ministry has rejected Bezeq's claims and is of the opinion that implementation is certainly possible (by several other methods) and could be completed within a few weeks.

Since Bezeq has not abided by some of its main obligations under the relevant MoC reform, implementation of the Ministry's decision depends mainly on effective enforcement.

The Company estimates that if and when implemented, Bezeq's wholesale telephony product may have a positive impact on the Company's financial results. At the same time, the Company is unable to estimate if such impact will also result in a material effect, since such effect depends on various variables, such as the volume of demand for the wholesale telephony service and retail prices of other competitors.

3.14 Incorporation of Certain Information by Reference

We are allowed to “incorporate by reference” the information we file with the Israel Securities Authority (“ISA”) on the Magna system, which means that we can disclose important information to you by referring to those documents. The information incorporated by reference is considered to be part of this Shelf Prospectus. We incorporate by reference the documents listed below:

- (A) Our annual report on Form 20-F for the fiscal year ended December 31, 2017, filed with the ISA on the Magna system on March 29, 2018;
- (B) Our report on Form 6-K titled “Partner Communications reports fourth quarter and annual 2017 results”, filed with the ISA on the Magna system on March 29, 2018;
- (C) Our report on Form 6-K titled “Partner Communications reports the interest rate for the series D notes for the period commencing on March 31, 2018 and ending on June 30, 2018”, filed with the ISA on the Magna system on April 3, 2018;
- (D) Our report on Form 6-K titled “Partner Communications announces collaboration with Amazon Prime Video in Israel”, filed with the ISA on the Magna system on April 15, 2018;
- (E) Our report on Form 6-K titled “Partner Communications announces receiving a lawsuit and a motion for the recognition of this lawsuit as a class action filed against the company and against 012 Smile Telecom” filed with the ISA on the Magna system on April 17, 2018;
- (F) Our report on Form 6-K titled “Partner Communications announces the results of the Extraordinary General Meeting of shareholders and changes to the Board of Directors” filed with the ISA on the Magna system on May 6, 2018;
- (G) Our report on Form 6-K titled “Partner Communications to release first quarter 2018 results on May 31, 2018” filed with the ISA on the Magna system on May 15, 2018;
- (H) Our report on Form 6-K titled “Partner Communications reports changes in the Board of Directors” filed with the ISA on the Magna system on May 24, 2018;
- (I) Our report on Form 6-K titled “Partner Communications reports first quarter 2018 results” filed with the ISA on the Magna system on May 31, 2018; and
- (J) Our report on Form 6-K titled “Partner Communications announces a share buyback plan” filed with the ISA on the Magna system on May 31, 2018.

We also incorporate by reference in this Shelf Prospectus all subsequent annual reports filed with the ISA on Form 20-F and those of our reports submitted to the ISA on Form 6-K that we specifically identify in such form as being incorporated by reference in this prospectus after the date hereof and prior to the completion of an offering of securities under this prospectus.

As you read the above documents, you may find inconsistencies in information from one document to another. If you find inconsistencies between the documents and this Shelf Prospectus, you should rely on the statements made in the most recent document. All information appearing in this Shelf Prospectus is qualified in its entirety by the information and financial statements, including the notes thereto, contained in the documents incorporated by reference herein.

We will provide to each person, including any beneficial owner, to whom a prospectus is delivered, a copy of any or all of the information that has been incorporated by reference in the Shelf Prospectus but not delivered with the Shelf Prospectus. You may request a copy of these filings, at no cost, by writing or telephoning us at 8 Amal Street, Afeq Industrial Park, Rosh-Ha'ayin 48103, Israel, Attention: Ms. Liat Glazer Shaft, Head of Investor Relations & Corporate Projects, telephone number: +972 54 7815051.

3.15 Indemnification of Directors and Officers

Indemnification

As permitted by the Israeli Companies Law, our Articles of Association provide that Partner may indemnify a director, manager, company secretary or any other senior officer that is directly subordinate to the general manager (an “Office Holder”) of Partner to the fullest extent permitted by law.

Without derogating from the foregoing, and subject to limitations set forth in the Israeli Securities Law, our Articles of Association specifically provide that Partner may indemnify an Office Holder of Partner for liability or expense he incurs or that is imposed upon him as a result of an action or inaction by him (or together with other Office Holders of Partner) in his capacity as an Office Holder of Partner including (subject to specified conditions) also in advance, as follows:

- 1) Financial liability incurred by, or imposed upon the Office Holder in favor of another person in accordance with a judgment, including a judgment given in a settlement or a judgment of an arbitrator, approved by an authorized court;
- 2) Reasonable legal expenses, including attorney fees, incurred by the Office Holder or which he was ordered to pay by an authorized court in the context of a proceeding filed against him by Partner or on Partner’s behalf or by a third party, in a criminal proceeding in which he was acquitted or in a criminal proceeding in which he was convicted of an offense which does not require criminal intent;
- 3) Reasonable legal expenses, including attorney fees, incurred by the Office Holder due to an investigation or proceeding conducted against him by an authority authorized to conduct such investigation or proceeding and which ended without filing of an indictment against him and without the imposition of a financial liability as a substitute for a criminal proceeding or that was ended without filing of an indictment against him but for which he was subject to a financial liability as a substitute for a criminal proceeding relating to an offense which does not require criminal intent, within the meaning of the relevant terms under the law or in connection with a financial sanction (“*itzum caspi*”);
- 4) Payment to an injured party as a result of a violation set forth in Section 52.54(a)(1)(a) of the Israeli Securities Law, including by indemnification in advance or expenses incurred in connection with a proceeding (“*halich*”) under Chapters H3, H4 or I1 of the Israeli Securities Law, or under Chapter 4 of Part 9 of the Israeli Companies Law, in connection with any affairs, including reasonable legal expenses, which term includes attorney fees, including by indemnification in advance; and
- 5) Expenses, including reasonable legal fees, including attorney fees, incurred by an Office Holder with respect to a proceeding in accordance with the Restrictive Trade Practices Law- 1988 (“Restrictive Trade Practices Law”).

Our Articles of Association also permit us to indemnify any Office Holders of Partner for any other liability or expense in respect of which it is permitted or will be permitted under applicable law to indemnify an Office Holder of Partner.

The Israeli Companies Law and our Articles of Association also permit us to undertake in advance to indemnify an Office Holder with respect for items (2), (3) and (4) above, or any other matter permitted by law. The Israeli Companies Law and our Articles of Association also permit us to undertake in advance to indemnify an Office Holder with respect to item (1) above, provided however, that the undertaking to indemnify is restricted to events which in the opinion of the Board of Directors are anticipated in light of Partner's activities at the time of granting the undertaking to indemnify, and is limited to a sum or measurement determined by the Board of Directors to be reasonable under the circumstances. The undertaking to indemnify shall specify the events that, in the opinion of the Board of Directors are expected in light of the Company's actual activity at the time of grant of the undertaking and the sum or measurement which the Board of Directors determined to be reasonable under the circumstances.

The Israeli Companies Law combined with our Articles of Association also permits us to indemnify an Office Holder retroactively for all kinds of events, subject to any applicable law.

In no event may we indemnify an Office Holder for any of the following:

- 1) a breach of the duty of loyalty toward us, unless the Office Holder acted in good faith and had reasonable grounds to assume that the action would not harm Partner's interest;
- 2) a breach of the duty of care done intentionally or recklessly ("*pzizut*") other than if made only by negligence;
- 3) an act intended to unlawfully yield a personal profit;
- 4) a fine, a civil fine ("*knas ezrahi*"), a financial sanction ("*itzum kaspi*") or a penalty ("*kofer*") imposed on him; and
- 5) a proceeding ("*halich*").

We have undertaken to indemnify our Office Holders, subject to certain conditions as aforesaid. We consider from time to time the indemnification of our Office Holders, which indemnification will be subject to approval of our compensation committee, Board of Directors and in certain cases, such as indemnification of directors and the CEO, also of our shareholders.

Under the indemnification letters granted to Office Holders prior to the extraordinary general meeting of shareholders held on October 17, 2013 ("October 2013 EGM"), the aggregate indemnification amount payable by us to Office Holders and other indemnified persons pursuant to all letters of indemnification issued to them by us will not exceed the higher of (i) 25% of shareholders equity and (ii) 25% of market capitalization, each measured at the time of indemnification (the "Combined Maximum Indemnity Amount", and "the Original Indemnification Letter").

Under the indemnification letters granted to Office Holders after the October 2013 EGM, the aggregate indemnification amount payable by us to Office Holders (including, among others, Office Holders nominated on behalf of Partner in subsidiaries) pursuant to all letters of indemnification issued or that may be issued to them by Partner on or after the October 2013 EGM, for any occurrence of an event set out in such a letter (including an attachment thereto) will not exceed 25% of shareholders equity (according to the latest reviewed or audited financial statements approved by Partner's Board of Directors prior to approval of the indemnification payment) ("the Revised Indemnification Letter"). However,

under the circumstances where indemnification for the same event is to be made in parallel under the Revised Indemnification Letter and to one or more indemnified persons under the Original Indemnification Letter, the maximum indemnity amount for the indemnified persons that received the Revised Indemnification Letter shall be adjusted so it does not exceed the Combined Maximum Indemnity Amount to which any other indemnified person is entitled under the Original Indemnification Letter.

Release

The Companies Law and our Articles of Association authorize the Company, subject to obtaining the required approvals (of our compensation committee, Board of Directors and in certain cases, such as release of directors and the CEO, also of our shareholders), to release our Office Holders, in advance, from such persons' liability, entirely or partially, for damage in consequence of the breach of the duty of care toward us as set forth in accordance with any law, including the liabilities and expenses for which the Company may indemnify Office Holders as set forth above, see Item 6C.11a Indemnification in our 2017 20-F. Furthermore, the Company may release Office Holders that are controlling shareholders or their relatives, subject to the receipt of the approvals in accordance with any law. Said release will not apply to a resolution or transaction in which the controlling shareholder or any Office Holder in the Company (including other Office Holders than the Office Holder being granted the release) has a personal interest.

Notwithstanding the foregoing, we may not release such person from such person's liability, resulting from any of the following events: (i) the breach of duty of loyalty towards us; (ii) the breach of duty of care made intentionally or recklessly ("*pzizut*"), other than if made only by negligence; (iii) an act intended to unlawfully yield a personal profit; (iv) a fine ("*knass*"), a civil fine ("*knass ezrahi*"), a financial sanction ("*itzum caspi*") or a penalty ("*kofer*") imposed upon such person; and (v) the breach of duty of care in a distribution ("*haluka*").

In addition to the Original Indemnification Letter and the Revised Indemnification Letter, the Company granted new indemnification and release letters to our Office Holders at the annual general meeting of shareholders held on September 28, 2016.

3.16 Where You Can Find More Information

We are subject to the reporting requirements of the US Securities Exchange Act of 1934 that are applicable to a foreign private issuer. In accordance with the US Securities Exchange Act of 1934, we file reports, including annual reports on Form 20-F. We also furnish to the SEC under cover of Form 6-K material information required to be made public in Israel, filed with and made public by any stock exchange or distributed by us to our shareholders. Reports and other information filed by us with the SEC may be inspected without charge and copied at prescribed rates at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, and other information regarding issuers that file electronically with the SEC (<http://www.sec.gov>). Our Internet address is <http://www.partner.co.il>. This website address is included in this Shelf Prospectus as an inactive textual reference only. The information and other content appearing on our website are not part of this Shelf Prospectus. You may also find our reports filed with the ISA on the Magna site whose address is www.magna.isa.gov.il.

3.17 Legal Matters

Certain legal matters with respect to Israeli law are being passed upon for us by Agmon & Co. Rosenberg Hacoheh & Co., our Israeli counsel, and certain legal matters with respect to United States law are being passed upon for us by Shearman & Sterling (London) LLP, our U.S. counsel.

3.18 Experts

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this Prospectus by reference to the annual report on Form 20-F for the year ended December 31, 2017 have been so incorporated in reliance on the report of Kesselman & Kesselman, certified public accountants (Israel) and a member of PricewaterhouseCoopers International Limited, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

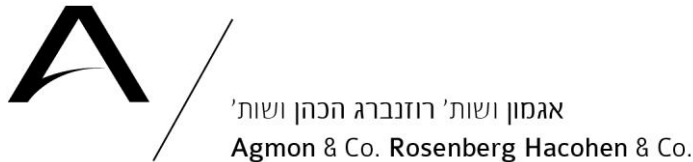
The offices of Kesselman & Kesselman are located at Trade Tower 25 Hamered St., Tel Aviv, 68125, Israel.

You should rely only on the information contained or incorporated by reference in this Shelf Prospectus or any supplement thereof. We have not, and the consultants have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the consultants are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information in this Shelf Prospectus is accurate only as of the date on the front cover of this Shelf Prospectus or such earlier date that is indicated in this Shelf Prospectus. Our business, financial condition, results of operations and prospects may have changed since such date.

פרק 4 – פרטים נוספים

4.1 חוות דעת משפטית

סמוך לפני פרסום תשקיף המדף קיבלה החברה ממושרד עורכי הדין אגמון ושות', רוזנברג הכהן ושות', את חוות הדעת המשפטית שלהלן:



תל-אביב, 13 ביוני, 2018

לכבוד
חברת פרטנר תקשורת בע"מ
רחוב עמל 8
פארק תעשיות אפק
ראש העין
א.ג.נ.,

הנדון: תשקיף מדף של פרטנר תקשורת בע"מ (להלן: "החברה")

הננו מתייחסים לתשקיף מדף העומד להתפרסם על-ידכם בדבר הצעה לציבור של מניות רגילות של החברה ו/או ניירות ערך אחרים של החברה, ככל שיוצעו על-פי תשקיף המדף (להלן: "תשקיף המדף").

לבקשתכם, הרינו לחוות את דעתנו כי הדירקטורים של החברה נתמנו כדין ושמותיהם נכללים בתשקיף המדף.

אנו מסכימים שחוות דעתנו זו תיכלל בתשקיף המדף העומד להתפרסם על-ידכם בחודש יוני 2018.

בכבוד רב,

איריס ציבולסקי-חביליו, עו"ד מתן דסקל, עו"ד

אגמון ושות', רוזנברג הכהן ושות', עורכי-דין



11 ביוני 2018

לכבוד

הדירקטוריון של פרטנר תקשורת בע"מ,

א.ג.נ.

אנו מסכימים להכללה בדרך של הפניה בתשקיף המדף (להלן – "תשקיף המדף") של חברת פרטנר תקשורת בע"מ (להלן – "החברה"), של חוות דעת רואי החשבון שנחתמה על ידינו בתאריך 28 במרץ 2018 המתייחסת לדוחות הכספיים המאוחדים של החברה וכן לאפקטיביות של רכיבי בקרה פנימית על דיווח כספי של החברה, ליום 31 בדצמבר 2017 אשר הוגשו על ידי החברה ל- United States Securities and Exchange Commission ולרשות ניירות ערך בישראל במסגרת דוח 20-F לשנת 2017 ביום 29 במרץ 2018, וכן להכללת שמנו תחת הכותרות "experts" בתשקיף המדף.

מכתב זה ניתן לפי בקשת החברה ומיועד אך ורק להיכלל בתשקיף המדף של החברה, אשר יוגש לרשות ניירות ערך בישראל והמיועד להתפרסם בחודש יוני 2018. בנוסף מכיוון שניירות הערך המוצעים במסגרת תשקיף המדף לא נרשמו ולא ירשמו תחת ה- Securities Act of 1933, לא הגשנו את מכתב הסכמתנו זה תחת ה- Securities Act of 1933.

בברכה,

קסלמן וקסלמן

רואי חשבון

PwC Israel

קסלמן וקסלמן, מגדל הסחר, רחוב המרד 25, תל-אביב 6812508, ישראל, ת.ד. 50005 תל-אביב 6150001
טלפון: +972-3-7954555, פקס: +972-3-7954556, www.pwc.com/il

4.3 הוצאות בקשר להצעה

בהתאם לתקנה 4א לתקנות ניירות ערך (אגרת בקשה למתן היתר לפרסום תשקיף), התשס"ו-2005, החברה שילמה לרשות לניירות ערך אגרת בקשה למתן היתר לפרסום תשקיף מדף, ואולם תוספת האגרה תשולם בעד ניירות הערך המוצעים במועד פרסום דוח הצעת המדף בסכומים ובמועדים הקבועים בתקנות כאמור.

4.4 עיון במסמכים

עותק מתשקיף זה, ההיתר לפרסומו, וכן העתק מכל דוח, חוות דעת או אישור הכלולים או הנזכרים בו, ניתנים לעיון במשרדה הרשום של החברה ברחוב עמל 8, פארק תעשיות אפק, ראש העין 481032, בשעות העבודה המקובלות, וכן באתר האינטרנט של רשות ניירות ערך שכתובתו : www.magna.isa.gov.il.

פרק 5: חתימות

החברה:

חברת פרטנר תקשורת בע"מ

הדירקטורים:

אדם צ'זנוף

אלון שליו

יונתן קולודני

בארי בן זאב

סומיט ג'איסינגהאני

ברק פרידור

אסנת רונן

יואב רובינשטיין

אריה סבן

אריק שטיינברג

אורי ירון

יהודה סבן

תומר בר זאב