

**SHARE SALE AND PURCHASE AGREEMENT**

**RELATING TO**

**THE SHARES IN**

**SHAW HOTEL HOLDING B.V.**

by and between

**1. EURO SEA HOTEL N.V.**

**2. B.E.A. HOTELS N.V.**

**3. SHAWPARK INVESTMENTS B.V.** (as "Sellers")

and

**4. WG MITCHELL (SCOTLAND) LTD** (as "Purchaser")

19 December 2005

Van Doorne N.V.  
Jachthavenweg 121  
1081 KM Amsterdam  
P.O. Box 75265  
1075 AG Amsterdam  
The Netherlands

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## **SCHEDULES**

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**SHARE SALE AND PURCHASE AGREEMENT RELATING TO THE SHARES  
IN SHAW HOTEL HOLDING B.V.**

THIS SHARE SALE AND PURCHASE AGREEMENT IS MADE THE 19<sup>TH</sup> DAY OF  
DECEMBER 2005 BY AND BETWEEN:

- (1) **WG MITCHELL (SCOTLAND) LIMITED**, a company with limited liability incorporated under the laws of Northern Ireland, Registered Number NI032090, having its registered office at 10 Victoria Park, Waterside, Londonderry, Northern Ireland ("**Purchaser**");
- (2) **EURO SEA HOTELS N.V.**, a company limited by shares (*naamloze vennootschap*) incorporated under the laws of The Netherlands, registered with the commercial register of the Chamber of Commerce in Amsterdam under file number 33233798, having its registered office in Amsterdam and its place of business at Dufaystraat 5-hs, 1075 GR, Amsterdam, The Netherlands ("**Euro Sea Hotels**");
- (3) **B.E.A. HOTELS N.V.**, a company limited by shares (*naamloze vennootschap*) incorporated under the laws of The Netherlands, registered with the commercial register of the Chamber of Commerce in Amsterdam under file number 33300462, having its registered office in Amsterdam and its place of business at Keizersgracht 241, 1016 EA Amsterdam, The Netherlands ("**BEA Hotels**"); and
- (4) **SHAWPARK INVESTMENTS B.V.**, a private company with limited liability (*besloten vennootschap*) incorporated under the law of The Netherlands, registered with the commercial register of the Chamber of Commerce in Amsterdam under file number 33303714, having its registered office in Amsterdam and its place of business at 9B Boulevard du Prince Henri, L-1724 Luxembourg, Luxembourg ("**Shawpark**");

Euro Sea Hotels, B.E.A. Hotels and Shawpark Investments are hereinafter jointly referred to as "**Sellers**";

WHEREAS:

- (A) Shaw Hotel Holding B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, having its registered office in Amsterdam, The Netherlands (the "**Company**") and the Sellers hold all issued and outstanding shares in the capital of the Company (the "**Shares**") as set forth in **Schedule 1**;
- (B) The Company holds legal title to the Property. The entire Property is let pursuant to the Lease;
- (C) Prior to the entry of this Agreement, a satisfactorily legal, financial and tax due diligence has been conducted by or on behalf of Purchaser;
- (D) Each of Sellers and Purchaser has taken all necessary corporate action and has obtained all necessary internal and external approvals, consents and permits for the acquisition contemplated by this Agreement;
- (E) Sellers and Purchaser now have reached definitive agreement on the sale and purchase of the Shares on the terms and conditions set forth in this Agreement;

HAVE AGREED AS FOLLOWS:

1           **Interpretation**

1.1           **Schedule 2** contains a list of definitions. All capitalised terms used herein shall have the meaning as set out in such Schedule 2.

1.2           Any reference in this Agreement to the "**ordinary course of business**" of the Company shall be construed as a reference to the following activities presently conducted by the Company, namely the owning of the Property as an investment.

1.3           In this Agreement, a reference to:

1.3.1       a "**subsidiary**" or "**holding company**" is to be construed in accordance with section 2:24a DCC;

1.3.2       a "**group**" or "**group company**" is to be construed in accordance with section 2:24b DCC;

- 1.3.3 a "**participation**" is to be construed in accordance with section 2:24c DCC;
- 1.3.4 a document in the "**agreed form**" is a reference to a document in a form approved and for the purposes of identification signed by or on behalf of each Party;
- 1.3.5 a statutory provision includes a reference to any subordinate legislation made under the statutory provision before the date of this Agreement;
- 1.3.6 singular words shall include the plural and vice-versa and words in a particular gender shall include all genders, unless the context requires otherwise;
- 1.3.7 a reference to a "person" or a "party" to this Agreement includes a reference to any individual, company, association or partnership (whether or not having legal personality (*rechtspersoonlijkheid*)) and that person's or party's legal representatives and successors; and
- 1.3.8 a reference to "**fairly disclosed**" matters means matters and circumstances disclosed in such terms that their substance and the implications thereof to an intending Purchaser are reasonably apparent to and understandable by qualified and competent professional advisors or experienced businessmen reading such documents for the purposes of a due diligence review of the rights, obligations, assets and liabilities to be acquired and/or assumed pursuant to this Agreement..
- 1.4 Clause headings are inserted for convenience purposes only and shall neither affect the contents nor the interpretation of this Agreement.
- 1.5 Terms in this Agreement refer to Dutch legal concepts only and shall be interpreted accordingly. The use of these or similar terms in any other jurisdiction shall be disregarded. In the event of any translation of this Agreement or any agreement resulting there from, the English language version shall prevail for any and all purposes, including for interpretation purposes. In respect of any jurisdiction other than the Netherlands, references to any Dutch legal concept shall be deemed to refer to the concept that most approximates to the Dutch legal term in that jurisdiction.

- 1.6 Where any of the Warranties is qualified by the expression "**to the best of Sellers' knowledge**" or any similar expression, this means that Sellers have made or are deemed to have made due inquiry and the appropriate investigations and verifications which may reasonably be expected in view of the matters stated in the Warranty concerned.

## 2 **Sale and purchase of the Shares**

- 2.1 Subject to the terms and conditions of this Agreement, each Seller hereby sells the Shares to Purchaser as set opposite such Seller's name in Schedule 1 and Purchaser hereby purchases such Shares from Sellers.

- 2.2 The sale and purchase of the Shares shall have effect from the date hereof, to the effect that all benefits and obligations of any nature whatsoever attached to or accrued in respect of the Shares as of the date hereof are for the Purchaser, unless otherwise provided in this Agreement.

- 2.3 Subject to the terms and conditions of this Agreement, Sellers shall transfer title to the Shares to Purchaser, and Purchaser shall accept the same from Sellers, on the Completion Date through the execution of the Deed of Transfer before the Notary. Sellers shall procure that the Company acknowledges the transfer of the Shares. A draft of the Deed of Transfer is attached hereto as **Schedule 3**.

## 3 **Purchase Price**

- 3.1 The consideration to be paid by Purchaser to Sellers for the acquisition of the Shares shall be the amount as calculated and specified in the Purchase Price Statement, attached hereto as **Schedule 4**. Such consideration for the Shares reflected in the Purchase Price Statement hereinafter referred to as the "**Purchase Price**".

- 3.2 Each respective Seller is entitled to the Purchase Price pro rata to its respective shareholding in the Company as set opposite such Seller's name in Schedule 1.

- 3.3 The Purchase Price shall be payable in cash on the Completion Date in accordance with Clause 4.2.

- 3.4 The Sellers shall within 10 Business Days following Completion procure that the Company's chartered accountant issues its unqualified opinion (goedkeurende

verklaring) within the meaning of Section 2:393 subsection 5 DCC in respect of its review of the Completion Accounts and ensure that an original copy of such unqualified opinion is forwarded to Purchaser and the Company.

#### **4 Completion**

4.1 Completion shall take place at the offices of Van Doorne N.V., Jachthavenweg 121, Amsterdam, The Netherlands on the date hereof.

4.2 The Parties shall perform the following or procure that the following shall be performed at Completion in the order set out below, it being understood and agreed that any documents or items referred to below which have already been executed or delivered before Completion, shall be deemed to have been executed or delivered at Completion:

4.2.1 Execution of this Agreement;

4.2.2 Sellers shall deliver to the Notary the original shareholders' register(s) of the Company;

4.2.3 Sellers shall deliver to Purchaser the Completion Accounts.

4.2.4 Sellers shall deliver the Sellers Release Letters to Purchaser.

4.2.5 Sellers shall deliver to Purchaser duly signed copies of the Resignation Letters of Shawpark Investments B.V., BEA Hotels Management B.V. and Red Sea Group Management B.V. as managing directors of the Company.

4.2.6 Purchaser shall provide evidence to Sellers of receipt of the Purchase Price and the required monies for the repayment of the Shareholders' Loans in the Notary's Bank Account before 12:00 (Amsterdam time) on the Completion Date and for value the date equal to the Completion Date. Until the execution of the Deed of Transfer, the Notary shall hold the Purchase Price and the required monies for the repayment of the Shareholders' Loans in the name of the Purchaser. Parties shall jointly instruct the Notary to immediately release the Purchase Price and the required monies for the repayment of the Shareholders' Loans to Sellers forthwith upon execution of the Deed of Transfer by wiring the Purchase



Price and the required monies for the repayment of the Shareholders' Loans in 'same day funds' to the bank account or bank accounts of Sellers (for that purpose to be designated by Sellers at least one Business Day prior to the Completion Date);

4.2.7 Sellers shall transfer the Shares to Purchaser and the Purchaser shall accept the Shares. Sellers shall procure that the Company acknowledges the transfer of the Shares. The transfer of the Shares and the acknowledgement of the transfer shall take place by execution of the Deed of Transfer by the Parties and the Notary;

4.2.8 The transfer of the Shares shall be recorded in the Company's shareholders register;

4.2.9 The Sellers shall deliver to the Purchaser:

- a) the counterpart of the Lease and;
- b) the counterpart of the Rent Deposit Deed; and
- c) all other title documents in the possession of the Sellers' Group and/or their advisors.

4.3 Sellers and Purchaser shall do all such further acts and execute all such further documents as shall be necessary to fully effect the transactions contemplated by this Agreement.

4.4 If a Party fails to perform any of the actions listed in Clause 4.2, the other Party may, without prejudice to its rights to claim damages pursuant to this Agreement or applicable law:

4.4.1 demand that the Party not performing shall perform the relevant action(s) ultimately on a day to be determined by it; or

4.4.2 terminate this Agreement.

4.5 If either of the Parties exercises its right to terminate the Agreement pursuant to Clause 4.4, then this termination will not affect Clauses 7 (Confidentiality), 8 (Notices), 15 (Applicable law) and 16 (Settlement of disputes).

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- 4.6 In the event either of the Parties would exercise its right to terminate the Agreement pursuant to Clause 4.4, the other Parties shall not be entitled to, and hereby irrevocably declare to refrain from doing so, claim any costs or damages it may incur as a result nor shall the terminating Party(ies) under any circumstance become liable for any costs and damages towards the other Party(ies).

**5 Warranties; liability of Sellers**

- 5.1 Each of Sellers hereby represents and warrants to Purchaser that the statements made by Sellers in the Warranties are true, accurate, complete and not misleading on the Completion Date, subject, however, to the matters that have been fairly disclosed by Sellers to Purchaser in the course of its due diligence investigation.
- 5.2 The Warranties are made by each of Sellers with the knowledge that Purchaser is, save only as provided in Clause 5.1, relying thereon in connection with the transactions contemplated by this Agreement. The investigations carried out by, or information furnished to, Purchaser or representatives or advisers of Purchaser shall, save only as provided in Clause 5.1, neither relieve Sellers from any of their obligations under this Agreement nor shall such investigation or information prejudice or mitigate in any way Purchaser's right to make a claim under the Warranties. On the Completion Date, Purchaser has no knowledge of any Warranty being untrue, inaccurate, incomplete and/or misleading, subject, however, to the matters that have been fairly disclosed by the Sellers to the Purchaser in the course of its due diligence investigation.
- 5.3 Without prejudice to the other provisions of this Clause 5 (in particular 5.6) in case of a Breach each of Sellers shall be jointly and severally liable to Purchaser, and each of Sellers shall take all such actions and make all such payments as may be required to bring the Company and/or the Purchaser in the position (financially or otherwise) it would have been in if the relevant Warranty would have been true, accurate, complete and not misleading. Any amount payable to any of the Company and/or Purchaser pursuant to this Clause shall be deemed to be a reduction of the Purchase Price.
- 5.4 Actions and payments by Sellers pursuant to Clause 5.3 shall be taken or made respectively, within 30 Business Days from a Claim Notice by Purchaser, provided that if any claim arises pursuant to Clause 5.3, then:

- a) the Purchaser shall not accept, pay or compromise, or make any admission in respect of, such liability or alleged liability without the prior written consent of the Sellers;
- b) the Purchaser shall procure that the Company at the expense of Sellers takes such action to avoid, dispute, resist, appeal, compromise or contest or prove the liability, as may be reasonably requested by the Sellers and the Sellers shall be entitled at their expense to have the conduct of any appeal, dispute, compromise or defence of the dispute and of any incidental negotiations;
- c) the Purchaser shall procure the Company to make available to the Sellers such persons and all such assistance and information as the Sellers may reasonably require for avoiding, disputing, resisting, appealing, compromising or contesting or proving any such liability including instructing such professional advisers as the Sellers at their expense may nominate to the intent that the content of the claim be delegated to the Sellers entirely.

5.5 In case of late payment of any amount due pursuant to Clause 5.3, an interest equal to the regular statutory interest for late payment in commercial transactions pursuant to Sections 6:119a and 6:120 paragraph 2 DCC will be payable from the due date for payment until the date the payment is received in full.

5.6 The liability of Sellers for a Breach shall be limited under this Clause 5 as follows:

- 5.6.1 no liability shall exist unless a Breach is notified in writing to Sellers prior to 30 June 2007; with respect to a Tax Claim, such period shall be extended for as long as the tax, social security and other authorities of any relevant jurisdiction can still impose any additional (re-) assessments or penalties relating to the period up to and including the Completion Date, increased with six months after the expiry of such term; with respect to the Warranties set forth in Clauses 1, 2 and 5 of the Warranties (Capital, Shares and Real Property), such period shall be 30 October 2011; and
- 5.6.2 the aggregate liability of Sellers, except for the Warranties set forth in Clauses 1, 2 and 5 of the Warranties (Capital, Shares and Real Property), is

limited to an amount of GBP 18,700,000 (in words: eighteen million seven hundred thousand pounds); and

- 5.6.3 no liability of Sellers shall exist unless the total of the amounts that can be claimed exceeds the amount of GBP 100,000 (in words: one hundred thousand Pounds)];no liability of Sellers shall exist unless each individual claim exceeds the amount of GBP 10,000 (in words: ten thousand Pounds); in the event that the sum of all claims exceeds this threshold, Sellers shall be liable for the entire amount.
- 5.7 The limitations set forth in Clause 5.6 shall not apply (i) in case of deliberate misleading (*bedrog*) or gross negligence (*bewuste roekeloosheid*) on the part of Sellers or of a person acting on behalf of Sellers or for whom Sellers is responsible and/or (ii) in case the breach of the relevant Warranties was known to Sellers or to a person acting on behalf of Sellers or for whom Sellers is responsible at the date hereof or at Completion Date, or could or should have reasonably been known to Sellers or to a person acting on behalf of Sellers or for whom Sellers is responsible at that date.
- 5.8 Upon Purchaser becoming aware of a breach of any Warranty, Purchaser shall give notice to Sellers of all the relevant facts known at that time to Purchaser as soon as is reasonably practicable.
- 5.9 A discharge (*décharge*) given by Purchaser to a director of the Company shall in no respect affect or prejudice the rights of Purchaser under this Agreement..
- 5.10 The Sellers shall not be liable in respect of a Breach:
  - 5.10.1 in the case the Breach was known to Purchaser or to a person acting on behalf of Purchaser or for whom Purchaser is responsible at Completion Date;
  - 5.10.2 if it relates to any matter or event, to the extent such matter or event was actually recovered under an insurance policy by the Company and/or the Purchaser;
  - 5.10.3 if it relates to any matter or event for which a specific provision is made in the Completion Accounts;

5.10.4 if it relates to any matter or event which would not have arisen but for a change in legislation made after Completion Date.

5.11 The Sellers hereby acknowledge and agree that, notwithstanding that the Purchase Price has been structured as set out in Clause 3.1 of this Agreement, for the purpose of calculating loss and liability arising from a breach of the Warranties, the Purchaser shall be deemed to have paid GBP 74,846,000 (in words: seventy four million eight hundred forty six thousand pounds) for the Shares and the Sellers further acknowledge that GBP 74,846,000 (in words: seventy four million eight hundred forty six thousand pounds) is the aggregate economic cost to the Purchaser of acquiring the Shares.

## 6 Indemnities

6.1 Notwithstanding and without prejudice to the generality of the Warranties, Sellers shall jointly and severally indemnify and keep Purchaser and the Company harmless from and against:

- a) all Taxes payable by the Company relating to the period up to Completion as legally required in respect of the Company and all Taxes payable by the Company arising (in all such cases) as a consequence of (i) any act, event, omission, transaction or circumstance occurring or existing before Completion and/or (ii) by reference to any income, profits or gains earned, accrued or received before Completion;
- b) any and all claims made against or liabilities of the Company including but not limited to Tax liabilities and/or any other (direct or indirect) present or former subsidiaries of the Company and the disposal by the Company of Euston Road Properties Ltd. and/or any other (direct or indirect) present or former subsidiary, shareholder or other affiliate(s) of the Company arising as a consequence of any act, event, omission, transaction or circumstance occurring or existing before Completion;
- c) any and all claims, liabilities, damages and expenses arising from the Company failing to observe and perform the covenants and conditions on the Landlord's part contained in the Lease and/or the Rent Deposit Deed;

- d) any costs and expenses incurred or payable in connection with any matters for which a successful claim is made by the Purchaser under this Clause 6.1;
- e) any Taxation for which the Company becomes liable in consequence of the failure by:

- (i) any company which has at any time (whether before or after Completion) been (a) a member of a group (as defined from time to time for any Taxation purpose) of which the Company concerned has at any time prior to Completion been a member or (b) under the control of the same person as has had control of the Company at any time prior to Completion; or

- (ii) any other person,

to discharge Taxation within a specified period or otherwise, provided that in the case of sub-Clause 6.1(e)(ii) above this Clause 6.1(e) shall only apply insofar as such Taxation arises as a result of profits earned, accrued or received or an event, act, omission or transaction entered into, effected or occurring on or before Completion.

6.2 In the event that a claim can be brought both under the Warranties and the Indemnities, Purchaser will indicate whether it is a claim under the Warranties or the Indemnities.

6.3 Sellers shall reimburse Purchaser or the Company under this Clause within 10 Business Days from a Claim Notice to such effect by Purchaser or the Company respectively. Clause 5.4 shall apply accordingly.

## 7 **Confidentiality**

7.1 Subject to the further provisions of this clause, Sellers and Purchaser (the latter only up to the Completion Date) shall not either directly or indirectly disclose to any person any information relating to a (potentially) confidential aspect of the Company' business including but not limited to trade secrets, Know-How, inventions, discoveries and details of clients and contracting parties.

7.2 Subject to the further provisions of this clause, neither Party shall disclose to any person confidential information which relates to the other Party and which it received or obtained as a result of or in relation to this Agreement and neither Party shall disclose any information or make any public announcement concerning the subject matter of this Agreement.

7.3 Either Party may disclose information which would otherwise be subject to this confidentiality obligation to the extent

- a) required by the law of any relevant jurisdiction; or
- b) the other Party has given prior written approval to the disclosure

subject to the prior notification of the other Party and the obligation to take all reasonably possible measures to prevent or limit the damages the other Party may suffer from the disclosure of such information, including but not limited to consultation on the form, content and timing of such disclosure.

7.4 Each Party shall procure that all of its group's employees, agents and other persons related to it shall comply with the obligations set forth in this Clause and such Party shall be liable to the other Party and shall indemnify and hold the other Party harmless from and against any damages incurred by such other Party arising out of a breach by any such person of these obligations.

## 8 **Notices and other announcements to the Parties**

8.1 Except as otherwise required by law, all notices, announcements, summons and/or communications pursuant to this Agreement shall be in English language and be delivered to the addresses stated hereunder (or to such other address as a Party has communicated to the other Parties in accordance with this Clause) by registered mail with return receipt, by courier or by telefax:

8.1.1 if directed to Purchaser:

WG Mitchell (Scotland) Limited  
Attn.: management board  
10 Victoria Park  
Waterside

Londonderry  
Northern Ireland  
Facsimile: +44 (0)2871 361994

With a copy to:

- a) Dickson Minto  
Attn. Mr. E. Sheriff  
16 Charlotte Square  
Edinburgh EH2 4DF  
United Kingdom  
Facsimile: +44 (0)131 255 2712; and
- b) Van Doorne N.V.  
Attn. Mr. J.A. van Ramshorst  
Jachthavenweg 121  
1081 KM Amsterdam  
P.O. Box 75265  
1070 AG Amsterdam  
The Netherlands  
Facsimile: + 31 (0)20 678 9589;

8.1.2 if directed to Sellers to:

- a) Euro Sea Hotels N.V.  
Attn. management board  
Dufaystraat 5-hs  
1075 GR Amsterdam  
The Netherlands  
Facsimile: +31 (0)20 305 8355; and
- b) B.E.A. Hotels N.V.  
Attn. management board  
Keizersgracht 241  
1016 EA Amsterdam  
The Netherlands  
Facsimile: +31 (0)20 344 9561; and



- c) Shawpark Investments B.V.  
Attn. management board  
9B Boulevard du prince Henri  
L-1724 Luxembourg  
Luxembourg  
Facsimile: +352 22 21 17

With a copy to:

- a) Olswang  
Attn. Mr. J. Lewis  
90 High Holborn  
London WC1V 6XX  
United Kingdom  
Facsimile: +44 (0)20 7067 3999; and
- b) Bird & Bird  
Attn. Mr. S. van der Waal  
Parkstraat 31  
2514 JD The Hague  
P.O. Box 30311  
2500 GH The Hague  
The Netherlands  
Fax: +31 (0)70 353 8811.

8.2 Notices, announcements, summons and/or communications pursuant to this Agreement shall be deemed to have been received at the following moments:

- a) if sent by registered letter: at the date of delivery evidenced by the return receipt;
- b) if sent by courier: at the date of delivery by the courier to the addressee; and
- c) if sent via facsimile: at the time of sending evidenced by the transmission report.

8.3 Any communications copied to the respective advisers as set out above shall be for information purposes only and shall not constitute a valid notification under this Agreement.

9           **Waiver of right to annul or dissolve**

Parties hereto waive their right to dissolve (*ontbinden*) or annul (*vernietigen*), or to demand dissolution or annulment (*in rechte ontbinding of vernietiging vorderen*) of this Agreement in whole or in part, after Completion.

10           **Assignment**

10.1       Subject to Clause 10.2, this Agreement and any rights and obligations in connection thereto may not be assigned by any of the Sellers or the Purchaser without the prior written consent of the other Party(ies).

10.2       Notwithstanding the provisions of Clause 10.1, Purchaser shall be entitled to assign its rights and obligations under this Agreement to any member of Purchaser's group in conjunction with a transfer of the Shares in the Company, and Sellers hereby agree to cooperate to such assignment, provided that Purchaser will give prior notice to Sellers of such assignment and provided that Purchaser remains jointly and severally liable for all its obligations under this Agreement.

11           **Partial invalidity**

In the event that any provision of this Agreement appears to be non-binding, the other provisions of this Agreement will continue to be effective. The Parties are obliged to replace the non-binding Clause with an other clause that is binding, in such manner that the new provision differs as little as possible from the non-binding Clause, taking into account the object and the purpose of this Agreement.

12           **Fees and costs**

12.1       Unless expressly stipulated otherwise in this Agreement in general and in any relevant Clause in particular, each Party shall bear the costs it incurs, including fees charged by third-party consultants arising from or relating to the conclusion and performance of this Agreement, including all negotiations, preparations and investigations.

12.2       The Notary's fees for the transfer of the Shares shall be borne by Purchaser.

13        **Entire agreement, amendments**

- 13.1        The Schedules, and Annexes and Appendices form an integral part of this Agreement and references to this Agreement include the Schedules, and Annexes and Appendices. Any definitions used in this Agreement shall have the same meaning when used in the Schedules, or Annexes or Appendices unless explicitly stipulated otherwise.
- 13.2        This Agreement contains all of the agreements between the Parties with respect to the transactions contemplated by this Agreement and supersedes all earlier written and/or oral agreements with respect to the subject matter(s) hereof, including but not limited to earlier drafts of this Agreement exchanged in connection with the negotiations and preparations hereof. Unless expressly provided otherwise in this Agreement, this Agreement does not, however, prejudice any right attributed to a purchaser by law.
- 13.3        This Agreement can be amended or supplemented only by an instrument in writing signed by all Parties.

14        **Miscellaneous provisions**

- 14.1        The lessee under the Lease has erroneously withheld the sum of GBP 22,000 (in words: twenty two thousand pounds) from the rents payable thereunder and the Purchaser agrees hereafter to use reasonable endeavours if it receives the same (or any part thereof) to account accordingly to the Sellers.
- 14.2        Sellers acknowledges that Purchaser is represented in this transaction by a lawyer of Van Doorne N.V., while the Notary is associated with the same law firm, and explicitly agrees that Purchaser may seek Van Doorne N.V.'s legal assistance in any dispute that may arise in respect of this Agreement or any related agreement.
- 14.3        If a Party does not exercise any right under this Agreement, including the right to demand that the other Party meets its obligations under this Agreement, or does not do so promptly, it shall not be deemed to thereby have waived this right. If a Party, in a specific case, waives any right it may have with respect to the other Party by virtue of the fact that this Party has not, not fully or promptly fulfilled any obligation under the Agreement, it shall not be deemed to thereby have waived any other right it has in that specific case, nor have given up any possibility of invoking that right in other cases.

14.4 This Agreement is drawn up for the exclusive use of the Parties, their successors by universal title and to the extent allowed by this Agreement, their successors by singular title. Except to the extent expressly stipulated otherwise in this Agreement, no clause in this Agreement intends to create any right for any third party to claim performance or to rely upon the Agreement in any way. In the event a third party stipulation (*derdenbeding*) is accepted by a third party, such third party shall not become a party to this Agreement. Any and all provisions relating to members or former members of the management or Employees or former Employees of the Company or the Sellers do not qualify as a third party stipulation.

14.5 On or after Completion each Party shall, at its own cost and expense, execute and do (or procure to be executed and done by any other necessary party) such deeds, documents, acts and things as the other Party may from time to time require in order to give full effect to the Agreement.

14.6 This Agreement may be signed in any number of counterparts, each of which shall be an original, but only all of which, when taken together, shall constitute one and the same document.

#### 15 **Applicable law**

This Agreement and any agreement resulting here from shall be governed by and construed in accordance with the laws of the Netherlands.

#### 16 **Settlement of disputes**

Any disputes arising out of or in connection with this Agreement or any agreement resulting there from, which cannot be settled amicably, shall be submitted to the exclusive jurisdiction of the competent court in Amsterdam the Netherlands.

SIGNED IN COUNTERPARTS ON 19 DECEMBER 2005

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EURO SEA HOTELS N.V.

By:

Title:

---

B.E.A. HOTELS N.V.

By:

Title:

EXECUTION COPY

SHARE SALE AND PURCHASE AGREEMENT RELATING TO THE SHARES IN SHAW HOTEL HOLDING B.V.

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SHAW PARK INVESTMENTS B.V.

By:

Title:

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W.G. MITCHELL (SCOTLAND)

LIMITED

By:

Title:

EXECUTION COPY

SHARE SALE AND PURCHASE AGREEMENT RELATING TO THE SHARES IN SHAW HOTEL HOLDING B.V.

**UNOFFICIAL TRANSLATION**

**Trust Deed**

**Made and entered into in Tel Aviv, this 21 day of February, 2006**

**By and Between:**     **Elbit Medical Imaging Ltd.**  
13, Noach Moses St., Tel Aviv  
**Tel.: 03-6086000; Fax: 03-6953080**  
**(Hereinafter: the “Company”)**

**Of the first part;**

**And:**                    **Aurora Fidelity Trust Company Ltd.**  
**6, Harcoon St., Ramat Gan**  
**Tel.: 03-7551596; Fax: 03-7510902**  
**(Hereinafter: the “Trustee”).**

**Of the other part;**

**Whereas**            the Company wishes to raise funds against an issue of the Company’s bonds which are rated A2 by Midrug Ltd., as of the date of this Deed, all as set out in, and subject to, the provisions of section 2 of this Trust Deed; and

**Whereas**            the Company hereby declares that there is no impediment under any law and/or agreement to effect a private placement of the Company’s Series B Bonds; and

**Whereas**            the Trustee is a company registered in Israel, engaged in trusts; and

**Whereas**            the Trustee has declared that there is no impediment under law to its entering into this Trust Deed with the Company and that it complies with the requirements and capacity conditions laid down in the Law, as defined below, to serve as trustee pursuant to this Trust Deed; and

**Whereas**            the Company has applied to the Trustee to serve as trustee for the Bondholders and the Trustee has agreed thereto, all subject and pursuant to the terms of this Trust Deed;

**Now, therefore, it is agreed, declared and stipulated by and between the parties as follows:**

**1.     Introduction, Interpretation and Definitions**

- 1.1     The preamble to this Trust Deed and the appendixes attached hereto, constitute an integral part hereof.

- 1.2 The division of this Trust Deed into sections as well as the section headings herein are for convenience and ease of reference purposes only and shall not be used for the purpose of interpretation.
- 1.3 Everything stated in this Trust Deed in the plural shall also mean the singular and vice versa; everything stated in the masculine shall also mean the feminine and vice versa; and the term “person” shall also mean a corporation, all unless there is any contrary expressed and/or implied provision and/or unless the context or the contents otherwise require.
- 1.4 In this Trust Deed and in the Bonds, the following terms shall have the meaning set out opposite them, unless the contents or the context otherwise require.

**“This Deed”** – This Trust Deed, including the appendixes attached hereto, constituting an inseparable part hereof;

**“Series B Bonds”** or **“Series Bonds”** or the **“Bonds”** – a series of registered Series B Bonds, unlimited in amount, of NIS 1 par value each of the Company, the terms of which are set out in this Deed, to be issued from time to time at the Company’s exclusive discretion.

The **“Trustee”** – The Trustee referred to at the beginning of this Deed and/or anyone serving from time to time as trustee for the Bondholders hereunder;

**“Register”** – The Register of Bondholders as set forth in section 23 herein;

**“Bondholder”** or **“Bondowner”** – the person named at such time in the Register as owner of a Bond of the Series Bonds, and in the event of a number of joint holders, the joint holder whose name appears first in the Register;

**“Bond Certificate”** – A Series B Bonds Certificate in such wording as set out in Appendix A hereto.

The **“Law”** or the **“Securities Law”** – the Securities Law, 5728 – 1968 and its regulations as shall be in effect from time to time.

**“Principal”** – the total par value amount of Series B Bonds to be issued by the Company under this Deed.

**“Dollar”** – US Dollar.

**“Known Rate”** – The representative rate of the Dollar in NIS on a given date as established by the Bank of Israel prior to such date, provided that during a period in which the Bank of Israel does not establish a representative rate, the Known Rate shall be the rate last established by the Minister of Finance

together with the Governor of the Bank of Israel for government bonds, linked to the Dollar rate.

**“Base Rate”** – The rate known on February 23, 2006 (namely, NIS 4.725 / US dollar).

**“Payment Rate”** – The rate known on the due date of any payment on account of the principal and/or interest.

**“Business Day”** – A day on which most of the banks in Israel are open for the execution of transactions.

**“Special Resolution”** – As defined in section 6(e) of Appendix B hereto.

**“Stock Exchange”** – The Tel Aviv Stock Exchange Ltd.

**“Rating Company”** – A company approved by the Supervisor of the Capital Market at the Ministry of Finance.

**“Libor Interest”** – Annual interest at a varying rate on the basis of the Libor interest for six-month dollar deposits on the inter-banking market in London, as quoted on the Telerate news service page 3750 at 11:00 a.m. (London time) two business days overseas prior to the beginning of any Interest Period. If at any time the interest established as aforesaid is not published on the Telerate news service page 3750, the interest shall be established in accordance with the publication of another recognized news service or in accordance with any other publication which at the Company’s discretion constitutes an appropriate substitute for such publication.

**“Business Day Overseas”** – A day on which most of the banks in London are open for transactions.

## **2. Issue of Bonds**

The Company will issue registered Series B Bonds, unlimited in amount, payable in 10 equal semi-annual installments, on August 20 and February 20 of each of the years 2009 to 2014, inclusive (the first installment to be effected on August 20, 2009 and the last installment to be effected on February 20, 2014), bearing varying interest on the basis of the rate of the Libor interest (as defined above) plus 2.65% per annum, payable in semi-annual installments on August 20 and February 20 of each of the years 2006 to 2014 (the first installment to be effected on August 20, 2006 and the last installment to be effected on February 20, 2014), linked (principal and interest) to the Representative Rate of the Dollar as of the Base Rate, all pursuant to the terms set forth in the Bond attached as Appendix A hereto.



The Bonds are offered within a transaction that does not constitute a public offering in the United States, within the meaning thereof in the 1933 US Securities Law, as may be amended from time to time (hereinafter: the “**US Law**”). The Bonds will not be submitted for registration with the US Securities Authority or any other securities authority of any state in the United States. The Bonds may not be offered or sold under US Law by any holder other than in accordance with exemption from the registration requirements in the United States, or within a transaction which is not subject to the registration requirements, under the US Law, or any securities law applicable in the pertinent state in the United States.

Increase in the series – The Company may issue, at any time and from time to time, without the approval of either the Bondowners or the Trustee, including to the Company’s subsidiary, pursuant to the provisions of any law, additional Bonds with identical terms to those of the Series B Bonds, at such a price and in such a manner as the Company finds fit. Provided that this Deed will apply to all such additional Bonds to be issued by the Company and that they shall be deemed as the Series B Bonds first issued. Notwithstanding anything to the contrary anywhere in this Deed, an additional issue of Series B Bonds exceeding the scope rated by a Rating Company within the framework of this Series (as of the date of this Deed, the sum totals NIS 630 million), shall be effected subject to another rating by a Rating Company and subject further that such additional issue of Bonds of the same Series shall not adversely affect the rating of the Bonds first issued under this Deed, as then in effect. The Company shall obtain the Stock Exchange’s approval for such an increase and shall publish an immediate report of any increase in the Series Bonds.

Deposit of additional securities – The Company reserves the right to issue, at any time, without approval of the Trustee and/or the Bondholders, other Bonds or Series Bonds or other securities of any nature or type whatsoever, at such terms as the Company shall find fit, whether preferable, equal or inferior to the terms of the Bonds.

Listing the Bonds for trading in the TACT – Institutional system – subject to the provisions of the Stock Exchange rules, the Company will register the Bonds in the name of Israel Discount Bank Nominees Ltd. and will list the Bonds, insofar as this will be under its control, with the Stock Exchange clearing house, which will provide clearing services to the Bonds, as well as within the framework of the trading system for institutional investors operated by the Stock Exchange (hereinafter: “**TACT – Institutional**”). The Company shall bear all costs involved in the registration with the TACT – Institutional system. In the event that the Bonds are listed for trading on the TACT – Institutional, the following provisions will apply:

- A. Any payment effected by the Company to the Stock Exchange clearing house and/or to the nominee company in settlement of the principal and/or the interest and/or additional payments, will be deemed as payment to holders.
- B. Each Bondholder may exercise his rights as Bondholder, provided that the Company and/or the Trustee, as the case may be, receives from the nominee

company, a confirmation designating the name of the Bondholder and the total sum for the principal of the Bonds held by the nominee company for such Bondholder.

- C. Bondholders will collaborate with the Company, as may be required, with a view to implementing the aforesaid, including, without limitation, returning the original Bonds certificates issued in their name, if any, to the Company, for the purpose of issuing Bonds certificates in the name of the nominee company.
- D. The Company will advise the Trustee of the listing of the Bonds for trading on the TACT – Institutional, and will act pursuant to all the pertinent provisions and guidelines of the Stock Exchange with respect to the TACT – Institutional, including the date of the Ex-day, the Cum day and manners of computing the annual interest. The provisions of this Trust Deed and the provisions of the terms of the Bonds will be revised, insofar as and to the extent required pursuant to the provisions of the Stock Exchange and its guidelines, to such wording as shall be concluded with the Trustee, without the Company having to obtain any approval whatsoever from the Bondholders and/or the Trustee.
- E. It is hereby clarified, to remove any doubts, that subject to the provisions of the Law and the Stock Exchange rules, no person other than an institutional investor as set forth in the First Schedule to the Law, may trade the Bonds within the framework of the TACT – Institutional system as aforesaid.
- F. Listing for trading in the TACT – Institutional system is not listing for trading on the Stock Exchange within the meaning below.

Listing the Bonds for trading on the Stock Exchange – The Company will do its utmost and will adopt all measures reasonably required, subject to the provisions of any law and the Stock Exchange rules, to list the Bonds for trading on the Stock Exchange such that no restrictions will apply on resale under the provisions of Section 15.C. of the Law, by the Bondholders, up to August 30, 2006 (hereinafter: the “**Effective Date for Listing**”). In the event of the failure to list the Bonds for trading on the Stock Exchange by the Effective Date for Listing as aforesaid, the Company may, at its sole discretion, act for the listing for trading of the Bonds also after the Effective Date, up to the date of the settlement of the total principal of the Bonds as aforesaid.

In any event of listing the Bonds for trading on the Stock Exchange as aforesaid, the provisions of the Trust Deed and the provisions of the terms of the Bonds will be revised, insofar as and to the extent required under the provisions and guidelines of the Stock Exchange and/or the Securities Authority, to such wording as will be concluded with the Trustee, without the Company having to obtain any approval from the Bondholders and/or the Trustee, provided that the Trustee is satisfied that the revision required by the Stock Exchange and/or the Securities Authority does not adversely

affect the Bondholders' rights. Upon the listing of the Bonds for trading on the Stock Exchange, the Bonds will no longer be traded in the TACT – Institutional system. The Company will publish an immediate report concerning the revisions made in the Trust Deed, insofar as and to the extent so made.

So long as the Bonds are not listed for trading on the Stock Exchange, the following provisions will apply:

- A. The Company will pay an increment of 0.3% to the annual interest rate paid for the balance of the unsettled principal of the Bonds (hereinafter: the “**Interest Increment**”), by the publishing date of the prospectus concerning the listing of the Bonds for trading on the Stock Exchange (hereinafter, in this section only: the “**Prospectus Publication Date**”), inclusive.

It shall be clarified that in the event that the Bonds are listed for trading on the Stock Exchange during an Interest Period, as defined in section 4 of the terms listed overleaf of the Bond certificate (hereinafter: “**Interest Period**”), the Company will pay to each Bondholder at the closing of the trading day on the TACT – Institutional (one trading day before the termination of the trading of the bonds on the TACT – Institutional (hereinafter, in this section only: the “**Effective Date**”) a one-off payment at the rate of the Interest Increment for the balance of the unsettled principal of the Bonds, for the period commencing on the date of allocation of the Bonds and ending on the Prospectus Publication Date. The Interest Increment will be calculated at 365 days per annum and will be paid according to the number of days as of the commencement of that Interest Period up to the Prospectus Publication Date (inclusive). The Company will give notice of the Effective Date to the Stock Exchange at least four trading days prior to the Effective Date. The Company will further publish an immediate report concerning the date of payment of the Interest Increment as aforesaid.

- B. The Company may not perform a distribution, as defined in Section 1 of the Companies Law, 5759 – 1999 (hereinafter: the “**Companies Law**”) which does not comply with the provisions of Section 302(A) of the Companies Law, other than upon receipt of the approval of the general meeting of the Bondholders for such distribution, by a majority of 100% of the Bondholders voting at such meeting.
- C. Subject to the provisions of subsection 7.2 below, the Trustee may declare all or any part of the unsettled balance of the Bonds immediately due and payable, and shall be compelled to do so if so required by a special resolution adopted by the general meeting of the Bondholders, all upon the occurrence of one or more of the following:
- (i) The rating of the Bonds has fallen below the Baa2 investment level rating (corresponding to the BBB investment level rating of Ma'alot - The Israel Securities Rating Co. Ltd).

- (ii) The holdings of the Europe Israel (MMS) Ltd. Company, the Company's parent company, have fallen below 25% of the Company's issued capital.

It is hereby clarified and stressed that immediately upon the listing of the Bonds for trading on the Stock Exchange, all the Company's obligations set out in sections A-C above will be cancelled, they shall have no effect and none of the Bondholders shall have any contention and/or demand and/or claim with respect thereto.

**3. Acquisition of Bonds on the part of the Company and a subsidiary**

- 3.1 The Company reserves the right to acquire, at any time, Bonds of the Series Bonds at any price it finds fit, without prejudice to the duty to settle the Bonds held by others apart from the Company.
- 3.2 The Bonds that will be acquired by the Company will be cancelled, and if listed for trading on the Stock Exchange or in the TACT – Institutional system, as set out in section 2 above, shall also be delisted from trading on the Stock Exchange or the trading in the TACT – Institutional system, as the case may be, and the Company shall not be entitled to reissue them.
- 3.3 The Company's subsidiary may acquire and/or sell Bonds of the Series Bonds, from time to time, either on the Stock Exchange or off-floor, including by means of an issue by the Company. The Bonds to be held as aforesaid by a subsidiary will be deemed as being an asset of the subsidiary, and if listed for trading, they will not be delisted from trading on the Stock Exchange, and will be transferable similar to the other Series B Bonds. The votes to which such subsidiary will be entitled, by virtue of its holdings in the Bonds, will not be counted for the purpose of determining the existence of a quorum at general meetings of Bondholders, and the Bonds held by the subsidiary will not confer on it voting rights at such general meetings, so long as the Bonds are held by such subsidiary.
- 3.4 Nothing in the foregoing section 3 above, *per se*, shall bind the Company and/or the Company's subsidiary and/or the Bondholders, to acquire Bonds or sell the Bonds in their possession.

**4. The Company's Undertakings**

The Company hereby undertakes to pay, on the designated dates, the principal, interest and linkage differentials (including arrears interest, if any, pursuant to the provisions of section 6 of the terms listed overleaf of the Bond attached as Appendix A hereto) payable under the terms of the Bond and to comply with all the other terms and obligations imposed on it, pursuant to the terms of the Bond and hereunder. The Company hereby undertakes to pay, on the designated dates, the principal, the interest and the linkage differentials (including arrears interest, if any, pursuant to the provisions of section 6 of the terms listed overleaf of the Bond attached hereto as Appendix A), payable under the terms of the Bonds and to comply with all other terms and obligations imposed on it under the terms of the Bonds and hereunder.

Where the designated date for payment of the Series B Bonds or the designated date for any interest installment occurs on any day other than a business day, the payment date or the date of such installment shall be postponed to the business day immediately subsequent thereto, and no interest shall be paid with respect to such delay.

**5. Securities:**

5.1 The Bonds are not secured by means of any lien.

5.2 The Company may encumber all or any of its property, by means of any encumbrance and in any fashion whatsoever, in favor of any third party whatsoever, without having to obtain any approval from the Trustee and/or the Bondholders.

**6. Rating of the Bonds**

The Bonds shall be equal *inter se*, (*pari passu*) without any preference or priority of one over the other.

**7. Immediate settlement**

7.1 Subject to the provisions of subsection 7.2 below, the Trustee may declare all or any part of the unsettled balance of the Bonds immediately due and payable, and shall be compelled to do so if so required by a special resolution adopted by the general meeting of the Bondholders, all upon the occurrence of one or more of the following:

7.1.1 Should the Company fail to settle any sum payable by it under the Bonds up to the end of seven (7) days from the due date thereof.

7.1.2 If a temporary liquidator has been appointed by a court or if a court has entered a temporary liquidation order to the Company and such appointment or order is not cancelled by the end of 45 days from its commencement date, or if the Company adopts a valid resolution of the winding up thereof (other than winding up for the purpose of a merger with another company and/or a change in the Company's structure, provided that the Trustee is satisfied that the Bondholders' rights are secured), or where a permanent liquidator has been appointed for the Company or if a final winding up order has been entered against it.

7.1.3 Upon the occurrence of any of the following, where the Trustee or a special resolution adopted at a general meeting of the Bondholders determine that same poses a risk to the rights of the Bondholders:

(a) Lienholders on the Company's property realize their liens on all, or on a substantial part of the Company's assets.

- (b) An attachment is imposed on substantial assets of the Company, and such lien is not removed by the end of forty five (45) days from the date of the imposition thereof.
- (c) An act of execution is instituted against substantial assets of the Company, and such act is not cancelled by the end of forty five (45) days from the date of the institution thereof.
- (d) A receiver is appointed to all and/or a substantial part of the Company's assets, and such appointment is not cancelled by the end of forty five (45) days from the commencement thereof.
- (e) The Company discontinues its installments and/or gives notice of its intention to discontinue its installments and/or there is a material concern that it is liable to discontinue its installments and/or terminate its business and/or intends to terminate its business and/or where it is reasonable that it would terminate its business.
- (f) A motion for stay of proceedings against the Company under Section 350 of the Companies Law, 5759 – 1999, is submitted to the court by a third party that is not the Company, and such motion is not cancelled within forty five (45) days from the commencement date thereof.
- (g) Should the Company violate or fail to comply with any material conditions or obligations incorporated in the Bonds and/or in this Deed, where the Trustee deems same as prejudicing the rights of the Bondholders, and the Company has not fulfilled such condition within seven (7) days from the Date the Trustee has given it a written warning to that effect.
- (h) Another series of the Bonds issued by the Company is declared due and payable.
- (i) All the Company's securities are delisted from trading on the Stock Exchange and from trading on the Nasdaq concurrently.

7.2 Notwithstanding the contents of subsection 7.1 above, the Trustee shall not declare the Bonds immediately due and payable, unless the following conditions are satisfied:

7.2.1 The Trustee has given a prior written warning to the Company of its intention to act as aforesaid, and the Company failed to comply with the contents of such warning by the end of fifteen (15) days from the date of receipt thereof. In the said warning, the Company is required to cause the cancellation and/or termination of the occurrence, as set

out in subsection 7.1 above, in connection with which the said warning was given.

7.2.2 The Trustee reasonably believes that any delay in declaring the Company's debt payable puts the rights of the Bondholders at risk.

7.2.3 Notwithstanding the contents of sections 7.1 and 7.2.1 above, should the Trustee find that a delay in declaring the Bonds immediately due and payable, as set out in subsections 7.1 and 7.2.1 above, will significantly risk the rights of the Bondholders, the Trustee may bring forward each of the periods set out in subsections 7.1 and 7.2.1 above, as it finds necessary, with a view to preventing the said risk to the rights of the Bondholders, provided that it gives written notice thereof to the Company and no response is received from the Company to its satisfaction within two (2) business days from the date of such warning.

7.3 After the Bonds are declared immediately due and payable as aforesaid, the Company shall perform from time to time and at any time it is required to do so by the Trustee, all the acts reasonably required to allow the exercise of all powers vested by the Trustee. *Inter alia*, it shall cause the performance of all acts reasonably required pursuant to the law to validate the Trustee's powers.

## **8. Claims and proceedings on the part of the Trustee**

8.1 The Trustee may, at any time after the Bonds are declared due and payable, at its discretion and without giving another notice, adopt all such proceedings, including legal proceedings, as it finds fit, subject to the provisions of any law, to protect the rights of the Bondholders and implement the provisions of the Trust Deed and it may convene a special meeting of the Bondholders to this end. The Trustee shall be compelled to do so at the demand of the meeting of the Bondholders adopted by a special resolution.

Nothing in the foregoing shall prejudice and/or derogate from the Trustee's right to institute legal and/or other proceedings, either on its own initiative or at the demand of the meeting of the Bondholders adopted by a special resolution, even if the Bonds have not been declared immediately due and payable, all with a view to protecting the Bondholders and subject to the provisions of any law.

8.2 The Trustee may, before resorting to such proceedings, convene a general meeting of the Bondholders, to determine, in a special resolution, the type of proceedings to be adopted to exercise their rights under this Deed and the Bonds. The Trustee may further reconvene general meetings of the Bondholders for the purpose of receiving instructions in respect of the conducting of such proceedings. In such cases, the Trustee shall act without delay and on the first practicable and reasonable date.

- 8.3 Subject to the provisions of this Deed, the Trustee may, but shall not be obligated to, convene a general meeting of the Bondholders at any time, with a view to discussing and/or receiving its instructions on any matter pertaining to this Deed, provided that the convening of the meeting shall be performed by the Trustee in such cases without any delay and on the first practicable and reasonable date.
- 8.4 The Trustee may, but shall not be obligated to, at its sole discretion, withhold any act on its part under this Deed, for the purpose of an application to the general meeting of the Bondholders and/or the court, until such time as it receives instructions from the general meeting of the Bondholders and/or instructions from the court on how to proceed. The application to the general meeting of the Bondholders and/or to the court will be effected in such cases without delay and on the first practicable and reasonable date.
- 8.5 Subject to the provisions of subsection 8.6 below, the Trustee shall be obligated to act as set out in subsection 8.1 above, should it be so required by a special resolution adopted at the general meeting of the Bondholders, unless it finds that, under the circumstances, it is not just and/or reasonable to do so and it has applied to the pertinent court for respective instructions on the first reasonable date.
- 8.6 The Trustee shall be entitled to indemnification from the Bondholders and/or the Company for reasonable expenses incurred and/or to be incurred by it, as the case may be, with respect to acts performed and/or to be performed by it, by virtue of its duties under the terms of the Trust Deed and/or under law and/or pursuant to instructions of a competent authority and/or any law and/or at the demand pursuant to any resolution adopted at a general meeting of the Bondholders and/or the Company. Notwithstanding the foregoing, it is hereby clarified and agreed that the Company shall not indemnify the Trustee for expenses incurred and/or that may be incurred by it with respect to acts performed and/or which may be performed at the demand of the Bondholders for any reason whatsoever and the Bondholders shall not indemnify the Trustee for expenses incurred and/or to be incurred by it with respect to acts performed and/or to be performed by it at the Company's demand for any reason whatsoever. The right to indemnification set out in this subsection 8.6, shall apply upon the following conditions:
- 8.6.1 The expenses are reasonable.
- 8.6.2 The Trustee has acted in good faith, has not been negligent and such act was performed in its capacity as trustee.
- 8.6.3 The Trustee may not demand indemnification in advance for its expenses in connection with a pressing matter.



- 8.7 Subject to the provisions of subsection 8.6 above, the Trustee may refrain from adopting any measure as aforesaid in subsection 8.6 above, until such time as it receives, to its satisfaction, an indemnity letter from all or any of the Bondholders, as the case may be, in connection with any liability for damages and/or expenses liable to be caused to the Trustee and the Company or to any of them, due to the performance of such act, other than in circumstances where a pressing act is required, and where refraining from the performance thereof up to the receipt of the indemnity letter as aforesaid, shall cause damage and/or loss to the Bondholders.
- 8.8 To remove any doubts, it is hereby clarified, that nothing in any of the aforesaid provisions shall prejudice and/or derogate from the Trustee's right which is hereby vested in it, to apply, at its exclusive discretion, to legal instances also before the Bonds are declared due and payable, for the purpose of obtaining any order concerning the trust affairs.

**9. Receipts held in trust**

All receipts collected by the Trustee in consequence of declaring the Bonds immediately due and payable, including receipts arising from proceedings instituted by it, if any, against the Company, shall be held by it in trust and it shall use same for such purposes and according to such priorities as follows:

First, for settlement of all expenses, payments, levies and obligations incurred by the Trustee, imposed on it, or caused in the course of, or in consequence of, acts in implementation of the trust or otherwise, with respect to the terms of this Deed, including its fee (but without derogating from the Company's undertakings pursuant to section 17 below). Second – to pay, to the Bondholders, the arrears interest due to them and subject to the linkage terms under the Bonds *pari passo* and *pro rata* to the sums payable to each of them without preference or priority with respect to any of them, and without any preference as to the time priority of the issuance of the Bonds by the Company or otherwise; third – to make such payments to the Bondholders, on account of the principal owed to them under the Bonds held by them *pari passo* and subject to the linkage terms under the Bonds, all whether the due date for settlement of any installment on account of the principal as aforesaid has fallen due or not, *pro rata* to the sums owing to them, without any preference as to the time priority of the issuance of the Bonds by the Company or otherwise. The surplus, if any, shall be paid by the Trustee to the Company or its successors, as the case may be. Tax will be withheld from the payments to the Bondholders to the extent such should be deducted under any law.

**10. Power to withhold distribution of funds**

- 10.1 Notwithstanding the provisions of section 9 above, in the event that the monetary sum obtained in consequence of the institution of the proceedings as aforesaid, which at any time is available for distribution, as set out in such section, is less than ten (10) percent of the unsettled principal balance of the

Bonds plus the interest thereon (subject to the linkage terms) (hereinafter: the “**Minimum Sum**”) the Trustee shall not be obligated to distribute same, and it may invest such sum, in whole or in part, in such investments as are permitted hereunder and substitute such investments from time to time by other permitted investments under this Deed, all as it finds fit. Notwithstanding the foregoing, a special resolution at the meeting of the Bondholders may instruct the Trustee to distribute, to the Bondholders, any such amount, even where the cumulative sum as aforesaid is less than the Minimum Sum.

- 10.2 Where such investments, including accruals thereon, together with other funds received by the Trustee for the purpose of the payment thereof to the Bondholders, total, if at all, such amount as is sufficient to pay at least ten (10) percent of the unsettled principal balance of the Bonds (subject to the linkage terms), the Trustee shall pay same to the Bondholders as set out in section 9 above. In the event that, within a reasonable period of time, the Trustee does not have a sufficient sum to pay at least ten (10) percent of the unsettled balance of the principal of such Bonds, the Trustee may distribute the funds held by it to the Bondholders.

## **11. Notice of distribution and deposit with the Trustee**

- 11.1 The Trustee shall give notice to the Bondholders of the date and the place of effecting any installment of the installments set out in sections 9 and 10 above, in a notice to be delivered to them in the manner designated in section 21 below, not less than ten (10) days and not more than twenty (20) days in advance.

After the date designated in the notice, the Bondholder shall be entitled to interest thereon, at the rate designated in the Bonds, only in respect of the unsettled balance of the principal (if any) after deduction of the amount paid or offered to be paid to them as aforesaid.

- 11.2 Any sum payable to a Bondholder which has not been actually paid on the date designated for payment for any reason beyond the Company’s control, while the Company was willing to pay same, shall cease to bear interest and linkage differentials as of the date designated for payment thereof, while the Bondholder shall be entitled only to such payments as he would have been entitled to on the date designated for payment of such installment on account of the principal, interest and linkage differentials.
- 11.3 The Company shall deposit, with the Trustee, the sum of the installment not paid in a timely fashion, as set out in subsection 11.2 above, not later than fifteen (15) business days as of the date designated for such installment, and shall give notice of such deposit, and such deposit shall be deemed as

settlement of such installment, and, in the event of the settlement of everything owing for the Bond, also as the redemption of the Bond.

- 11.4 The Trustee shall invest, within the framework of trust accounts in its name and for its benefit, such funds as are transferred to it as set out in subsection 11.3 above, in such investments as are permitted to the Trustee under this Deed. In the event that the Trustee acts as aforesaid, it shall only owe, to those eligible for such amounts, the consideration received from the realization of the investments, less the expenses related to the said investment and to the management of the trust accounts, as well as the charges, and less the obligatory payment applicable to the trust account. From such funds, the Trustee shall transfer, to the Bondholders, the sums to which they are entitled, as soon as practicable after proof and confirmations are presented to the Trustee of their entitlement to such amounts, to the Trustee's full satisfaction, and less its expenses.
- 11.5 The Trustee shall hold such funds and shall invest them in the said manner, up to the end of one year from the final settlement date of the Bonds. After such date the Trustee shall transfer, to the Company, such amounts as are set out in subsection 11.4 above, including profits arising from their investment, less its expenses, to the extent remaining in its possession on such date. The Company shall hold such amounts in trust for such Bondholders as are entitled to such sum, and in respect of the sums transferred to it by the Trustee as aforesaid the provisions of subsection 11.4 above shall apply to it, *mutatis mutandis*.

The Company shall confirm to the Trustee, in writing, the holding of the amounts and the receipt thereof on behalf of the Bondholders, and shall indemnify the Trustee for any claim and/or expense and/or damage of any type whatsoever incurred by it in the wake of, and due to, the transfer of the funds as aforesaid, unless the Trustee has acted negligently.

The Company shall hold such funds in trust on behalf of the Bondholders entitled thereto for six (6) additional years from the date of the transfer thereof by the Trustee. Funds not demanded from the Company by a Bondholder up to the elapsing of seven (7) years from the date of the final settlement date of the Bonds, shall be transferred to the Company, and the Company shall be entitled to use the remaining funds for any purpose whatsoever.

## **12. Receipt from the Bondholders**

- 12.1 A receipt from a Bondholder for any payment on account of the principal, the interest and the linkage differentials paid to him by the Trustee in connection with the Bond, shall serve as absolute exemption of the Trustee and the Company in connection with the very performance of the payment of the sums designated in the receipt.

- 12.2 A receipt from the Trustee as to the deposit of any installment on account of the principal, the interest and the linkage differentials with the Trustee for the benefit of the Bondholders as set out in subsection 11.3 above, shall be deemed as a receipt from the Bondholder for the purpose of the provisions of subsection 12.1 above, with respect to the exemption of the Company in connection with the performance of the payment of the sums designated in the receipt.
- 12.3 Funds distributed as aforesaid in section 11 above, shall be deemed as payment on account of the settlement of the Bonds.

**13. Presentation of a Bond to the Trustee and registration with respect to partial installment**

- 13.1 The Trustee may demand from a Bondholder to present to the Trustee, upon the payment of any interest or partial installment of principal, interest and linkage differentials pursuant to sections 9, 10 and 11 above, the Bonds certificates for which the installments are made.
- 13.2 The Trustee may register, in the Bond certificate, a note with respect to the sums paid as aforesaid and as to the date of payment thereof.
- 13.3 The Trustee may, in any special case, at its discretion, waive the presentation of a Bond certificate after an indemnity undertaking and/or sufficient security, to its satisfaction, has been given to it by the Bondholder, for damages liable to be caused due to failure to register such note, all as it finds fit.
- 13.4 Notwithstanding the aforesaid, the Trustee may, at its discretion, keep records in any other manner, with respect to such partial installments.

**14. Investment of funds**

All funds which the Trustee is entitled to invest under this Deed, shall be invested by it, in accounts at one of the five (5) leading banks in Israel, in its name or for its benefit, in such investments as the laws of the State of Israel allow trust funds to invest therein, as it finds fit, all subject to the terms of this Trust Deed, provided that any investment in securities shall be in such securities as have been rated by a rating company approved by the Commissioner of the Capital Market with identical rating to that of the Bonds on the date of the execution of this Trust Deed.

**15. Company's undertakings to the Trustee**

The Company hereby undertakes to the Trustee, so long as the Bonds have not been fully settled, as follows:

- 15.1 To continue to conduct its business in a regular and appropriate manner and to maintain and conduct its assets in a good and orderly condition.

- 15.2 To regularly pay all the obligatory payments and taxes applicable, if any, to its assets.
- 15.3 To maintain orderly books of account in accordance with accepted accounting principles, to maintain the books and documents used as their references, and to allow any authorized representative of the Trustee to review, at any reasonable time to be coordinated in advance with the Company, any book and/or document as aforesaid which the Trustee seeks to review. In this context, an authorized representative of the Trustee means a person designated by the Trustee for the purpose of such review, by means of a written notice on the part of the Trustee to be given to the Company prior to the review as aforesaid, and which shall also contain the Trustee's approval whereby such designated representative is obligated to the Trustee to keep confidential the information disclosed to such designated representative in his capacity on behalf of the Trustee. The Trustee shall treat as confidential any information contained in a book and/or document reviewed by the Trustee's representative as aforesaid.
- 15.4 To insure its assets pursuant to principles of regular business procedures pursuant to which assets of such type are covered, and to comply with all the terms of the insurance and to present to the Trustee a certification of issuance of insurance policies, as aforesaid, upon demand.
- 15.5 To give a written notice to the Trustee immediately upon learning, and not later than two (2) business days after learning, of any event of imposition of an attachment on the Company's assets the cumulative value of which on such date amounts to 10% or more of the total consolidated balance sheet of the Company, pursuant to the Company's last consolidated financial statements and in any event of appointment for the Company's assets, at such cumulative value, a receiver, a special administrator and/or temporary or permanent liquidator, and to adopt at its expense all measures required to remove such attachment or to cancel the receivership, liquidation or administration, as the case may be.
- 15.6 To advise the Trustee in writing, immediately upon learning thereof, and not later than two (2) business days from learning of it, of the occurrence of any of the events set out in subsections 7.1.1, 7.1.2 and 7.1.3 above.
- 15.7 To deliver to the Trustee, upon its demand, a copy of any report that it is compelled to submit to the Securities Authority, on the same date of submission thereof to the Authority, and a copy of any document that the Company transfers to its shareholders or to the Bondholders and the particulars of any information that it otherwise transfers to them. The Company shall further transfer to the Trustee additional information with respect to the Company at the Trustee's reasonable demand, and any information transferred by the Trustee shall be maintained in confidence by the Trustee.

- 15.8 To give a confirmation to the Trustee, at its demand, that all payments that have fallen due have been effected to the Bondholders.
- 15.9 To act with a view that the Bonds be rated by a rating company approved by the Commissioner of the Capital Market, pursuant to the rules and provisions prescribed in the Income Tax Regulations (Rules for Approval and Management of Provident Funds), 5724 – 1964, Insurance Business (Control) Regulations (Ways of Investing an Insurer's Capital and Reserves and Management of His Obligations), 5761 – 2001, as shall be amended from time to time up to the date of settlement of the Bonds in full and to advise the Trustee of any decline in the rating of the Bonds.
- 15.10 To allow the Trustee to participate at meetings of the Company's shareholders, without conferring a voting right on it.
- 15.11 The Trustee's undertaking, as set out in this section 15 above, shall not apply to any transfer of information to the meeting of the Bondholders which, in the Trustee's reasonable opinion, will be required by the Bondholders for the purpose of adopting a resolution in respect of their rights or for the purpose of giving an account to the Bondholders at the Trustee's reasonable discretion.

It is hereby clarified that failure to act on the part of the Trustee and/or the Bondholders in view of the failure to comply with any obligation on the part of the Company under this Deed, shall not be deemed as being a waiver on the part of the Bondholders and/or the Trustee of any right, but only as a limited consent to the special occasion on which it was granted.

## **16. Other agreements**

Subject to the provisions of the Law and the restrictions imposed on the Trustee under law, the fulfillment of its capacity as Trustee, under this Deed, or its very status as Trustee, shall not prevent the Trustee from entering into various agreements with the Company or entering into transactions with the Company in the ordinary course of its business, provided that such engagements and/or transactions shall not cause the Trustee to lose its capacity under Section 35.E. of the Law to serve as Trustee for the Bondholders.

## **17. Trustee's fee**

The Trustee's fee shall be as set out in Appendix C hereto, constituting an integral part of this Deed.

## **18. Special Powers**

- 18.1 The Trustee may, as part of the fulfillment of the Trust affairs under this Deed, act in accordance with the opinion and/or advice of any attorney, accountant, appraiser, assessor, surveyor, mediator or other specialist,

whether such opinion and/or advice has been prepared at the Trustee's request and/or by the Company, and the Trustee shall not be responsible for any loss or damage caused in consequence of any act and/or omission performed by it on the basis of such advice or opinion, unless the Trustee has acted negligently or *mala fide*.

- 18.2 Any such advice and/or opinion may be given, forwarded or received by means of a letter, telegram, facsimile and/or any other electronic means for transmission of information, and the Trustee shall not be responsible for any acts performed by it on the basis of any advice and/or opinion and/or information transmitted in one of the aforesaid manners, notwithstanding that same contained errors and/or was not authentic, unless the Trustee was aware of such errors or where such errors could have been detected under a reasonable examination. Such opinion shall be open for perusal by any Bondholder, upon demand, with the Trustee, subject to the Bondholder's execution of a letter of confidentiality upon the Company's demand.
- 18.3 The Trustee shall not be obligated to give notice to any party of the execution of this Deed and may not in any manner interfere with the management of the Company's business or affairs. Nothing in the contents of this section shall limit the Trustee in respect of acts to be performed by it under this Trust Deed.
- 18.4 The Trustee shall use the trust, powers, authorizations and authorities conferred on it, under this Deed, at its absolute discretion and shall not be responsible for any damage caused in consequence of an error in such discretion, unless the Trustee has acted negligently.

**19. The Trustee's power to engage agents**

The Trustee may appoint an attorney or other agent/s to act in its stead, to perform or participate in the performance of special acts to be performed with respect to the Trust and pay a fee to any such agent, and, without limitation to the generality of the foregoing, institution of legal proceedings or representation in proceedings of the Company's merger or spin-off. The Company may object to such appointment on any reasonable ground whatsoever, including in the event that the agent is competing, directly and/or indirectly, with the Company's business.

**20. Trustee's fee**

Without prejudice to the rights for indemnification vested in the Trustee under the Law and/or the Company's obligations under this Deed, and subject to the contents of subsection 8.6 above, the Trustee, its attorney, manager, agent or other person, appointed by the Trustee, pursuant to this Deed, shall be entitled to indemnification out of the funds received by the Trustee for the Bondholders arising from the proceedings instituted by it and/or otherwise pursuant to this Deed, with respect to reasonable obligations assumed by them, with respect to reasonable expenses

incurred in the course of implementing the Trust under this Deed or with respect to such acts, which in their opinion were required for such implementation and/or with respect to the exercise of powers and authorizations vested in the Trustee, pursuant to this Deed and with respect to all sorts of legal proceedings, opinions of attorneys and other specialists, negotiations, discussions, expenses, claims and demands in connection with any law and/or matter, made and/or omitted in any manner, with respect to the above, and the Trustee may withhold the funds in its possession and pay out of such funds such amounts as are required for settlement of the indemnification. Notwithstanding the foregoing, the Trustee shall not be entitled to indemnification for such acts performed by it where held in a conclusive judgment that the Trustee acted negligently.

## **21. Notices**

21.1 Any notice on behalf of the Company and/or the Trustee to the Bondholders shall be given by means of an advertisement published in two widely-circulated daily newspapers in the Hebrew language or by means of forwarding a notice by registered mail to the last address of the Bondholders recorded in the Register (and in the event of joint holders – to such holder whose name appears first in the Register), and any notice published or mailed, as aforesaid, shall be deemed to have been delivered to the Bondholder on the date of the publication thereof as aforesaid, or within three days from the date of the dispatch thereof at the post office, all as the case may be. In the event that the Bonds are listed for trading on the Stock Exchange or on the TACT – Institutional, such notice shall be given through a notice to be published in two widely-circulated daily newspapers in the Hebrew language, and, at the Company's discretion, also by means of forwarding the notice by registered mail, to the last address of the Bondholders recorded in the Register. In the event that the Bonds are listed for trading on the Stock Exchange, an immediate report shall also be published and such published report shall be deemed to have been delivered to the Bondholders on the date of the publication thereof.

21.2 Copies of notices and invitations that will be given by the Company to the Bondholders shall also be sent to the Trustee. It shall be clarified that such notices and invitations do not include ongoing accounts by the Company to the public.

Copies of notices and invitations that will be given by the Trustee to the Bondholders shall also be sent by it to the Company.

21.3 Any notice or demand on behalf of the Trustee to the Company or on behalf of the Company to the Trustee, may be given by means of a letter that will be forwarded by registered mail to the address set out in this Deed, or to any other address of which one party gives written notice to the other, and any such notice or demand shall be deemed to have been received by its



addressee within three business days from the date of dispatch thereof at the post office.

**22. Revisions in the Trust Deed, waiver and settlement**

- 22.1 Subject to the provisions of the Law and the regulations enacted thereunder, the Trustee may, from time to time and at any time, or in any other event, if it is satisfied that same does not amount to material injury to the rights of the Bondholders, waive any failure to fulfill any of the terms of the Bonds or this Deed on the part of the Company, provided that they do not refer to the terms of payment of the Bonds and the grounds for the declaration as immediately due and payable and/or reports that the Company is to deliver to the Trustee pursuant to the provisions of this Deed.
- 22.2 Subject to the provisions of the Law and the regulations enacted thereunder, and with the prior approval by a special resolution to be adopted at the general meeting of the Bondholders, at which the holders were present in person, or by proxy, at least fifty percent (50%) of the par value of the unsettled balance of the principal of the Bonds, or at an adjourned meeting, at which the holders were present in person or by proxy, at least twenty percent (20%) of such balance, the Trustee may, either before or after the principal of the Bonds becomes due, settle with the Company with respect to any right or claim of all or any of the Bondholders and reach any arrangement in respect of their rights with the Company, including waiver of any of its rights or claims and/or those of all or any of the Bondholders *vis-à-vis* the Company.
- 22.3 Subject to the provisions of the Law, the Company and the Trustee may, either before or after the principal of the Bonds becomes due, revise the Trust Deed and/or the terms of the Bonds, on the occurrence of one of the following:
  - 22.3.1 The Trustee has been satisfied that the change does not materially adversely affects the rights of the Bondholders, other than revisions referring to the terms of payment of the Bonds, the grounds for declaration as immediately due and payable and/or reports to be submitted by the Company to the Trustee pursuant to the provisions of this Deed.
  - 22.3.2 The proposed revision has been approved by a special resolution adopted at the general meeting of the Bondholders, at which the holders were present in person or by proxy, of at least fifty percent (50%) of the par value of the unsettled balance of the principal of the Bonds, or at an adjourned meeting, at which the holders were present in person or by proxy, of at least twenty percent (20%) of such balance.

- 22.4 The Company shall deliver to the Bondholders, a notice of any such revision, pursuant to subsection 22.1, subsection 22.3.1 or subsection 22.4 above, as soon as practicable after the implementation thereof.
- 22.5 In any event of exercise of the Trustee's right under this section, the Trustee may demand from the Bondholders to deliver the Bonds certificates to it or to the Company, for the purpose of entering a note therein as to any compromise, waiver, revision or amendment as aforesaid, and at the Trustee's demand, the Company shall enter such a note. In any event of the use of the Trustee's right under this section, it shall give a written notice thereof to the Bondholders within a reasonable time.

**23. Bondholders' Register**

- 23.1 The Company shall keep and maintain, at its registered office, a Bondholders' Register, in which the names of the Bondholders shall be recorded, as well as their addresses, and the number and par value of the Bonds registered in their name. Furthermore, any transfer of ownership in the Bonds shall be recorded in the Bonds. The Trustee and any Bondholder may, at any reasonable time, peruse such Register. The Company may close the Register from time to time for such period or periods as shall not exceed, cumulatively, 30 days per annum.
- 23.2 The company shall not be obligated to record in the Register, any notice as to express, implied or estimated trust, or any pledge or lien of any nature whatsoever or any equitable right, claim or offset or any other right whatsoever, with respect to the Bonds. The Company shall only recognize the ownership of the person in whose name the Bonds were registered, provided that his legal heirs, administrators of estate or executors of the will of the registered owner and any person entitled to the Bonds, in the wake of the bankruptcy of any registered owner (and, in the case of a corporation – in the wake of the dissolution thereof), may be registered as their owner, after presenting proof which at the Company's discretion is sufficient to prove their right to be registered as the owner thereof.

**24. Certificates and split of certificates**

For the Bonds registered in the name of one holder, one certificate shall be issued to him, or, at his request, a number of certificates shall be issued to him (the certificates referred to in this section shall be hereinafter referred to as: the "**Certificates**").

Each certificate may be split into certificates such that the total par value of the Bonds included therein equals the amount of the par value of the Bonds included in the certificate sought to be split. The split will be performed in accordance with a split application signed by the registered owner of the Bonds, forming the subject matter of the certificate sought to be split, against submission of the certificate sought to be split to the Company at its registered office. The split shall be effected

within 30 days from the end of the month in which the certificate was delivered, together with its split applications, to the Company's registered office. The new Bonds certificates that will be issued in the wake of the split, shall each be for a par value amount in whole New Shekels. All expenses relating to the split, including Stamp Duty and other levies, if any, shall apply to the holder seeking the split.

**25. Expiry of the Trustee's office**

25.1 The provisions of the Law shall apply to the office of the Trustee and the expiry thereof, and to the appointment of a new trustee.

25.2 The Trustee may resign from its office at any time it wishes to do so after giving a written notice to the Company, three (3) months in advance, specifying the reasons for the resignation. The Trustee's resignation shall have no validity unless approved by a court, and only from the date designated therefore in the court's approval as aforesaid.

In the event that the Bonds are listed for trading on the Stock Exchange – the Securities Authority may apply to the court to terminate the office of the Trustee, pursuant to Section 35.N. of the Securities Law.

The Trustee's office shall terminate where it turns out that it is prevented from continuing in its office, in the wake of a change in the provisions of the Law or the applicable law in respect of capacity to serve as trustee, including where such impediment is created in connection with the listing of the Bonds for trading on the Stock Exchange. In this context, a demand by the Securities Authority to terminate the Trustee's office shall also be deemed as "impediment". In such event a new Trustee shall be appointed as proposed by the Company, in accordance with a resolution of the meeting of the Bondholders in a resolution to be adopted with the required majority as set forth in subsection 25.3 below.

The Company shall publish an immediate report of any such event with respect to the office of the Trustee and/or the termination thereof as aforesaid.

25.3 Holders of ten percent (10%) of the par value of the unsettled balance of the principal of the Bonds may convene a general meeting of the Bondholders and it may decide, in accordance with the vote of holders of at least fifty percent (50%) of such balance, or their proxies, on the dismissal of the Trustee from its office.

25.4 In the event of expiry of the Trustee's office, the court may appoint another Trustee, for such period and at such terms as it finds fit. The Trustee whose office has expired shall continue to serve in its office up to the appointment of another Trustee.

- 25.5 Each new Trustee shall have such powers, authorizations and other authorities as the Trustee whose office has expired, and it may act, in all respects, as if it has been appointed as Trustee from the outset.
- 25.6 Any appointment of a new Trustee, other than a trust company of a bank in Israel, put to the approval of the meeting of the Bondholders, shall require the Company to provide, on the date of the convening of the meeting, details of its equity and insurance arrangements with respect to the fulfillment of its capacity as trustee for the Bondholders.
- 25.7 If the Trustee's office has expired and/or the Trustee has been dismissed from its office, the Trustee shall not be entitled to payment of its fee as of the date of expiry of its office and/or dismissal from its office. In the event of payment of an annual fee, the Trustee shall refund the fee paid for the months in which it has not served as Trustee for the Company.
- 26. Meetings of the Bondholders**
- Meetings of the Bondholders shall be conducted as set forth in Appendix B hereto.
- 27. Reporting to the Trustee**
- The Company shall submit to the Trustee, so long as all the Bonds have not been settled (including the linkage differentials related thereto):
- 27.1 Audited financial statements of the Company for the fiscal year ended on December 31 of the previous year, immediately after the publication thereof by the Company.
- 27.2 Any report with respect to interim financial results of the Company, immediately after the publication thereof by the Company.
- 27.3 Any immediate report of the Company, immediately after the publication thereof by the Company, or any other report submitted by the Company to another stock exchange if the Company's securities will be traded on such stock exchange in the future.
- 27.4 Approval of the Company's auditor and/or the Company's controller of effecting the interest payment and/or payment on account of the principal and the dates thereof to the Bondholders, and the balance of the par value of the Bonds in circulation, upon the Trustee's written demand for such confirmation.
- 27.5 To give the Trustee a notice of the occurrence of any of the events constituting a ground for declaration as immediately due and payable, as set out in section 2 above. The Trustee undertakes to give a notice to the Bondholders of any notice by the Company as aforesaid.

27.6 In the event that the Company stops reporting to the public, the Company undertakes to submit, to the Trustee, the reports set out in this section 27 above, in such format and on such dates as applicable to the Company, prior to the termination of the Company's reporting duties, so long as the Bonds have not been settled.

For the purpose of this section 27, the publication of the said reports in this section 27 above on the Magna shall be deemed as submission of the report to the Trustee.

**28. Applicability of The Securities Law, 5728 - 1968**

In the event that the Bonds are listed for trading on the Stock Exchange, the parties shall act pursuant to the provisions of the Law and the Regulations thereof, in any matter not referred to in this Deed and, in any event of conflict between the provisions of the Law and its Regulations (that may not be contracted out) and this Deed, the parties shall act in accordance with the provisions of the Law and its Regulations.

**29. Applicable Law and Jurisdiction**

29.1 Israeli Law shall apply exclusively to this Trust Deed, including the appendixes hereto, as well as to any dispute arising with respect to this Deed.

29.2 The exclusive jurisdiction in respect hereof shall vest in the Tel – Aviv – Jaffa Court only.

**30. Authorization To Report In Magna**

By signing this Deed, the Trustee authorizes the authorized signatories of the Company with respect to electronic signatures to report in its name on the Magna system its entering into this Deed and the execution of this Deed on its part, to the extent required under law.

**In Witness Whereof The Parties Have Signed:**

\_\_\_\_\_  
**Elbit Medical Imaging Ltd.**

\_\_\_\_\_  
**Aurora Fidelity Trust Company Ltd**

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I, the undersigned, Dana Bar-Or Tepper, Advocate, hereby confirm that this Trust Deed was signed by **Elbit Medical Imaging Ltd. in accordance with its memorandum and articles of association, via Messrs.** \_\_\_\_\_.

\_\_\_\_\_  
**Dana Bar-Or – Tepper, Advocate**

## Appendix A

### Elbit Medical Imaging Ltd.

#### Series B Bond Certificate

Registered Series B Bonds, unlimited in amount, of NIS 1 par value each, payable in 10 equal semi-annual installments, on August 20 and February 20 of each of the years 2009 to 2014, inclusive (the first installment to be effected on August 20, 2009 and the last installment to be effected on February 20, 2014), bearing varying interest on the basis of the rate of the Libor interest (as defined in the terms listed overleaf) plus 2.65% per annum, payable in semi-annual installments on August 20 and February 20 of each of the years 2006 to 2014 (the first installment to be effected on August 20, 2006 and the last installment to be effected on February 20, 2014), linked (principal and interest) to the Representative Rate of the Dollar as of the Base Rate (as defined in the terms listed overleaf).

#### Registered Bonds

**Certificate No.:**\_\_\_\_\_

Total par value of the Bonds under this Certificate - NIS \_\_\_\_\_

The registered owner of the Bonds under this Certificate:

\_\_\_\_\_

1. This Certificate evidences that Elbit Medical Imaging Ltd. (hereinafter: the “**Company**”) shall pay, on August 20 and February 20 of each of the years 2009 to 2014 (inclusive), (the first installment to be effected on August 20, 2009 and the last installment to be effected on February 20, 2014), 10% of the par value of the Bonds under this Certificate; the Company shall further pay, on August 20 and February 20 of each of the years 2006 to 2014 (inclusive), varying interest on the basis of the rate of the Libor interest (as defined in the terms listed overleaf) plus 2.65% per annum on the unsettled balance of their par value, payable in semi-annual installments, on August 20 and February 20 of each of the years 2006 to 2014 (the first installment to be effected on August 20, 2006 and the last installment to be effected on February 20, 2014), all subject to the linkage terms and the other terms set out in the terms listed overleaf. Any such installment shall be effected to the registered owner of the Bonds in this Certificate at the end of August 8 or February 8 that fall immediately before the due date of such installment.
2. The last payment for the principal and interest shall be effected against the delivery of the Bonds to the Company at the Company’s registered office, or at any other place of which the Company shall give a notice, not later than five (5) business days prior to the due date thereof under the terms of the Bond.
3. The Bonds of this Series are issued pursuant to a Trust Deed between the Company on the one hand, and Aurora Fidelity Trust Company Ltd. (hereinafter: the “**Trustee**”) on the other hand, entered into on February 21, 2006 (hereinafter: the “**Trust Deed**”) and are not secured by means of any lien.

4. All Bonds of this Series shall be equal *inter se (pari passo)*, such that none shall have any preferential right over the other.
5. The Company reserves the right to issue, at any time, without the approval of the Trustee and/or the Bondholders of this Series, other Bonds or Series Bonds or other securities of any nature or type whatsoever, whether or not vesting a right to convert into Company shares, at such terms as the Company shall find fit, whether preferable, equal or inferior to the terms of the Bonds of this Series. The Company further reserves the right to increase the Series Bonds at its exclusive discretion pursuant to the provisions of any law and subject to the provisions of section 2 of the terms listed overleaf.
6. The Bonds in this Certificate are further subject to the terms listed overleaf and to the terms set forth in the Trust Deed.

The Bonds are offered within a transaction that does not constitute a public offering in the United States, within the meaning thereof in the 1933 US Securities Law, as may be amended from time to time (hereinafter: the “**US Law**”). The Bonds will not be submitted for registration with the US Securities Authority, or any other securities authority of any state in the United States. The Bonds may not be offered or sold, under US Law, by any holder other than in accordance with exemption from the registration requirements in the United States, or within a transaction which is not subject to the registration requirements, under the US Law or any securities law applicable in the pertinent state in the United States.

**Signed by the Company on** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## **The Terms Listed Overleaf**

### 1. **General**

In this Bond, the following terms shall have the following meanings, unless another meaning is implied from the context, namely:

**"Company"** – Elbit Medical Imaging Ltd.;

**"Trust Deed"** – a trust deed between the Company and Aurora Fidelity Trust Co. Ltd., that was signed in connection with the Series B Bonds;

**"Series B Bonds"** or the "Bond Series" or the "Bonds" – a series, unlimited in amount, of registered Series B Bonds having a par value of NIS 1.00 each of the Company, which shall be issued from time to time in the Company's sole discretion;

**"Trustee"** - Aurora Fidelity Trust Co. Ltd. and/or any entity which shall serve from time to time as the trustee of the Bondholders pursuant to the Trust Deed;

**"Register"** – the register of holders of Series B Bonds of the Company, in which all of the holders of the Series B Bonds shall be registered;

**"Bondholder"** or **"Bondowner"** - the person whose name is registered at the given time in the Register as the Bondholder, and in the event of a number of joint holders, the joint holder whose name is registered first in the Register;

**"Bond Certificate"** – a certificate of Series B Bonds whose text is set forth in Appendix A of the Trust Deed;

**"Law"** or the **"Securities Law"** – the Securities Law, 5728 – 1968, and the regulations thereof, as they shall be from time to time;

**"Principal"** – the amount of the total par value that is registered in this Bond Certificate;

**"Dollar"** – US Dollar.

**"Known Rate"** – The representative rate of the Dollar in NIS on a given date as determined by the Bank of Israel prior to such date, provided that during a period in which the Bank of Israel does not establish a representative rate, the Known Rate shall be the rate last established by the Minister of Finance together with the Governor of the Bank of Israel for government bonds linked to the Dollar rate.

**"Base Rate"** – The rate known on February 23, 2006 (namely, NIS 4.725 / US dollar).

**"Payment Rate"** – The rate known on the due date of any payment on account of the principal and/or interest.



**"Business Day"** – a day on which most of the banks in Israel are open to the public, for the purpose of performing transactions.

**"Special Resolution"** – as defined in section 6 of Appendix B of the Trust Deed.

**"Entitled Bondholder"** – the Bondholder in this Certificate who is entitled to the rights set forth therein at the given time.

**"Stock Exchange"** – the Tel Aviv Stock Exchange Ltd.

**"Rating Company"** – a company that has been approved by the Supervisor of the Capital Markets at the Ministry of Finance.

**"Libor Interest"** – Annual interest at a varying rate on the basis of the rate of the Libor interest for six-month dollar deposits on the inter-banking market in London, as quoted on the Telerate news service page 3750 at 11:00 a.m. (London time) two business days overseas prior to the beginning of any Interest Period. If at any time the interest established as aforesaid is not published on the Telerate news service page 3750, the interest shall be established in accordance with the publication of another recognized news service or in accordance with any other publication which at the Company's discretion constitutes an appropriate substitute for such publication.

**"Business Day Overseas"** – A day on which most of the banks in London are open for transactions.

## 2. **The Bonds**

The Bonds in this Certificate are part of a series, unlimited in amount, of the Company's Series B Bonds.

The Bonds are being offered in a transaction which does not constitute a public offering in the U.S.A., as this term is construed in US Securities Act of 1933, including the regulations thereof (hereinafter: the "Act"). The Bonds shall not be filed for registration with the US Securities Exchange and Commission or any other securities authority of any state in the USA. The Bonds may not be offered or sold pursuant to law in the USA by any holder, other than in accordance with an exemption from the registration requirements in the USA, or as part of a transaction which is not subject to the registration requirements, pursuant to the Act and pursuant to all of the binding securities laws in the relevant state in the USA.

Increase in the Series – the Company is entitled to issue, at any time and from time to time, without requiring the consent of the Bondholders or the Trustee, including to a subsidiary of the Company, in accordance with the provisions of any law, additional bonds whose terms shall be identical to the terms of the Series B Bonds, at any price and in any manner as the Company shall deem fit. Subject thereto, this Deed shall apply also with regard to any such additional bonds which shall be issued by the Company, and they shall be deemed, on the date of issue thereof, to be the same as the Company's Series B Bonds which were issued first. Notwithstanding that stated anywhere in the Trust Deed, an

additional issue of Series B Bonds, beyond the scope that was rated by a Rating Company in relation to this series (as at the date of this Deed, the amount equates to NIS 630 million), shall be implemented subject to an additional rating by a Rating Company and subject to the fact that the additional issue of bonds from the same series, as stated, shall not have an adverse effect on the rating of the Bonds which were first issued pursuant to this Deed, as that rating shall be at said time. The Company shall receive approval from the Stock Exchange for such increase, and shall publish an immediate report of any increase in the Bond Series.

Issue of Additional Securities – the Company reserves the right to issue, at any time, without requiring the consent of the Trustee and/or the consent of the Bondholders, other bonds or other series of bonds or other securities, of any kind or nature, upon such terms as the Company shall deem fit, whether they have priority over the terms of the Bonds, or whether they are equal or inferior thereto.

Listing of the Bonds for Trading in the TACT- Institutional System – subject to the general directives of the Stock Exchange, the Company shall register the Bonds in the name of Discount Bank Nominees Ltd., and it shall register, as soon as practicable and insofar as is within its control, the Bonds with the Stock Exchange Clearing House, which shall provide clearing services for the Bonds and also with the system of trading that is operated by the Stock Exchange for institutional investors (hereinafter: the "TACT- Institutional"). Should the Bonds be listed for trading on the TACT- Institutional, the following provisions shall apply:

- a. Each payment made by the Company to the Stock Exchange Clearing House and/or to the registration company for the payment of the Principal and/or the interest and/or additional payments shall be deemed to be payment to the holders.
- b. Each Bondholder may exercise his rights as the holder of a Bond, subject to receipt by the Company and/or the Trustee, as the case may be, from the Registration Company of approval specifying the name of the Bondholder and the total amount in respect of the Principal of the Bonds which are being held by the registration company for said Bondholder.
- c. The Bondholders shall cooperate with the Company, insofar as required, for the purpose of implementation of the above, including, without derogating from the generality of the foregoing, the return of the original Bond Certificates which were issued in their names, if any, to the Company, for the purpose of the issuance of the Bond Certificates in the name of the nominee company.
- d. The Company shall inform the Trustee of the listing of the Bonds for trading on the TACT Institutional and shall operate in accordance with all of the instructions and directives of the Stock Exchange which are relevant in connection with the TACT Institutional, including the ex-date, the cum date and the methods of calculation of the annual interest.

The provisions of the Trust Deed and the provisions of the terms of the Bonds shall be modified, insofar as required in accordance with the instructions and directives of the Stock Exchange, to such draft as shall be agreed with the Trustee, without the need for receipt of any approval by the Company from the Bondholders and/or from the Trustee.

- e. For the avoidance of doubt, it is hereby clarified that subject to the provisions of the law and the rules of the Stock Exchange, any entity which is not an institutional investor as set forth in the First Schedule to the Law, shall not be entitled to trade in the Bonds within the TACT Institutional system as specified above.
- f. Listing for trading on the TACT Institutional system is not listing for trading on the Stock Exchange as construed below.

Listing of the Bonds for Trading on the Stock Exchange – the Company shall use its best endeavors and shall take all the measures reasonably required, subject to the provisions of any law and the rules of the Stock Exchange, for the listing of the Bonds for trading on the Stock Exchange by August 30, 2006 (hereinafter: the "Effective Date for Listing"). In the event that the Bonds were not listed for trading on the Stock Exchange by said Effective Date for Listing, the Company shall be entitled in its sole discretion to act to procure the listing thereof for trading on the Stock Exchange also after the Effective Date for Listing, up until the date of payment of the entire Principal of said Bonds.

In any event of the listing of the Bonds for trading on the Stock Exchange as stated above, the provisions of the Trust Deed and the provisions of the terms of the Bonds shall be modified, insofar as required in accordance with the instructions and directives of the Stock Exchange and/or the Securities Authority, to such draft as shall be agreed with the Trustee, without the need for receipt of any approval by the Company from the Bondholders and/or from the Trustee, provided that the Trustee is satisfied that the modification required by the Stock Exchange and/or the Securities Authority does not have an adverse effect on the rights of the Bondholders. Upon the listing of the Bonds for trading on the Stock Exchange, the Bonds shall cease to be traded on the TACT Institutional.

Until such time as the Bonds are listed for trading on the Stock Exchange, the following provisions shall apply:

- a. The Company shall pay a supplement of 0.3% to the rate of annual interest paid in respect of the unpaid principal balance of the Bonds (hereinafter: the "Interest Supplement"), up until the date of publication of the prospectus for the listing of the Bonds for trading on the Stock Exchange (hereinafter, in this section only: the "Prospectus Publication Date"), inclusively.

It shall be clarified that should the Bonds be listed for trading on the Stock Exchange during an interest period, as defined in section 4 of the Terms Listed Overleaf of the Bond Certificate (hereinafter: the "Interest

Period"), the Company shall pay to each Bondholder at the end of the last trading day on the TACT Institutional (one trading day prior to the cessation of the trading of the Bonds on the TACT Institutional) (hereinafter, in this section only: the "Effective Date"), a one-off payment in the amount of the Interest Supplement in respect of the unpaid principal balance of the Bonds for the period commencing on the date of allocation of the Bonds and ending on the Prospectus Publication Date, when the Interest Supplement shall be calculated according to 365 days per year and shall be paid in accordance with the number of days from the commencement of said Interest Period to the Prospectus Publication Date, inclusively. The Company shall give notice to the Stock Exchange at least four trading days prior to the Effective Date, with regard to the Effective Date. In addition, the Company shall publish an immediate report with regard to the date of payment of said Interest Supplement.

- b. The Company may not make a distribution, as defined in section 1 of the Companies Law, 5759 – 1999 (hereinafter: the "Companies Law") which does not comply with the provisions of section 302(a) of the Companies Law, unless the approval was obtained of the General Meeting of the Bondholders for such a distribution, with a majority of 100% of the Bondholders voting at said meeting.
- c. Subject to that stated in sub-section 7.2 of the Trust Deed, the Trustee may declare the unpaid balance of the Bonds to be immediately due and payable, in whole or in part, and the Trustee shall be obligated to do so should it be so required by a special resolution passed at the General Meeting of the Bondholders, all upon the occurrence of one or more of the events set forth below:
  - (i) Should the rating of the Bonds drop to below the investment rating of Baa2 (which is the equivalent of the investment rating of BBB of Maalot - The Israeli Securities Rating Company Ltd.);
  - (ii) Should the holdings of Europe Israel MMS Ltd., the Company's parent company, in the Company drop to below 25% of the Company's issued capital.

It is hereby clarified and stressed that immediately upon the listing of the Bonds for trading on the Stock Exchange, all of the Company's undertakings as set forth in sections (a) – (c) above shall be cancelled, and they shall have no validity, and none of the Bondholders shall have any contention and/or demand and/or claim in connection therewith.

### 3. **The Principal**

Subject to the rest of the terms of the Bonds, the Company shall pay the bond principal in ten equal six-monthly installments, on the 20<sup>th</sup> of August and on the 20<sup>th</sup> of February, of each of the years 2009 to 2014, inclusively (when the first payment shall be made on August 20, 2009, and the last payment shall be made

on February 20, 2014). The unpaid principal balance shall be linked to the Representative Rate of the Dollar, in accordance with the terms of linkage as stated in section 5 below.

4. **The Interest**

The unpaid principal balance of the Series B Bonds shall bear varying annual interest on the basis of the rate of the Libor interest plus 2.65% (hereinafter: the "**Interest Rate**"). The interest shall be linked to the Representative Rate of the Dollar, in accordance with the linkage terms as set out in section 5 below. The Company shall give notice on the first day of each Interest Period, as defined below, (namely, on August 21 and on February 21 of each of the years 2006 to 2014) of the interest rate for the Interest Period commencing on such date. The interest shall be paid on the 20<sup>th</sup> of August and on the 20<sup>th</sup> of February, for the six months ending on the date of each said payment (hereinafter: the "Interest Period"), commencing from August 20, 2006 to February 20, 2014, on the unpaid balance from time to time of the amount of the Principal in that Interest Period. Subject to the other terms of the Bonds, the Company shall pay said interest to whomsoever shall be the registered holders of the Bonds in the Register, at the end of the 8<sup>th</sup> of August and at the end of the 8<sup>th</sup> of February of each year preceding the date of remittance of said payment, respectively.

The first payment of the interest shall be made on August 20, 2006 for the period commencing from February 23, 2006 and ending on August 20, 2006, when the Interest Rate in respect of this period shall be 3.722% (namely, 7.59% in annual terms).

The last payment of the interest shall be made on February 20, 2014, together with the last payment on account of the Principal, against the return of the Bond Certificates to the Company.

5. **Terms of Linkage of the Principal and Interest**

The principal and the interest, as set forth above, shall be linked to the Representative Rate of the Dollar, as follows:

Should it transpire on the date of any payment on account of the Principal and/or the interest of the Bonds that the Payment Rate has changed *vis-à-vis* the Base Rate, then the Company shall make said payment of the Principal and/or interest, increased or decreased *pro rata* to the rate of the change in the Payment Rate *vis-à-vis* the Base Rate.

6. **Payments of the Principal and Interest**

6.1 Any payment on account of the Principal and/or the interest, respectively, shall be paid to whomsoever shall be registered in the Register as the Bondholder at the end of the 8<sup>th</sup> of August or at the end of the 8<sup>th</sup> of February, immediately prior to the payment date of said payment, with the exception of the last payment which shall be made against the delivery of the Bond Certificates to the Company, at the

Company's registered offices and/or at any other place in respect of which the Company shall provide notice, not later than five Business Days prior to the date determined for the remittance of the last payment.

Payments on account of the Principal and the interest shall be made subject to the terms of linkage as stated in section 5 above.

Wherever the date of making a payment on account of the Principal and/or the interest shall fall on a day which is not a Business Day, the payment date of said payment shall be deferred to the first Business Day thereafter, and no interest shall be borne in respect of the deferment of said payment.

Any payment on account of the Principal and/or the interest, which shall be paid with a delay exceeding three Business Days from the date determined for the payment thereof pursuant to this Bond Certificate, for reasons dependent on the Company, shall bear interest for delay as defined below commencing from the date determined for the payment thereof to the date of actual payment thereof. For this purpose, the rate of interest for delay shall be the interest rate which is the higher of: (i) the Interest Rate on the Bonds as stated in section 4 above, as in effect on such date plus 2%; or (ii) the Libor interest rate plus 4%, all on an annual basis. The Company shall inform the Stock Exchange, by way of an immediate report, two trading days prior to the actual payment day, of the interest rate, which includes the rate of interest for delay.

- 6.2 Each payment due from the Company in respect of the Bonds shall be subject to a deduction of tax at source, insofar as the Company is required by law to make such deduction.
- 6.3 The payment to the Entitled Bondholder shall be made by check or by bank transfer in favor of the bank account whose details shall be submitted in writing to the Company at an earlier time by the Entitled Bondholder, in accordance with that stated in section 6.5 below. Should the Company be unable, for any reason which is beyond the Company's control, to pay any amount to the Bondholder entitled thereto, it shall deposit this amount with the Trustee as stated in section 7.2 below.
- 6.4 If the Bondholder entitled to payment did not submit at an earlier time to the Company the details of the bank account for the crediting thereof by bank transfer, as stated, the Company shall send a check by registered mail to the last address registered in the Register. The sending of the check to the Entitled Bondholder by registered mail, as stated, shall be deemed for all intents and purposes to be payment of the amount specified therein on the date of the dispatch thereof by mail, provided that it was cashed upon presentation thereof in accordance with proper procedure with regard thereto.
- 6.5 The Bondholder who wishes to provide notice of the bank account details for the crediting thereof with the payments under the Bonds, as

stated, or who wishes to change said bank account details or his instructions with regard to the manner of payment, may do so by providing written notice, which shall be sent to the Company by registered mail, however, the Company shall comply with the instruction only if it reached its registered offices at least ten days prior to the date determined for the remittance of any payment under the Bond. Should the notice be received by the Company in delay, the Company shall act pursuant thereto solely with regard to those payments whose payment date shall fall after the payment date close to the date of receipt of the notice.

7. **Non-Payment for A Reason Beyond the Company's Control**

- 7.1 Any amount due to a Bondholder that was not actually paid on the date determined for the payment thereof due to a reason beyond the Company's control, while the Company was prepared to pay same, shall cease to bear interest and linkage differentials from the date determined for the payment thereof, and said Bondholder shall be entitled solely to those amounts to which he would have been entitled on the date determined for the payment of said amount on account of the Principal, the interest and the linkage differentials.
- 7.2 The Company shall deposit with the Trustee the amount of the payment that was not paid on time, as stated in sub-section 7.1 above, not later than 15 Business Days from the date determined for said payment, and it shall provide notice of said deposit, and said deposit shall be deemed to be the settlement of the payment, and in the event of the settlement of everything that is due in respect of the Bond, it shall also be deemed to be the redemption of the Bond.
- 7.3 The Trustee shall invest, in trust accounts in its name and in its favor, the funds that shall be transferred to it as stated in sub-section 7.2 above, in such investments as the Trustee is permitted to make pursuant to the Trust Deed. Should the Trustee do so, it shall not be liable to the Entitled Bondholders in respect of those amounts, other than in respect of the consideration which shall be received from the realization of the investments, less the expenses related to said investment and to the management of the trust accounts, the commissions and less the compulsory payments applicable to the trust account. Out of said funds, the Trustee shall transfer amounts to the Bondholders entitled thereto, as soon as practicable after proof and approvals shall be submitted to the Trustee attesting to their right to these amounts, to the Trustee's full satisfaction, and less the Trustee's expenses and commissions at such rate as shall be standard practice at the Trustee at that time.
- 7.4 The Trustee shall hold these funds and shall invest same in said manner, until the expiration of one year from the final payment date of the Bonds. After this date, the Trustee shall transfer to the Company the amounts stated in sub-section 7.3 above, including the profits deriving from the investment thereof, less the Trustee's expenses, insofar as shall remain in

the Trustee's possession at that time. The Company shall hold these amounts in trust for the Bondholders who are entitled to said amounts, and in all matters pertaining to the amounts which shall be transferred to the Company by the Trustee as stated above, the Company shall be subject to the provisions of sub-section 7.3 above, *mutatis mutandis*.

The Company shall approve for the Trustee, in writing, the holding of the amounts and the fact of receipt thereof in trust for said Bondholders, and it shall indemnify the Trustee in respect of any claim and/or expense and/or damage of any kind or nature which shall be caused to the Trustee following and in respect of the transfer of said amounts, unless the Trustee acted negligently.

The Company shall hold these funds in trust for the Bondholders who are entitled to said amounts for a period of six additional years from the date of transfer thereof to the Company from the Trustee. Funds which shall not have been demanded from the Company by the Bondholders by the expiration of seven years from the final payment date of the Bonds shall be transferred to the Company, and the Company shall be entitled to make use of the remaining funds for any purpose whatsoever.

## 8. **Transfer of Bonds**

- 8.1 The Bonds are transferable with regard to any par value amount, provided that it shall be in whole New Israel Shekels. Any transfer of the Bonds shall be made pursuant to a deed of transfer drawn up as per the standard draft for a share transfer, duly signed by the registered holder or his legal representatives, and also by the transferee or his legal representatives, which shall be submitted to the Company at its registered offices, together with the certificates of the Bonds being transferred pursuant thereto, and any other proof that shall be required by the Company for the purpose of proving the transferor's right to transfer same.
- 8.2 The transfer of Bonds shall be made by the signing by the transferor and the transferee of a share transfer deed, as per such draft that is acceptable to the Company, together with a witness to the signature of each one of them. The bond transfer deed shall be submitted to the Company during normal working hours.
- 8.3 Notwithstanding the foregoing, until the listing of the Series B Bonds for trading on the Stock Exchange, should they be so listed, the Bonds may not be transferred by any of the Bondholders, other than to an entity who is (a) an investor who ranks among the investors listed in the First Schedule of the Securities Law; or (b) to the Company or to its subsidiary.
- 8.4 In the event of the transfer of only part of the unpaid specified principal amount of the Bonds in this Certificate, the Certificate shall first be split pursuant to the provisions of section 9 below into the number of Bond Certificates as required as a consequence thereof, in such a manner that



the total of all the principal amounts specified therein shall be equal to the specified principal amount of said Bond Certificate.

8.5 After fulfillment of all these terms, the transfer shall be entered into the Register.

8.6 All of the expenses and commissions entailed in the transfer shall apply to the entity requesting the transfer.

9. **Split of Bond Certificates**

9.1 Any Bond Certificate may be split into a number of Bond Certificates, where the total of all the principal amounts specified therein shall be equal to the specified principal amount of the Certificate whose split was requested.

9.2 The split of a Bond Certificate as stated shall be done upon a requisition for the split, signed by the Bondholder in the Certificate or his legal representatives, which shall be submitted to the Company at its registered offices, together with the Bond Certificate whose split was requested.

9.3 The split shall be implemented within thirty days from the expiration of the month in which the Certificate was submitted to the Company's registered offices. The new Bond Certificates which shall be issued following the split shall each be in par value amounts in whole New Israel Shekels.

9.4 All of the expenses entailed in the split, including stamp tax and other levies, if any, shall apply to the entity that requested the split.

10. **General Provisions**

10.1 Payments on account of the Principal and the interest are payable and transferable without taking into consideration any equity rights or any offsetting rights or any right of counterclaim that exists or shall exist between the Company and a former holder, including the original holder of the Bonds.

10.2 Any holder becoming entitled to the Bonds as a consequence of bankruptcy or as a consequence of dissolution proceedings of a Bondholder shall be entitled, as soon as he shall provide such proof as the Company shall demand of him from time to time, to be registered in the Register as the holder of the Bonds or, subject to the terms set forth above in this Certificate, to transfer same.

10.3 The Bondholders shall be entitled to exercise their rights pursuant to the Bonds and the Trust Deed through the Trustee or pursuant to a resolution of the General Meeting of the Bondholders, in such manners as set forth in the Bond and in the Trust Deed. Notwithstanding the foregoing,

should the Trustee fail to act in accordance with the provisions of the Trust Deed and the Bond, the Bondholders shall be entitled to exercise their rights pursuant to a resolution of the General Meeting.

- 10.4 The immediate payment right set forth in section 7 of the Trust Deed shall be deemed to be an integral part of this Bond.

11. **Compromises and/or Modifications to the Terms of the Bonds**

- 11.1 Subject to the provisions of the Law and the regulations enacted pursuant thereto, the Trustee shall be entitled from time to time and at any time, should the Trustee be satisfied that it will not, in the Trustee's opinion, have an adverse material effect on the rights of the Bondholders, waive any non-compliance with any of the terms of the Bond or the Trust Deed by the Company, which do not relate to the terms of payment of the Bonds, to the causes of the declaration of immediate payment and/or to the reports which the Company is required to submit to the Trustee in accordance with the provisions of this Deed.
- 11.2 Subject to the provisions of the Law and the regulations enacted pursuant thereto, and with prior approval by special resolution which shall be passed at the General Meeting of the Bondholders, at which the holders were present, either in person or by proxy, of at least fifty percent (50%) of the par value of the unpaid balance of the principal of all the Bonds that shall be issued pursuant to the Trust Deed, or at a deferred meeting, at which the holders were present, either in person or by proxy, of at least ten percent (10%) of said balance, the Trustee shall be entitled, whether before or after the principal of all the Bonds that shall be issued pursuant to the Trust Deed shall be declared due and payable, to reach a compromise with the Company in connection with any right or claim of any or all of the Bondholders, and to reach agreement with the Company on any arrangement, including to waive any right or claim of the Trustee and/or of any or all of the Bondholders against the Company.
- 11.3 Subject to the provisions of the Law, the Company and the Trustee are entitled, whether before or after the principal of all the Bonds that shall be issued pursuant to the Trust Deed shall be declared due and payable, to modify the Trust Deed and/or the Bond, if any of the following exist:
- 11.3.1 If the Trustee is satisfied that the modification will not have a material adverse effect on the rights of the Bondholders, with the exception of a modification relating to the terms of payment of the Bonds, to the causes of the declaration of immediate payment and/or to the reports which the Company is required to submit to the Trustee in accordance with the provisions of this Deed.
- 11.3.2 If the proposed modification was approved by a special resolution that was passed at a General Meeting of the Bondholders, at which the holders were present, either in person or by proxy, of at least fifty percent (50%) of the par

value of the unpaid balance of the principal of all the Bonds that shall be issued pursuant to the Trust Deed, or at a deferred meeting, at which the holders were present, either in person or by proxy, of at least ten percent (10%) of said balance.

11.4 Notwithstanding the foregoing, the Trustee shall be entitled, at the Company's request, from time to time, to make modifications to the Trust Deed and/or to the Bonds, as shall be required by the Securities Authority and/or the Stock Exchange and/or any other governmental body, for the purpose of listing the Bonds for trading on the Stock Exchange, provided that the Trustee is satisfied that the modification will not have an adverse effect on the Bondholders.

11.5 In any event of the use of the Trustee's right pursuant to this section above, the Trustee shall be entitled to demand that the Bondholders submit their Certificates to the Trustee or to the Company, for the purpose of the entry of a note regarding any compromise, waiver, modification or amendment as stated, and at the Trustee's request, the Company shall enter such a note in the Certificates which shall be submitted thereto. In any event of the use of the Trustee's right pursuant to this section above, the Trustee shall provide notice thereof, in writing, to the Bondholders within a reasonable period of time.

12. **General Meetings of the Bondholders**

The General Meetings of the Bondholders shall be convened and conducted in accordance with that stated in Appendix B of the Trust Deed.

13. **Receipts as Proof**

Without derogating from any other of these terms, a receipt signed by a holder of the Bonds in this Certificate shall constitute proof of the full settlement of any payment specified in the receipt, which was made by the Company or by the Trustee, as the case may be, in respect of the Bonds in this Certificate.

14. **Replacement of Bond Certificate**

Should a Bond Certificate be defaced, lost or destroyed, the Company shall be entitled to issue in place thereof a new Bond Certificate, upon the same terms with regard to proof, indemnity and cover of the expenses that were caused to the Company for the purpose of clarifying the right of ownership of the Bonds, as the Company shall deem fit, provided that in the event of defacement, the defaced Bond Certificate shall be returned to the Company prior to the issuance of the new certificate. Stamp tax and other levies, as well as other expenses entailed in the issuance of the new certificate shall apply to the entity requesting said certificate.

15. **Notices**

- 15.1 Any notice on behalf of the Company and/or the Trustee to the Bondholders shall be given in a notice to be published in two daily newspapers which are widely circulated in Israel in Hebrew or by the sending of a notice by registered mail according to the last address of the Bondholders registered in the Register (and in the event of joint holders – to the holder whose name appears first in the Register) and any notice which shall be published or sent as stated shall be deemed to have been delivered to the Bondholder on the date of publication thereof as stated, or at the expiration of three days from the date of dispatch thereof by mail, all as the case may be. Should the Bonds be listed for trading on the Stock Exchange or on the TACT – Institutional, notice as stated above shall be given in a notice to be published in two daily newspapers which are widely circulated in Israel in Hebrew, and in the Company's discretion, also by sending the notice by registered mail to the last address of the Bondholders registered in the Register. Should the Bonds be listed for trading on the Stock Exchange, in addition, an immediate report shall be published, and a report so published shall be deemed to have been delivered to the Bondholders on the date of publication thereof.
- 15.2 Copies of the notices and invitations which shall be given by the Company to the Bondholders, shall also be sent by the Company to the Trustee. It shall be clarified that such notices and invitations do not include current reports of the Company to the public.

Copies of the notices and invitations which shall be given by the Trustee to the Bondholders shall also be sent by the Trustee to the Company.

- 15.3 Any notice or demand on behalf of the Trustee to the Company or on the Company's behalf to the Trustee may be given by letter, which shall be sent by registered mail according to the address set forth in this Deed, or according to any other address in respect of which one party shall give notice to the other, in writing, and any such notice or demand shall be deemed to have been received by the party to which the notice was sent at the expiration of three Business Days from the date of dispatch thereof by mail.

16. **Purchase of Bonds By the Company or by a Subsidiary**

- 16.1 The Company reserves the right to purchase at any time Bonds of the Bond Series at any price as it shall deem fit, without prejudice to the payment obligation of the Bonds which shall be held by others, with the exception of the Company.
- 16.2 The Bonds which shall be purchased by the Company shall be cancelled, and if they were listed for trading on the Stock Exchange or on the TACT – Institutional, as stated in section 2 of the Terms Listed Overleaf of the Bond (the First Schedule to the Trust Deed), then they shall also be delisted from trading on the Stock Exchange or from trading on the

TACT – Institutional, as the case may be, and the Company shall not be entitled to re-issue them.

- 16.3 A subsidiary of the Company may buy and/or sell from time to time on the Stock Exchange and off the Stock Exchange, including by way of an issue by the Company, Bonds of the Bond Series. The Bonds which shall be held as stated by a subsidiary shall be deemed to be the asset of the subsidiary, and if they are listed for trading, they shall not be delisted from trading on the Stock Exchange, and they may also be transferred just like the other Series B Bonds. The votes to which the subsidiary shall be entitled, as stated, by virtue of its holdings of the Bonds, shall not be included in the count for the purpose of the determination of the existence of a quorum at the General Meeting of the Bondholders, and the bonds held by the subsidiary shall not confer thereon voting rights at said General Meetings, for such time as the Bonds shall be held by said subsidiary.
- 16.4 That stated in this section 16 above, *per se*, shall not require the Company and/or a subsidiary of the Company and/or the Bondholders to buy Bonds or to sell the Bonds which they hold.

17. **Early Redemption**

In the event that the Bonds are listed for trading on the Stock Exchange – and should it be decided by the Stock Exchange to delist the Bonds in circulation, because the value of the public's holdings of the Bonds was less than the amount set forth in the directives of the Stock Exchange regarding the delisting of bonds, the Company shall determine the redemption date on which the Bondholder shall be entitled to redeem the Bonds, and the Company shall act for this purpose as follows:

- 17.1 Within 45 days from the date of the decision of the Board of Directors of the Stock Exchange regarding said delisting, the Company shall provide notice of an early redemption date on which the Bondholder shall be entitled to redeem the Bonds. The Company shall pay to the Bondholder the principal, together with linkage differentials and interest pursuant to the terms of the Bond, which had accrued by the date of the actual redemption. The notice of the early redemption date shall be published in two daily newspapers which are widely circulated in Israel in Hebrew and shall be sent in writing, by registered mail, to all of the Bondholders at that time.
- 17.2 The early redemption date shall fall due not prior to 21 days from the date of the publication of the notice and not later than 45 days from said date, however, not in the period between the date determined for payment of interest and the date of the actual payment thereof.
- 17.3 On the early redemption date, the Company shall redeem the Bonds whose holders had requested redemption thereof, according to the par value thereof together with the linkage differentials and interest accrued

on the principal up to the actual redemption date (the calculation of the interest for part of a year shall be made on the basis of 365 days per year).

- 17.4 The determination of the early redemption date as stated above shall not have an adverse effect on the redemption rights set forth in the Bonds for any of the Bondholders who shall not redeem them on the early redemption date as stated above, however, the Bonds shall be delisted from trading, and they shall be subject, *inter alia*, to the tax implications arising therefrom.
- 17.5 Early redemption of the Bonds as stated above shall not confer on any of the Bondholders who shall redeem the Bonds as stated the right to payment of interest in respect of the period after the actual redemption date.

## **APPENDIX B**

### **Elbit Medical Imaging Ltd.**

#### **General Meetings of the Bondholders**

1. The Trustee or the Company may invite the Bondholders to a Bondholders' meeting. If the Company convenes such a meeting, it is required to immediately send notice, in writing, to the Trustee of the place, the date and the time at which the meeting will be held and of the matters to be raised for discussion thereat.

The Company shall be required to convene such a meeting, upon the written requisition of the Trustee or of the holders of at least ten percent (10%) of the par value of the unpaid balance of the principal of all the Bonds that shall be issued pursuant to the Trust Deed. The Trustee shall be required to convene such a meeting upon the written requisition of the holders of at least ten percent (10%) of the par value of the unpaid balance of the principal of all the Bonds that shall be issued pursuant to the Trust Deed. In the event that the requisitioners of the meeting are the Bondholders, the Company and/or the Trustee, as the case may be, shall be entitled to demand from the requisitioners indemnification for the reasonable expenses entailed therein.

2. In respect of each Bondholders' meeting, advance notice of at least 14 days shall be given to the Bondholders and to the Trustee, which shall specify the place, the date and the time of the meeting, and which shall also specify, in a general manner, the issues to be discussed at the meeting. Should the meeting be convened for the purpose of passing a special resolution, advance notice of at least 21 days shall be given, and the notice shall specify, in addition to that stated above, the proposed text of the special resolution. In the event of the convening of the meeting by the Trustee, such notice shall also be given to the Company.

The Trustee may shorten the period of time for the provision of advance notices, should the Trustee believe that the deferment of the convening of the meeting could have an adverse effect on the Bondholders' rights.

3. Any notice on behalf of the Company and/or the Trustee to the Bondholders shall be given in a notice that shall be published in two daily newspapers which are widely circulated in Israel in Hebrew or by the sending of a notice by registered mail according to the last address of the Bondholders registered in the Register (and in the event of joint holders – to the holder whose name appears first in the Register) and any notice which shall be published or sent as stated shall be deemed to have been delivered to the Bondholder on the date of publication thereof as stated, or at the expiration of three days from the date of dispatch thereof by mail, all as the case may be. Should the Bonds be listed for trading on the Stock Exchange or on the TACT – Institutional, notice as stated above shall be given in a notice to be published in two daily newspapers which are widely circulated in Israel in Hebrew, and, in the Company's discretion, also by sending the notice by registered mail to the last address of the Bondholders registered in the Register. Should the Bonds be listed for trading on the Stock Exchange, in addition, an immediate report shall be published, and a report so

published shall be deemed to have been delivered to the Bondholders on the date of publication thereof.

4. No resolution shall be disqualified which was duly passed at a meeting convened as stated above, if, in error, notice thereof was not given to the holders of at least ten percent (10%) of the par value of the unpaid balance of the principal of all the Bonds that shall be issued pursuant to the Trust Deed or if such notice was not received by said holders.
5. The chairman of the meeting shall be the person appointed by the Trustee. Should the Trustee not appoint a chairman as stated, or should the person appointed by the Trustee as stated be absent from the meeting, the Bondholders who are present (or their proxies) shall elect a chairman from among their number. The Bondholders' meeting shall commence after it shall be proven that a quorum exists as required for the commencement of the discussion.
6.
  - (a) Subject to the quorum required for the dismissal of the Trustee pursuant to law, at the Bondholders' meetings, with the exception of that stated in section 6(e) below, a quorum shall be constituted by the presence of at least two Bondholders who are present, either in person or in proxy, and who hold or represent jointly at least ten percent (10%) of the par value of the unpaid balance of the principal of all the Bonds that shall be issued pursuant to the Trust Deed at that time.
  - (b) If, within half an hour from the time designated for the commencement of such a meeting, there shall be no quorum as stated, the meeting shall be adjourned to the same day of the following week, in the same place and at the same time (without any additional notice being necessary) and should this day not be a Business Day – to the next subsequent Business Day (without any additional notice being necessary), or to such other date, place and time as the entity convening the meeting shall determine, provided that the convening entity shall provide notice of seven (7) days in advance, at least, of the holding of said adjourned meeting, in the same manner in which it gave the notice of the holding of the original meeting, and it shall note that should there be no quorum at the adjourned meeting, as stated above, the quorum shall be two Bondholders who are present, either in person or in proxy, without taking into consideration the par value of the Bonds which they hold. Such notice may also be given in the notice pursuant to which the adjourned meeting was called.
  - (c) Should there be no quorum at the meeting adjourned as stated above, two Bondholders who are present, either in person or in proxy, and who hold any amount whatsoever of Bonds, shall constitute the quorum.
  - (d) With the consent of the holders of the majority of the par value of the unpaid balance of the principal of all the Bonds that shall be issued pursuant to the Trust Deed, who are present at a meeting, either in person or in proxy, at which a quorum exists, the Chairman may, and at the request of the meeting, is obligated to, defer the continuation of the



meeting from time to time and from place to place, as the meeting shall decide. Should the continuation of the meeting be deferred by ten days or more, notice shall be given of the continued meeting in the same manner that notice was given of the first meeting. With the exception of the foregoing, the Bondholders shall not be entitled to receive any notice of a continued meeting and/or of the matters to be discussed by the continued meeting. No matters shall be discussed at the continued meeting other than those matters which could have been discussed at the meeting at which the deferment was decided upon.

- (e) At a meeting convened in order to pass any of the resolutions set forth below and also resolutions defined in the Trust Deed, in the Bond, in the Terms Listed Overleaf and in this Appendix, as special resolutions (hereinafter: "Special Resolution"), a quorum shall be constituted by the presence at the meeting of the holders of at least fifty percent (50%) of the par value of the unpaid balance of the principal of all the Bonds that shall be issued pursuant to the Trust Deed or at an adjourned meeting, at which the holders shall be present, either in person or in proxy, of at least ten percent (10%) of said balance:
  - (1) Any material amendment, modification or arrangement of the Bondholders' rights, whether these rights derive from the Bonds, from the Trust Deed or otherwise, or any material compromise or waiver in connection with these rights;
  - (2) Any amendment to the provisions of the Trust Deed which shall be published by the Company, and the authorization of the Trustee to sign any additional or new trust deed for the purpose of making said amendment;
  - (3) The declaration of the Bonds to be immediately due and payable.

The provisions of this section 6(e) shall apply subject to the provisions of section 2 of the Trust Deed. It is hereby clarified that for the purpose of the presence of a quorum, the votes shall not be taken into account of Bondholders which are subsidiaries of the Company, related companies of the Company and/or controlling shareholders of the Company, and Bondholders which are subsidiaries of the Company, related companies of the Company and/or controlling shareholders of the Company shall not be entitled to vote at any General Meeting.

- 7. (a) Bondholders are entitled to participate in and vote at any General Meeting by proxy. In any vote of Bondholders, the vote shall be held on a poll, so that each Bondholder or his proxy shall be entitled to one vote in respect of each NIS 1.00 par value of the unpaid principal balance of the Bonds by virtue of which he is entitled to vote. In the event of joint holders, the only vote that shall be accepted is that of the holder who wishes to vote, either in person or by proxy, whose name appears first, out of the joint holders, in the Register.

- (b) The Bondholder or his proxy may vote in respect of part of his votes for a particular proposed resolution; and in respect of another part of his votes, he may vote against it; and in respect of another part of his votes, he may abstain; all as he shall deem fit.
  - (c) The Trustee who shall take part in a meeting at the Company's invitation shall participate without a voting right.
- 8.
  - (a) The majority required to pass an ordinary resolution of the General Meeting is a simple majority of the number of votes represented in the vote, voting for or against. The majority required to pass a Special Resolution at a meeting as stated in section 6(e) above is a majority of not less than 75% of the number of votes represented in said vote, voting for or against.
  - (b) A resolution to amend the Trust Deed shall be passed by Special Resolution, subject to the provisions of the Law.
  - (c) A declaration by the Chairman of the passing of a resolution or the rejection thereof, and entry to this effect in the minutes of the meeting, shall serve as conclusive evidence of this fact.
- 9.
  - (a) The instrument appointing a proxy shall be in writing and shall be signed by the appointor or by his proxy, who has due authorization, in writing. Should the appointor be a corporation, the appointment shall be made by authorization in writing, duly signed by the corporation together with the approval by an attorney of the validity of the signature. A proxy need not be a Bondholder himself.
  - (b) The instrument of appointment and the power of attorney or any other certificate pursuant to which the instrument of appointment was signed, or an authenticated copy of such a power of attorney, shall be deposited at the Company's offices not less than 48 hours prior to the time of the meeting in respect of which the power of attorney was given, unless determined otherwise in the notice convening the meeting.
  - (c) A vote conducted in accordance with the terms set forth in the instrument appointing a proxy shall be valid even if prior to the meeting, the appointor passed away or was declared to be incapacitated or the instrument of appointment was cancelled or the Bond in respect of which the vote was given was transferred, unless notice, in writing, was received at the Company's registered offices prior to the time of the meeting, with regard to said death, declaration of incapacity, or cancellation or transfer, as the case may be.
  - (d) Any corporation which is the holder of a Bond may, pursuant to duly signed authorization in writing, empower a person as it shall deem fit to act as its representative at any meeting of the Bondholders, and the person so empowered may act on behalf of the corporation which he represents.

10. The Chairman of the meeting shall attend to the drawing up of minutes of all the discussions and resolutions at any General Meeting of the Bondholders, and to the keeping thereof in the Book of Minutes of the Bondholders' Meetings. All minutes signed by the Chairman of the meeting at which the resolutions were passed and the discussions were conducted, or by a chairman of the meeting held subsequent thereto, shall serve as proof of the matters entered therein, and until such time as the contrary is proven, any resolution passed at such a meeting shall be deemed to have been duly passed.
11. Any person or persons who shall be appointed by the Trustee as the Secretary of the Company and any other person or persons who shall be so authorized by the Company, shall be entitled to be present at the Bondholders' meetings. No such persons shall have a voting right at the General Meeting.
12. Any meeting of the Bondholders shall be held at the Company's registered offices or at any other venue in respect of which the entity convening the meeting provided notice.

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## **APPENDIX C**

### **Elbit Medical Imaging Ltd.**

#### **Trustee's Fees**

1. In respect of the first trust year, the Trustee's fees shall be in the amount of NIS 45,000, which shall be paid on the date of the implementation of the issue.
2. The annual fees, commencing from the second trust year, shall be in the amount of NIS 23,000, which shall be paid at the beginning of each trust year.
3. In respect of participation at general meetings of shareholders and/or Bondholders, the fee shall be in the amount of NIS 150 per hour.
4. Should the Trustee be required to perform special work (such as work required due to a change in the Company's structure or in respect of the need to perform acts due to the Company's failure to comply with its undertakings to the Bondholders or in respect of the need to perform additional acts for the purpose of the performance of its duties as a reasonable trustee, due to a future change in the laws and/or regulations and/or other binding provisions which shall apply to the Trustee's activities), the fee shall be in the amount of USD 150 per hour.
5. It is hereby clarified that should additional expenses be imposed on the Trustee, due to changes in the laws and/or regulations and/or other binding provisions which shall apply to the Trustee's activities, which shall be required of the Trustee for the purpose of the performance of its duties as a reasonable trustee, the Company shall indemnify the Trustee for its expenses.
6. Should the drawing up and/or examination of the Trust Deed, as the case may be, be performed by the undersigned, and yet, for reasons beyond the undersigned's control, should the issue of the Bonds not be effected, then a fee in the amount of NIS 10,000 shall be paid in respect of the drawing up and/or examination of the Trust Deed.
7. VAT as duly applicable shall be added to all of the tariffs listed above.

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**UNOFFICIAL TRANSLATION**

**Trust Deed**

**Made and entered into in Tel Aviv, this 21 day of February, 2006**

**By and Between:**     **Elbit Medical Imaging Ltd.**  
13, Noach Moses St., Tel Aviv  
**Tel.: 03-6086000; Fax: 03-6953080**  
**(Hereinafter: the “Company”)**

**Of the first part;**

**And:**                    **Aurora Fidelity Trust Company Ltd.**  
**6, Harcoon St., Ramat Gan**  
**Tel.: 03-7551596; Fax: 03-7510902**  
**(Hereinafter: the “Trustee”).**

**Of the other part;**

**Whereas**            the Company wishes to raise funds against an issue of the Company’s bonds which are rated A2 by Midrug Ltd., as of the date of this Deed, all as set out in, and subject to, the provisions of section 2 of this Trust Deed; and

**Whereas**            the Company hereby declares that there is no impediment under any law and/or agreement to effect a private placement of the Company’s Series A Bonds; and

**Whereas**            the Trustee is a company registered in Israel, engaged in trusts; and

**Whereas**            the Trustee has declared that there is no impediment under law to its entering into this Trust Deed with the Company and that it complies with the requirements and capacity conditions laid down in the Law, as defined below, to serve as trustee pursuant to this Trust Deed; and

**Whereas**            the Company has applied to the Trustee to serve as trustee for the Bondholders and the Trustee has agreed thereto, all subject and pursuant to the terms of this Trust Deed;

**Now, therefore, it is agreed, declared and stipulated by and between the parties as follows:**

**1.     Introduction, Interpretation and Definitions**

1.1     The preamble to this Trust Deed and the appendixes attached hereto, constitute an integral part hereof.

- 1.2 The division of this Trust Deed into sections as well as the section headings herein are for convenience and ease of reference purposes only and shall not be used for the purpose of interpretation.
- 1.3 Everything stated in this Trust Deed in the plural shall also mean the singular and vice versa; everything stated in the masculine shall also mean the feminine and vice versa; and the term “person” shall also mean a corporation, all unless there is any contrary expressed and/or implied provision and/or unless the context or the contents otherwise require.
- 1.4 In this Trust Deed and in the Bonds, the following terms shall have the meaning set out opposite them, unless the contents or the context otherwise require.

**“This Deed”** – This Trust Deed, including the appendixes attached hereto, constituting an inseparable part hereof;

**“Series A Bonds”** or **“Series Bonds”** or the **“Bonds”** – a series of registered Series A Bonds, unlimited in amount, of NIS 1 par value each of the Company, the terms of which are set out in this Deed, to be issued from time to time at the Company’s exclusive discretion.

The **“Trustee”** – The Trustee referred to at the beginning of this Deed and/or anyone serving from time to time as trustee for the Bondholders hereunder;

**“Register”** – The Register of Bondholders as set forth in section 23 herein;

**“Bondholder”** or **“Bondowner”** – the person named at such time in the Register as owner of a Bond of the Series Bonds, and in the event of a number of joint holders, the joint holder whose name appears first in the Register;

**“Bond Certificate”** – A Series A Bonds Certificate in such wording as set out in Appendix A hereto.

The **“Law”** or the **“Securities Law”** – the Securities Law, 5728 – 1968 and its regulations as shall be in effect from time to time.

**“Principal”** – the total par value amount of Series A Bonds to be issued by the Company under this Deed.

**“Consumer Price Index”** or **“Index”** - The price index known as the Consumer Price Index including fruit and vegetables and which is published by the Central Bureau of Statistics, including such index even if published by any other official entity or institution, as well as any official index superseding the same, whether or not it is based on the same data on which the existing index is based. If another index supersedes it, published by such body or institution, where such body or institution has not prescribed the ratio

between it and the index that has been superseded, such ratio shall be prescribed by the Central Bureau of Statistics. In the event of such ratio not being prescribed as aforesaid, then the Trustee, in consultation with such economic experts as it shall select, shall fix the ratio between the other index and the superseded index.

The “**Known Index**” at any given time – the Index last published before such date.

“**Base Index**” – the index for January 2006, as published on February 15, 2006.

“**Payment Index**” – The index known on the due date of any payment on account of principal and/or interest.

“**Business Day**” – A day on which most of the banks in Israel are open for the execution of transactions.

“**Special Resolution**” – As defined in section 6(e) of Appendix B hereto.

“**Stock Exchange**” – The Tel Aviv Stock Exchange Ltd.

“**Rating Company**” – A company approved by the Supervisor of the Capital Market at the Ministry of Finance.

## **2. Issue of Bonds**

The Company will issue registered Series A Bonds, unlimited in amount, payable in 10 equal semi-annual installments, on August 20 and February 20 of each of the years 2009 to 2014, inclusive (the first installment to be effected on August 20, 2009 and the last installment to be effected on February 20, 2014), bearing interest at a rate of 6% per annum, payable in semi-annual installments on August 20 and February 20 of each of the years 2006 to 2014 (the first installment to be effected on August 20, 2006 and the last installment to be effected on February 20, 2014), linked (principal and interest) to the Consumer Price Index, all pursuant to the terms set forth in the Bond attached as Appendix A hereto.

The Bonds are offered within a transaction that does not constitute a public offering in the United States, within the meaning thereof in the 1933 US Securities Law, as may be amended from time to time (hereinafter: the “**US Law**”). The Bonds will not be submitted for registration with the US Securities Authority or any other securities authority of any state in the United States. The Bonds may not be offered or sold under US Law by any holder other than in accordance with exemption from the registration requirements in the United States, or within a transaction which is not subject to the registration requirements, under the US Law, or any securities law applicable in the pertinent state in the United States.

Increase in the series – The Company may issue, at any time and from time to time, without the approval of either the Bondowners or the Trustee, including to the Company's subsidiary, pursuant to the provisions of any law, additional Bonds with identical terms to those of the Series A Bonds, at such a price and in such a manner as the Company finds fit. Provided that this Deed will apply to all such additional Bonds to be issued by the Company and that they shall be deemed as the Series A Bonds first issued. Notwithstanding anything to the contrary anywhere in this Deed, an additional issue of Series A Bonds exceeding the scope rated by a Rating Company within the framework of this Series (as of the date of this Deed, the sum totals NIS 630 million), shall be effected subject to another rating by a Rating Company and subject further that such additional issue of Bonds of the same Series shall not adversely affect the rating of the Bonds first issued under this Deed, as then in effect. The Company shall obtain the Stock Exchange's approval for such an increase and shall publish an immediate report of any increase in the Series Bonds.

Deposit of additional securities – The Company reserves the right to issue, at any time, without approval of the Trustee and/or the Bondholders, other Bonds or Series Bonds or other securities of any nature or type whatsoever, at such terms as the Company shall find fit, whether preferable, equal or inferior to the terms of the Bonds.

Listing the Bonds for trading in the TACT – Institutional system – subject to the provisions of the Stock Exchange rules, the Company will register the Bonds in the name of Israel Discount Bank Nominees Ltd. and will list the Bonds, insofar as this will be under its control, with the Stock Exchange clearing house, which will provide clearing services to the Bonds, as well as within the framework of the trading system for institutional investors operated by the Stock Exchange (hereinafter: “**TACT – Institutional**”). The Company shall bear all costs involved in the registration with the TACT – Institutional system. In the event that the Bonds are listed for trading on the TACT – Institutional, the following provisions will apply:

- A. Any payment effected by the Company to the Stock Exchange clearing house and/or to the nominee company in settlement of the principal and/or the interest and/or additional payments, will be deemed as payment to holders.
- B. Each Bondholder may exercise his rights as Bondholder, provided that the Company and/or the Trustee, as the case may be, receives from the nominee company, a confirmation designating the name of the Bondholder and the total sum for the principal of the Bonds held by the nominee company for such Bondholder.
- C. Bondholders will collaborate with the Company, as may be required, with a view to implementing the aforesaid, including, without limitation, returning the original Bonds certificates issued in their name, if any, to the Company, for the purpose of issuing Bonds certificates in the name of the nominee company.



- D. The Company will advise the Trustee of the listing of the Bonds for trading on the TACT – Institutional, and will act pursuant to all the pertinent provisions and guidelines of the Stock Exchange with respect to the TACT – Institutional, including the date of the Ex-day, the Cum day and manners of computing the annual interest. The provisions of this Trust Deed and the provisions of the terms of the Bonds will be revised, insofar as and to the extent required pursuant to the provisions of the Stock Exchange and its guidelines, to such wording as shall be concluded with the Trustee, without the Company having to obtain any approval whatsoever from the Bondholders and/or the Trustee.
- E. It is hereby clarified, to remove any doubts, that subject to the provisions of the Law and the Stock Exchange rules, no person other than an institutional investor as set forth in the First Schedule to the Law, may trade the Bonds within the framework of the TACT – Institutional system as aforesaid.
- F. Listing for trading in the TACT – Institutional system is not listing for trading on the Stock Exchange within the meaning below.

Listing the Bonds for trading on the Stock Exchange – The Company will do its utmost and will adopt all measures reasonably required, subject to the provisions of any law and the Stock Exchange rules, to list the Bonds for trading on the Stock Exchange such that no restrictions will apply on resale under the provisions of Section 15.C. of the Law, by the Bondholders, up to August 30, 2006 (hereinafter: the “**Effective Date for Listing**”). In the event of the failure to list the Bonds for trading on the Stock Exchange by the Effective Date for Listing as aforesaid, the Company may, at its sole discretion, act for the listing for trading of the Bonds also after the Effective Date, up to the date of the settlement of the total principal of the Bonds as aforesaid.

In any event of listing the Bonds for trading on the Stock Exchange as aforesaid, the provisions of the Trust Deed and the provisions of the terms of the Bonds will be revised, insofar as and to the extent required under the provisions and guidelines of the Stock Exchange and/or the Securities Authority, to such wording as will be concluded with the Trustee, without the Company having to obtain any approval from the Bondholders and/or the Trustee, provided that the Trustee is satisfied that the revision required by the Stock Exchange and/or the Securities Authority does not adversely affect the Bondholders’ rights. Upon the listing of the Bonds for trading on the Stock Exchange, the Bonds will no longer be traded in the TACT – Institutional system. The Company will publish an immediate report concerning the revisions made in the Trust Deed, insofar as and to the extent so made.

So long as the Bonds are not listed for trading on the Stock Exchange, the following provisions will apply:

- A. The Company will pay an increment of 0.3% to the annual interest rate paid for the balance of the unsettled principal of the Bonds (hereinafter: the

**“Interest Increment”**), by the publishing date of the prospectus concerning the listing of the Bonds for trading on the Stock Exchange (hereinafter, in this section only: the **“Prospectus Publication Date”**), inclusive.

It shall be clarified that in the event that the Bonds are listed for trading on the Stock Exchange during an Interest Period, as defined in section 4 of the terms listed overleaf of the Bond certificate (hereinafter: **“Interest Period”**), the Company will pay to each Bondholder at the closing of the trading day on the TACT – Institutional (one trading day before the termination of the trading of the bonds on the TACT – Institutional (hereinafter, in this section only: the **“Effective Date”**)) a one-off payment at the rate of the Interest Increment for the balance of the unsettled principal of the Bonds, for the period commencing on the date of allocation of the Bonds and ending on the Prospectus Publication Date. The Interest Increment will be calculated at 365 days per annum and will be paid according to the number of days as of the commencement of that Interest Period up to the Prospectus Publication Date (inclusive). The Company will give notice of the Effective Date to the Stock Exchange at least four trading days prior to the Effective Date. The Company will further publish an immediate report concerning the date of payment of the Interest Increment as aforesaid.

- B. The Company may not perform a distribution, as defined in Section 1 of the Companies Law, 5759 – 1999 (hereinafter: the **“Companies Law”**) which does not comply with the provisions of Section 302(A) of the Companies Law, other than upon receipt of the approval of the general meeting of the Bondholders for such distribution, by a majority of 100% of the Bondholders voting at such meeting.
- C. Subject to the provisions of subsection 7.2 below, the Trustee may declare all or any part of the unsettled balance of the Bonds immediately due and payable, and shall be compelled to do so if so required by a special resolution adopted by the general meeting of the Bondholders, all upon the occurrence of one or more of the following:
  - (i) The rating of the Bonds has fallen below the Baa2 investment level rating (corresponding to the BBB investment level rating of Ma'alot - The Israel Securities Rating Co. Ltd).
  - (ii) The holdings of the Europe Israel (MMS) Ltd. Company, the Company's parent company, have fallen below 25% of the Company's issued capital.

It is hereby clarified and stressed that immediately upon the listing of the Bonds for trading on the Stock Exchange, all the Company's obligations set out in sections A-C above will be cancelled, they shall have no effect and none of the Bondholders shall have any contention and/or demand and/or claim with respect thereto.

### 3. **Acquisition of Bonds on the part of the Company and a subsidiary**

- 3.1 The Company reserves the right to acquire, at any time, Bonds of the Series Bonds at any price it finds fit, without prejudice to the duty to settle the Bonds held by others apart from the Company.
- 3.2 The Bonds that will be acquired by the Company will be cancelled, and if listed for trading on the Stock Exchange or in the TACT – Institutional system, as set out in section 2 above, shall also be delisted from trading on the Stock Exchange or the trading in the TACT – Institutional system, as the case may be, and the Company shall not be entitled to reissue them.
- 3.3 The Company's subsidiary may acquire and/or sell Bonds of the Series Bonds, from time to time, either on the Stock Exchange or off-floor, including by means of an issue by the Company. The Bonds to be held as aforesaid by a subsidiary will be deemed as being an asset of the subsidiary, and if listed for trading, they will not be delisted from trading on the Stock Exchange, and will be transferable similar to the other Series A Bonds. The votes to which such subsidiary will be entitled, by virtue of its holdings in the Bonds, will not be counted for the purpose of determining the existence of a quorum at general meetings of Bondholders, and the Bonds held by the subsidiary will not confer on it voting rights at such general meetings, so long as the Bonds are held by such subsidiary.
- 3.4 Nothing in the foregoing section 3 above, *per se*, shall bind the Company and/or the Company's subsidiary and/or the Bondholders, to acquire Bonds or sell the Bonds in their possession.
4. **The Company's Undertakings**  
The Company hereby undertakes to pay, on the designated dates, the principal, interest and linkage differentials (including arrears interest, if any, pursuant to the provisions of section 6 of the terms listed overleaf of the Bond attached as Appendix A hereto) payable under the terms of the Bond and to comply with all the other terms and obligations imposed on it, pursuant to the terms of the Bond and hereunder. The Company hereby undertakes to pay, on the designated dates, the principal, the interest and the linkage differentials (including arrears interest, if any, pursuant to the provisions of section 6 of the terms listed overleaf of the Bond attached hereto as Appendix A), payable under the terms of the Bonds and to comply with all other terms and obligations imposed on it under the terms of the Bonds and hereunder. Where the designated date for payment of the Series A Bonds or the designated date for any interest installment occurs on any day other than a business day, the payment date or the date of such installment shall be postponed to the business day immediately subsequent thereto, and no interest shall be paid with respect to such delay.
5. **Securities:**
- 5.1 The Bonds are not secured by means of any lien.

- 5.2 The Company may encumber all or any of its property, by means of any encumbrance and in any fashion whatsoever, in favor of any third party whatsoever, without having to obtain any approval from the Trustee and/or the Bondholders.

**6. Rating of the Bonds**

The Bonds shall be equal *inter se*, (*pari passu*) without any preference or priority of one over the other.

**7. Immediate settlement**

- 7.1 Subject to the provisions of subsection 7.2 below, the Trustee may declare all or any part of the unsettled balance of the Bonds immediately due and payable, and shall be compelled to do so if so required by a special resolution adopted by the general meeting of the Bondholders, all upon the occurrence of one or more of the following:

7.1.1 Should the Company fail to settle any sum payable by it under the Bonds up to the end of seven (7) days from the due date thereof.

7.1.2 If a temporary liquidator has been appointed by a court or if a court has entered a temporary liquidation order to the Company and such appointment or order is not cancelled by the end of 45 days from its commencement date, or if the Company adopts a valid resolution of the winding up thereof (other than winding up for the purpose of a merger with another company and/or a change in the Company's structure, provided that the Trustee is satisfied that the Bondholders' rights are secured), or where a permanent liquidator has been appointed for the Company or if a final winding up order has been entered against it.

7.1.3 Upon the occurrence of any of the following, where the Trustee or a special resolution adopted at a general meeting of the Bondholders determine that same poses a risk to the rights of the Bondholders:

- (a) Lienholders on the Company's property realize their liens on all, or on a substantial part of the Company's assets.
- (b) An attachment is imposed on substantial assets of the Company, and such lien is not removed by the end of forty five (45) days from the date of the imposition thereof.
- (c) An act of execution is instituted against substantial assets of the Company, and such act is not cancelled by the end of forty five (45) days from the date of the institution thereof.

- (d) A receiver is appointed to all and/or a substantial part of the Company's assets, and such appointment is not cancelled by the end of forty five (45) days from the commencement thereof.
- (e) The Company discontinues its installments and/or gives notice of its intention to discontinue its installments and/or there is a material concern that it is liable to discontinue its installments and/or terminate its business and/or intends to terminate its business and/or where it is reasonable that it would terminate its business.
- (f) A motion for stay of proceedings against the Company under Section 350 of the Companies Law, 5759 – 1999, is submitted to the court by a third party that is not the Company, and such motion is not cancelled within forty five (45) days from the commencement date thereof.
- (g) Should the Company violate or fail to comply with any material conditions or obligations incorporated in the Bonds and/or in this Deed, where the Trustee deems same as prejudicing the rights of the Bondholders, and the Company has not fulfilled such condition within seven (7) days from the Date the Trustee has given it a written warning to that effect.
- (h) Another series of the Bonds issued by the Company is declared due and payable.
- (i) All the Company's securities are delisted from trading on the Stock Exchange and from trading on the Nasdaq concurrently.

7.2 Notwithstanding the contents of subsection 7.1 above, the Trustee shall not declare the Bonds immediately due and payable, unless the following conditions are satisfied:

- 7.2.1 The Trustee has given a prior written warning to the Company of its intention to act as aforesaid, and the Company failed to comply with the contents of such warning by the end of fifteen (15) days from the date of receipt thereof. In the said warning, the Company is required to cause the cancellation and/or termination of the occurrence, as set out in subsection 7.1 above, in connection with which the said warning was given.
- 7.2.2 The Trustee reasonably believes that any delay in declaring the Company's debt payable puts the rights of the Bondholders at risk.
- 7.2.3 Notwithstanding the contents of sections 7.1 and 7.2.1 above, should the Trustee find that a delay in declaring the Bonds immediately due and payable, as set out in subsections 7.1 and 7.2.1 above, will

significantly risk the rights of the Bondholders, the Trustee may bring forward each of the periods set out in subsections 7.1 and 7.2.1 above, as it finds necessary, with a view to preventing the said risk to the rights of the Bondholders, provided that it gives written notice thereof to the Company and no response is received from the Company to its satisfaction within two (2) business days from the date of such warning.

- 7.3 After the Bonds are declared immediately due and payable as aforesaid, the Company shall perform from time to time and at any time it is required to do so by the Trustee, all the acts reasonably required to allow the exercise of all powers vested by the Trustee. *Inter alia*, it shall cause the performance of all acts reasonably required pursuant to the law to validate the Trustee's powers.

## **8. Claims and proceedings on the part of the Trustee**

- 8.1 The Trustee may, at any time after the Bonds are declared due and payable, at its discretion and without giving another notice, adopt all such proceedings, including legal proceedings, as it finds fit, subject to the provisions of any law, to protect the rights of the Bondholders and implement the provisions of the Trust Deed and it may convene a special meeting of the Bondholders to this end. The Trustee shall be compelled to do so at the demand of the meeting of the Bondholders adopted by a special resolution.

Nothing in the foregoing shall prejudice and/or derogate from the Trustee's right to institute legal and/or other proceedings, either on its own initiative or at the demand of the meeting of the Bondholders adopted by a special resolution, even if the Bonds have not been declared immediately due and payable, all with a view to protecting the Bondholders and subject to the provisions of any law.

- 8.2 The Trustee may, before resorting to such proceedings, convene a general meeting of the Bondholders, to determine, in a special resolution, the type of proceedings to be adopted to exercise their rights under this Deed and the Bonds. The Trustee may further reconvene general meetings of the Bondholders for the purpose of receiving instructions in respect of the conducting of such proceedings. In such cases, the Trustee shall act without delay and on the first practicable and reasonable date.
- 8.3 Subject to the provisions of this Deed, the Trustee may, but shall not be obligated to, convene a general meeting of the Bondholders at any time, with a view to discussing and/or receiving its instructions on any matter pertaining to this Deed, provided that the convening of the meeting shall be performed by the Trustee in such cases without any delay and on the first practicable and reasonable date.

- 8.4 The Trustee may, but shall not be obligated to, at its sole discretion, withhold any act on its part under this Deed, for the purpose of an application to the general meeting of the Bondholders and/or the court, until such time as it receives instructions from the general meeting of the Bondholders and/or instructions from the court on how to proceed. The application to the general meeting of the Bondholders and/or to the court will be effected in such cases without delay and on the first practicable and reasonable date.
- 8.5 Subject to the provisions of subsection 8.6 below, the Trustee shall be obligated to act as set out in subsection 8.1 above, should it be so required by a special resolution adopted at the general meeting of the Bondholders, unless it finds that, under the circumstances, it is not just and/or reasonable to do so and it has applied to the pertinent court for respective instructions on the first reasonable date.
- 8.6 The Trustee shall be entitled to indemnification from the Bondholders and/or the Company for reasonable expenses incurred and/or to be incurred by it, as the case may be, with respect to acts performed and/or to be performed by it, by virtue of its duties under the terms of the Trust Deed and/or under law and/or pursuant to instructions of a competent authority and/or any law and/or at the demand pursuant to any resolution adopted at a general meeting of the Bondholders and/or the Company. Notwithstanding the foregoing, it is hereby clarified and agreed that the Company shall not indemnify the Trustee for expenses incurred and/or that may be incurred by it with respect to acts performed and/or which may be performed at the demand of the Bondholders for any reason whatsoever and the Bondholders shall not indemnify the Trustee for expenses incurred and/or to be incurred by it with respect to acts performed and/or to be performed by it at the Company's demand for any reason whatsoever. The right to indemnification set out in this subsection 8.6, shall apply upon the following conditions:
- 8.6.1 The expenses are reasonable.
- 8.6.2 The Trustee has acted in good faith, has not been negligent and such act was performed in its capacity as trustee.
- 8.6.3 The Trustee may not demand indemnification in advance for its expenses in connection with a pressing matter.
- 8.7 Subject to the provisions of subsection 8.6 above, the Trustee may refrain from adopting any measure as aforesaid in subsection 8.6 above, until such time as it receives, to its satisfaction, an indemnity letter from all or any of the Bondholders, as the case may be, in connection with any liability for damages and/or expenses liable to be caused to the Trustee and the Company or to any of them, due to the performance of such act, other than in circumstances where a pressing act is required, and where refraining from the

performance thereof up to the receipt of the indemnify letter as aforesaid, shall cause damage and/or loss to the Bondholders.

- 8.8 To remove any doubts, it is hereby clarified, that nothing in any of the aforesaid provisions shall prejudice and/or derogate from the Trustee's right which is hereby vested in it, to apply, at its exclusive discretion, to legal instances also before the Bonds are declared due and payable, for the purpose of obtaining any order concerning the trust affairs.

## **9. Receipts held in trust**

All receipts collected by the Trustee in consequence of declaring the Bonds immediately due and payable, including receipts arising from proceedings instituted by it, if any, against the Company, shall be held by it in trust and it shall use same for such purposes and according to such priorities as follows:

First, for settlement of all expenses, payments, levies and obligations incurred by the Trustee, imposed on it, or caused in the course of, or in consequence of, acts in implementation of the trust or otherwise, with respect to the terms of this Deed, including its fee (but without derogating from the Company's undertakings pursuant to section 17 below). Second – to pay, to the Bondholders, the arrears interest due to them and subject to the linkage terms under the Bonds *pari passu* and *pro rata* to the sums payable to each of them without preference or priority with respect to any of them, and without any preference as to the time priority of the issuance of the Bonds by the Company or otherwise; third – to make such payments to the Bondholders, on account of the principal owed to them under the Bonds held by them *pari passu* and subject to the linkage terms under the Bonds, all whether the due date for settlement of any installment on account of the principal as aforesaid has fallen due or not, *pro rata* to the sums owing to them, without any preference as to the time priority of the issuance of the Bonds by the Company or otherwise. The surplus, if any, shall be paid by the Trustee to the Company or its successors, as the case may be. Tax will be withheld from the payments to the Bondholders to the extent such should be deducted under any law.

## **10. Power to withhold distribution of funds**

- 10.1 Notwithstanding the provisions of section 9 above, in the event that the monetary sum obtained in consequence of the institution of the proceedings as aforesaid, which at any time is available for distribution, as set out in such section, is less than ten (10) percent of the unsettled principal balance of the Bonds plus the interest thereon (subject to the linkage terms) (hereinafter: the “**Minimum Sum**”) the Trustee shall not be obligated to distribute same, and it may invest such sum, in whole or in part, in such investments as are permitted hereunder and substitute such investments from time to time by other permitted investments under this Deed, all as it finds fit. Notwithstanding the foregoing, a special resolution at the meeting of the Bondholders may instruct the Trustee to distribute, to the Bondholders, any



such amount, even where the cumulative sum as aforesaid is less than the Minimum Sum.

- 10.2 Where such investments, including accruals thereon, together with other funds received by the Trustee for the purpose of the payment thereof to the Bondholders, total, if at all, such amount as is sufficient to pay at least ten (10) percent of the unsettled principal balance of the Bonds (subject to the linkage terms), the Trustee shall pay same to the Bondholders as set out in section 9 above. In the event that, within a reasonable period of time, the Trustee does not have a sufficient sum to pay at least ten (10) percent of the unsettled balance of the principal of such Bonds, the Trustee may distribute the funds held by it to the Bondholders.

## **11. Notice of distribution and deposit with the Trustee**

- 11.1 The Trustee shall give notice to the Bondholders of the date and the place of effecting any installment of the installments set out in sections 9 and 10 above, in a notice to be delivered to them in the manner designated in section 21 below, not less than ten (10) days and not more than twenty (20) days in advance.

After the date designated in the notice, the Bondholder shall be entitled to interest thereon, at the rate designated in the Bonds, only in respect of the unsettled balance of the principal (if any) after deduction of the amount paid or offered to be paid to them as aforesaid.

- 11.2 Any sum payable to a Bondholder which has not been actually paid on the date designated for payment for any reason beyond the Company's control, while the Company was willing to pay same, shall cease to bear interest and linkage differentials as of the date designated for payment thereof, while the Bondholder shall be entitled only to such payments as he would have been entitled to on the date designated for payment of such installment on account of the principal, interest and linkage differentials.
- 11.3 The Company shall deposit, with the Trustee, the sum of the installment not paid in a timely fashion, as set out in subsection 11.2 above, not later than fifteen (15) business days as of the date designated for such installment, and shall give notice of such deposit, and such deposit shall be deemed as settlement of such installment, and, in the event of the settlement of everything owing for the Bond, also as the redemption of the Bond.
- 11.4 The Trustee shall invest, within the framework of trust accounts in its name and for its benefit, such funds as are transferred to it as set out in subsection 11.3 above, in such investments as are permitted to the Trustee under this Deed. In the event that the Trustee acts as aforesaid, it shall only owe, to those eligible for such amounts, the consideration received from the

realization of the investments, less the expenses related to the said investment and to the management of the trust accounts, as well as the charges, and less the obligatory payment applicable to the trust account. From such funds, the Trustee shall transfer, to the Bondholders, the sums to which they are entitled, as soon as practicable after proof and confirmations are presented to the Trustee of their entitlement to such amounts, to the Trustee's full satisfaction, and less its expenses.

- 11.5 The Trustee shall hold such funds and shall invest them in the said manner, up to the end of one year from the final settlement date of the Bonds. After such date the Trustee shall transfer, to the Company, such amounts as are set out in subsection 11.4 above, including profits arising from their investment, less its expenses, to the extent remaining in its possession on such date. The Company shall hold such amounts in trust for such Bondholders as are entitled to such sum, and in respect of the sums transferred to it by the Trustee as aforesaid the provisions of subsection 11.4 above shall apply to it, *mutatis mutandis*.

The Company shall confirm to the Trustee, in writing, the holding of the amounts and the receipt thereof on behalf of the Bondholders, and shall indemnify the Trustee for any claim and/or expense and/or damage of any type whatsoever incurred by it in the wake of, and due to, the transfer of the funds as aforesaid, unless the Trustee has acted negligently.

The Company shall hold such funds in trust on behalf of the Bondholders entitled thereto for six (6) additional years from the date of the transfer thereof by the Trustee. Funds not demanded from the Company by a Bondholder up to the elapsing of seven (7) years from the date of the final settlement date of the Bonds, shall be transferred to the Company, and the Company shall be entitled to use the remaining funds for any purpose whatsoever.

## **12. Receipt from the Bondholders**

- 12.1 A receipt from a Bondholder for any payment on account of the principal, the interest and the linkage differentials paid to him by the Trustee in connection with the Bond, shall serve as absolute exemption of the Trustee and the Company in connection with the very performance of the payment of the sums designated in the receipt.
- 12.2 A receipt from the Trustee as to the deposit of any installment on account of the principal, the interest and the linkage differentials with the Trustee for the benefit of the Bondholders as set out in subsection 11.3 above, shall be deemed as a receipt from the Bondholder for the purpose of the provisions of subsection 12.1 above, with respect to the exemption of the Company in connection with the performance of the payment of the sums designated in the receipt.

12.3 Funds distributed as aforesaid in section 11 above, shall be deemed as payment on account of the settlement of the Bonds.

**13. Presentation of a Bond to the Trustee and registration with respect to partial installment**

13.1 The Trustee may demand from a Bondholder to present to the Trustee, upon the payment of any interest or partial installment of principal, interest and linkage differentials pursuant to sections 9, 10 and 11 above, the Bonds certificates for which the installments are made.

13.2 The Trustee may register, in the Bond certificate, a note with respect to the sums paid as aforesaid and as to the date of payment thereof.

13.3 The Trustee may, in any special case, at its discretion, waive the presentation of a Bond certificate after an indemnity undertaking and/or sufficient security, to its satisfaction, has been given to it by the Bondholder, for damages liable to be caused due to failure to register such note, all as it finds fit.

13.4 Notwithstanding the aforesaid, the Trustee may, at its discretion, keep records in any other manner, with respect to such partial installments.

**14. Investment of funds**

All funds which the Trustee is entitled to invest under this Deed, shall be invested by it, in accounts at one of the five (5) leading banks in Israel, in its name or for its benefit, in such investments as the laws of the State of Israel allow trust funds to invest therein, as it finds fit, all subject to the terms of this Trust Deed, provided that any investment in securities shall be in such securities as have been rated by a rating company approved by the Commissioner of the Capital Market with identical rating to that of the Bonds on the date of the execution of this Trust Deed.

**15. Company's undertakings to the Trustee**

The Company hereby undertakes to the Trustee, so long as the Bonds have not been fully settled, as follows:

15.1 To continue to conduct its business in a regular and appropriate manner and to maintain and conduct its assets in a good and orderly condition.

15.2 To regularly pay all the obligatory payments and taxes applicable, if any, to its assets.

15.3 To maintain orderly books of account in accordance with accepted accounting principles, to maintain the books and documents used as their references, and to allow any authorized representative of the Trustee to review, at any reasonable time to be coordinated in advance with the

Company, any book and/or document as aforesaid which the Trustee seeks to review. In this context, an authorized representative of the Trustee means a person designated by the Trustee for the purpose of such review, by means of a written notice on the part of the Trustee to be given to the Company prior to the review as aforesaid, and which shall also contain the Trustee's approval whereby such designated representative is obligated to the Trustee to keep confidential the information disclosed to such designated representative in his capacity on behalf of the Trustee. The Trustee shall treat as confidential any information contained in a book and/or document reviewed by the Trustee's representative as aforesaid.

- 15.4 To insure its assets pursuant to principles of regular business procedures pursuant to which assets of such type are covered, and to comply with all the terms of the insurance and to present to the Trustee a certification of issuance of insurance policies, as aforesaid, upon demand.
- 15.5 To give a written notice to the Trustee immediately upon learning, and not later than two (2) business days after learning, of any event of imposition of an attachment on the Company's assets the cumulative value of which on such date amounts to 10% or more of the total consolidated balance sheet of the Company, pursuant to the Company's last consolidated financial statements and in any event of appointment for the Company's assets, at such cumulative value, a receiver, a special administrator and/or temporary or permanent liquidator, and to adopt at its expense all measures required to remove such attachment or to cancel the receivership, liquidation or administration, as the case may be.
- 15.6 To advise the Trustee in writing, immediately upon learning thereof, and not later than two (2) business days from learning of it, of the occurrence of any of the events set out in subsections 7.1.1, 7.1.2 and 7.1.3 above.
- 15.7 To deliver to the Trustee, upon its demand, a copy of any report that it is compelled to submit to the Securities Authority, on the same date of submission thereof to the Authority, and a copy of any document that the Company transfers to its shareholders or to the Bondholders and the particulars of any information that it otherwise transfers to them. The Company shall further transfer to the Trustee additional information with respect to the Company at the Trustee's reasonable demand, and any information transferred by the Trustee shall be maintained in confidence by the Trustee.
- 15.8 To give a confirmation to the Trustee, at its demand, that all payments that have fallen due have been effected to the Bondholders.
- 15.9 To act with a view that the Bonds be rated by a rating company approved by the Commissioner of the Capital Market, pursuant to the rules and provisions prescribed in the Income Tax Regulations (Rules for Approval and

Management of Provident Funds), 5724 – 1964, Insurance Business (Control) Regulations (Ways of Investing an Insurer's Capital and Reserves and Management of His Obligations), 5761 – 2001, as shall be amended from time to time up to the date of settlement of the Bonds in full and to advise the Trustee of any decline in the rating of the Bonds.

15.10 To allow the Trustee to participate at meetings of the Company's shareholders, without conferring a voting right on it.

15.11 The Trustee's undertaking, as set out in this section 15 above, shall not apply to any transfer of information to the meeting of the Bondholders which, in the Trustee's reasonable opinion, will be required by the Bondholders for the purpose of adopting a resolution in respect of their rights or for the purpose of giving an account to the Bondholders at the Trustee's reasonable discretion.

It is hereby clarified that failure to act on the part of the Trustee and/or the Bondholders in view of the failure to comply with any obligation on the part of the Company under this Deed, shall not be deemed as being a waiver on the part of the Bondholders and/or the Trustee of any right, but only as a limited consent to the special occasion on which it was granted.

**16. Other agreements**

Subject to the provisions of the Law and the restrictions imposed on the Trustee under law, the fulfillment of its capacity as Trustee, under this Deed, or its very status as Trustee, shall not prevent the Trustee from entering into various agreements with the Company or entering into transactions with the Company in the ordinary course of its business, provided that such engagements and/or transactions shall not cause the Trustee to lose its capacity under Section 35.E. of the Law to serve as Trustee for the Bondholders.

**17. Trustee's fee**

The Trustee's fee shall be as set out in Appendix C hereto, constituting an integral part of this Deed.

**18. Special Powers**

18.1 The Trustee may, as part of the fulfillment of the Trust affairs under this Deed, act in accordance with the opinion and/or advice of any attorney, accountant, appraiser, assessor, surveyor, mediator or other specialist, whether such opinion and/or advice has been prepared at the Trustee's request and/or by the Company, and the Trustee shall not be responsible for any loss or damage caused in consequence of any act and/or omission performed by it on the basis of such advice or opinion, unless the Trustee has acted negligently or *mala fide*.

- 18.2 Any such advice and/or opinion may be given, forwarded or received by means of a letter, telegram, facsimile and/or any other electronic means for transmission of information, and the Trustee shall not be responsible for any acts performed by it on the basis of any advice and/or opinion and/or information transmitted in one of the aforesaid manners, notwithstanding that same contained errors and/or was not authentic, unless the Trustee was aware of such errors or where such errors could have been detected under a reasonable examination. Such opinion shall be open for perusal by any Bondholder, upon demand, with the Trustee, subject to the Bondholder's execution of a letter of confidentiality upon the Company's demand.
- 18.3 The Trustee shall not be obligated to give notice to any party of the execution of this Deed and may not in any manner interfere with the management of the Company's business or affairs. Nothing in the contents of this section shall limit the Trustee in respect of acts to be performed by it under this Trust Deed.
- 18.4 The Trustee shall use the trust, powers, authorizations and authorities conferred on it, under this Deed, at its absolute discretion and shall not be responsible for any damage caused in consequence of an error in such discretion, unless the Trustee has acted negligently.

**19. The Trustee's power to engage agents**

The Trustee may appoint an attorney or other agent/s to act in its stead, to perform or participate in the performance of special acts to be performed with respect to the Trust and pay a fee to any such agent, and, without limitation to the generality of the foregoing, institution of legal proceedings or representation in proceedings of the Company's merger or spin-off. The Company may object to such appointment on any reasonable ground whatsoever, including in the event that the agent is competing, directly and/or indirectly, with the Company's business.

**20. Trustee's fee**

Without prejudice to the rights for indemnification vested in the Trustee under the Law and/or the Company's obligations under this Deed, and subject to the contents of subsection 8.6 above, the Trustee, its attorney, manager, agent or other person, appointed by the Trustee, pursuant to this Deed, shall be entitled to indemnification out of the funds received by the Trustee for the Bondholders arising from the proceedings instituted by it and/or otherwise pursuant to this Deed, with respect to reasonable obligations assumed by them, with respect to reasonable expenses incurred in the course of implementing the Trust under this Deed or with respect to such acts, which in their opinion were required for such implementation and/or with respect to the exercise of powers and authorizations vested in the Trustee, pursuant to this Deed and with respect to all sorts of legal proceedings, opinions of attorneys and other specialists, negotiations, discussions, expenses, claims and demands in connection with any law and/or matter, made and/or omitted in any manner, with

respect to the above, and the Trustee may withhold the funds in its possession and pay out of such funds such amounts as are required for settlement of the indemnification. Notwithstanding the foregoing, the Trustee shall not be entitled to indemnification for such acts performed by it where held in a conclusive judgment that the Trustee acted negligently.

## **21. Notices**

21.1 Any notice on behalf of the Company and/or the Trustee to the Bondholders shall be given by means of an advertisement published in two widely-circulated daily newspapers in the Hebrew language or by means of forwarding a notice by registered mail to the last address of the Bondholders recorded in the Register (and in the event of joint holders – to such holder whose name appears first in the Register), and any notice published or mailed, as aforesaid, shall be deemed to have been delivered to the Bondholder on the date of the publication thereof as aforesaid, or within three days from the date of the dispatch thereof at the post office, all as the case may be. In the event that the Bonds are listed for trading on the Stock Exchange or on the TACT – Institutional, such notice shall be given through a notice to be published in two widely-circulated daily newspapers in the Hebrew language, and, at the Company's discretion, also by means of forwarding the notice by registered mail, to the last address of the Bondholders recorded in the Register. In the event that the Bonds are listed for trading on the Stock Exchange, an immediate report shall also be published and such published report shall be deemed to have been delivered to the Bondholders on the date of the publication thereof.

21.2 Copies of notices and invitations that will be given by the Company to the Bondholders shall also be sent to the Trustee. It shall be clarified that such notices and invitations do not include ongoing accounts by the Company to the public.

Copies of notices and invitations that will be given by the Trustee to the Bondholders shall also be sent by it to the Company.

21.3 Any notice or demand on behalf of the Trustee to the Company or on behalf of the Company to the Trustee, may be given by means of a letter that will be forwarded by registered mail to the address set out in this Deed, or to any other address of which one party gives written notice to the other, and any such notice or demand shall be deemed to have been received by its addressee within three business days from the date of dispatch thereof at the post office.

## **22. Revisions in the Trust Deed, waiver and settlement**

22.1 Subject to the provisions of the Law and the regulations enacted thereunder, the Trustee may, from time to time and at any time, or in any other event, if it

is satisfied that same does not amount to material injury to the rights of the Bondholders, waive any failure to fulfill any of the terms of the Bonds or this Deed on the part of the Company, provided that they do not refer to the terms of payment of the Bonds and the grounds for the declaration as immediately due and payable and/or reports that the Company is to deliver to the Trustee pursuant to the provisions of this Deed.

- 22.2 Subject to the provisions of the Law and the regulations enacted thereunder, and with the prior approval by a special resolution to be adopted at the general meeting of the Bondholders, at which the holders were present in person, or by proxy, at least fifty percent (50%) of the par value of the unsettled balance of the principal of the Bonds, or at an adjourned meeting, at which the holders were present in person or by proxy, at least twenty percent (20%) of such balance, the Trustee may, either before or after the principal of the Bonds becomes due, settle with the Company with respect to any right or claim of all or any of the Bondholders and reach any arrangement in respect of their rights with the Company, including waiver of any of its rights or claims and/or those of all or any of the Bondholders *vis-à-vis* the Company.
- 22.3 Subject to the provisions of the Law, the Company and the Trustee may, either before or after the principal of the Bonds becomes due, revise the Trust Deed and/or the terms of the Bonds, on the occurrence of one of the following:
  - 22.3.1 The Trustee has been satisfied that the change does not materially adversely affects the rights of the Bondholders, other than revisions referring to the terms of payment of the Bonds, the grounds for declaration as immediately due and payable and/or reports to be submitted by the Company to the Trustee pursuant to the provisions of this Deed.
  - 22.3.2 The proposed revision has been approved by a special resolution adopted at the general meeting of the Bondholders, at which the holders were present in person or by proxy, of at least fifty percent (50%) of the par value of the unsettled balance of the principal of the Bonds, or at an adjourned meeting, at which the holders were present in person or by proxy, of at least twenty percent (20%) of such balance.
- 22.4 The Company shall deliver to the Bondholders, a notice of any such revision, pursuant to subsection 22.1, subsection 22.3.1 or subsection 22.4 above, as soon as practicable after the implementation thereof.
- 22.5 In any event of exercise of the Trustee's right under this section, the Trustee may demand from the Bondholders to deliver the Bonds certificates to it or to the Company, for the purpose of entering a note therein as to any compromise, waiver, revision or amendment as aforesaid, and at the



Trustee's demand, the Company shall enter such a note. In any event of the use of the Trustee's right under this section, it shall give a written notice thereof to the Bondholders within a reasonable time.

**23. Bondholders' Register**

23.1 The Company shall keep and maintain, at its registered office, a Bondholders' Register, in which the names of the Bondholders shall be recorded, as well as their addresses, and the number and par value of the Bonds registered in their name. Furthermore, any transfer of ownership in the Bonds shall be recorded in the Bonds. The Trustee and any Bondholder may, at any reasonable time, peruse such Register. The Company may close the Register from time to time for such period or periods as shall not exceed, cumulatively, 30 days per annum.

23.2 The company shall not be obligated to record in the Register, any notice as to express, implied or estimated trust, or any pledge or lien of any nature whatsoever or any equitable right, claim or offset or any other right whatsoever, with respect to the Bonds. The Company shall only recognize the ownership of the person in whose name the Bonds were registered, provided that his legal heirs, administrators of estate or executors of the will of the registered owner and any person entitled to the Bonds, in the wake of the bankruptcy of any registered owner (and, in the case of a corporation – in the wake of the dissolution thereof), may be registered as their owner, after presenting proof which at the Company's discretion is sufficient to prove their right to be registered as the owner thereof.

**24. Certificates and split of certificates**

For the Bonds registered in the name of one holder, one certificate shall be issued to him, or, at his request, a number of certificates shall be issued to him (the certificates referred to in this section shall be hereinafter referred to as: the "**Certificates**").

Each certificate may be split into certificates such that the total par value of the Bonds included therein equals the amount of the par value of the Bonds included in the certificate sought to be split. The split will be performed in accordance with a split application signed by the registered owner of the Bonds, forming the subject matter of the certificate sought to be split, against submission of the certificate sought to be split to the Company at its registered office. The split shall be effected within 30 days from the end of the month in which the certificate was delivered, together with its split applications, to the Company's registered office. The new Bonds certificates that will be issued in the wake of the split, shall each be for a par value amount in whole New Shekels. All expenses relating to the split, including Stamp Duty and other levies, if any, shall apply to the holder seeking the split.

**25. Expiry of the Trustee's office**

- 25.1 The provisions of the Law shall apply to the office of the Trustee and the expiry thereof, and to the appointment of a new trustee.
- 25.2 The Trustee may resign from its office at any time it wishes to do so after giving a written notice to the Company, three (3) months in advance, specifying the reasons for the resignation. The Trustee's resignation shall have no validity unless approved by a court, and only from the date designated therefore in the court's approval as aforesaid.

In the event that the Bonds are listed for trading on the Stock Exchange – the Securities Authority may apply to the court to terminate the office of the Trustee, pursuant to Section 35.N. of the Securities Law.

The Trustee's office shall terminate where it turns out that it is prevented from continuing in its office, in the wake of a change in the provisions of the Law or the applicable law in respect of capacity to serve as trustee, including where such impediment is created in connection with the listing of the Bonds for trading on the Stock Exchange. In this context, a demand by the Securities Authority to terminate the Trustee's office shall also be deemed as "impediment". In such event a new Trustee shall be appointed as proposed by the Company, in accordance with a resolution of the meeting of the Bondholders in a resolution to be adopted with the required majority as set forth in subsection 25.3 below.

The Company shall publish an immediate report of any such event with respect to the office of the Trustee and/or the termination thereof as aforesaid.

- 25.3 Holders of ten percent (10%) of the par value of the unsettled balance of the principal of the Bonds may convene a general meeting of the Bondholders and it may decide, in accordance with the vote of holders of at least fifty percent (50%) of such balance, or their proxies, on the dismissal of the Trustee from its office.
- 25.4 In the event of expiry of the Trustee's office, the court may appoint another Trustee, for such period and at such terms as it finds fit. The Trustee whose office has expired shall continue to serve in its office up to the appointment of another Trustee.
- 25.5 Each new Trustee shall have such powers, authorizations and other authorities as the Trustee whose office has expired, and it may act, in all respects, as if it has been appointed as Trustee from the outset.
- 25.6 Any appointment of a new Trustee, other than a trust company of a bank in Israel, put to the approval of the meeting of the Bondholders, shall require the Company to provide, on the date of the convening of the meeting, details of its equity and insurance arrangements with respect to the fulfillment of its capacity as trustee for the Bondholders.

- 25.7 If the Trustee's office has expired and/or the Trustee has been dismissed from its office, the Trustee shall not be entitled to payment of its fee as of the date of expiry of its office and/or dismissal from its office. In the event of payment of an annual fee, the Trustee shall refund the fee paid for the months in which it has not served as Trustee for the Company.

**26. Meetings of the Bondholders**

Meetings of the Bondholders shall be conducted as set forth in Appendix B hereto.

**27. Reporting to the Trustee**

The Company shall submit to the Trustee, so long as all the Bonds have not been settled (including the linkage differentials related thereto):

- 27.1 Audited financial statements of the Company for the fiscal year ended on December 31 of the previous year, immediately after the publication thereof by the Company.
- 27.2 Any report with respect to interim financial results of the Company, immediately after the publication thereof by the Company.
- 27.3 Any immediate report of the Company, immediately after the publication thereof by the Company, or any other report submitted by the Company to another stock exchange if the Company's securities will be traded on such stock exchange in the future.
- 27.4 Approval of the Company's auditor and/or the Company's controller of effecting the interest payment and/or payment on account of the principal and the dates thereof to the Bondholders, and the balance of the par value of the Bonds in circulation, upon the Trustee's written demand for such confirmation.
- 27.5 To give the Trustee a notice of the occurrence of any of the events constituting a ground for declaration as immediately due and payable, as set out in section 2 above. The Trustee undertakes to give a notice to the Bondholders of any notice by the Company as aforesaid.
- 27.6 In the event that the Company stops reporting to the public, the Company undertakes to submit, to the Trustee, the reports set out in this section 27 above, in such format and on such dates as applicable to the Company, prior to the termination of the Company's reporting duties, so long as the Bonds have not been settled.

For the purpose of this section 27, the publication of the said reports in this section 27 above on the Magna shall be deemed as submission of the report to the Trustee.

**28. Applicability of The Securities Law, 5728 - 1968**

In the event that the Bonds are listed for trading on the Stock Exchange, the parties shall act pursuant to the provisions of the Law and the Regulations thereof, in any matter not referred to in this Deed and, in any event of conflict between the provisions of the Law and its Regulations (that may not be contracted out) and this Deed, the parties shall act in accordance with the provisions of the Law and its Regulations.

**29. Applicable Law and Jurisdiction**

29.1 Israeli Law shall apply exclusively to this Trust Deed, including the appendixes hereto, as well as to any dispute arising with respect to this Deed.

29.2 The exclusive jurisdiction in respect hereof shall vest in the Tel – Aviv – Jaffa Court only.

**30. Authorization To Report In Magna**

By signing this Deed, the Trustee authorizes the authorized signatories of the Company with respect to electronic signatures to report in its name on the Magna system its entering into this Deed and the execution of this Deed on its part, to the extent required under law.

**In Witness Whereof The Parties Have Signed:**

\_\_\_\_\_  
**Elbit Medical Imaging Ltd.**

\_\_\_\_\_  
**Aurora Fidelity Trust Company Ltd.**

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I, the undersigned, Dana Bar-Or Tepper, Advocate, hereby confirm that this Trust Deed was signed by **Elbit Medical Imaging Ltd. in accordance with its memorandum and articles of association, via Messrs.** \_\_\_\_\_.

\_\_\_\_\_  
**Dana Bar-Or – Tepper, Advocate**

## Appendix A

### Elbit Medical Imaging Ltd.

#### Series A Bond Certificate

Registered Series A Bonds, unlimited in amount, of NIS 1 par value each, payable in 10 equal semi-annual installments, on August 20 and February 20 of each of the years 2009 to 2014, inclusive (the first installment to be effected on August 20, 2009 and the last installment to be effected on February 20, 2014), bearing interest at a rate of 6% per annum, payable in semi-annual installments on August 20 and February 20 of each of the years 2006 to 2014 (the first installment to be effected on August 20, 2006 and the last installment to be effected on February 20, 2014), linked (principal and interest) to the Index for January 2006, as published on February 15, 2006.

#### Registered Bonds

**Certificate No.:** \_\_\_\_\_

Total par value of the Bonds under this Certificate - NIS \_\_\_\_\_

The registered owner of the Bonds under this Certificate:

\_\_\_\_\_

1. This Certificate evidences that Elbit Medical Imaging Ltd. (hereinafter: the “**Company**”) shall pay, on August 20 and February 20 of each of the years 2009 to 2014 (inclusive), (the first installment to be effected on August 20, 2009 and the last installment to be effected on February 20, 2014), 10% of the par value of the Bonds under this Certificate; the Company shall further pay, on August 20 and February 20 of each of the years 2006 to 2014 (inclusive), interest at a rate of 6% per annum on the unsettled balance of their par value, payable in semi-annual installments, on August 20 and February 20 of each of the years 2006 to 2014 (the first installment to be effected on August 20, 2006 and the last installment to be effected on February 20, 2014), all subject to the linkage terms and the other terms set out in the terms listed overleaf. Any such installment shall be effected to the registered owner of the Bonds in this Certificate at the end of August 8 or February 8 that fall immediately before the due date of such installment.
2. The last payment for the principal and interest shall be effected against the delivery of the Bonds to the Company at the Company’s registered office, or at any other place of which the Company shall give a notice, not later than five (5) business days prior to the due date thereof under the terms of the Bond.
3. The Bonds of this Series are issued pursuant to a Trust Deed between the Company on the one hand, and Aurora Fidelity Trust Company Ltd. (hereinafter: the “**Trustee**”) on the other hand, entered into on February 21, 2006 (hereinafter: the “**Trust Deed**”) and are not secured by means of any lien.
4. All Bonds of this Series shall be equal *inter se (pari passu)*, such that none shall have any preferential right over the other.

5. The Company reserves the right to issue, at any time, without the approval of the Trustee and/or the Bondholders of this Series, other Bonds or Series Bonds or other securities of any nature or type whatsoever, whether or not vesting a right to convert into Company shares, at such terms as the Company shall find fit, whether preferable, equal or inferior to the terms of the Bonds of this Series. The Company further reserves the right to increase the Series Bonds at its exclusive discretion pursuant to the provisions of any law and subject to the provisions of section 2 of the terms listed overleaf.
6. The Bonds in this Certificate are further subject to the terms listed overleaf and to the terms set forth in the Trust Deed.

The Bonds are offered within a transaction that does not constitute a public offering in the United States, within the meaning thereof in the 1933 US Securities Law, as may be amended from time to time (hereinafter: the “**Law**”). The Bonds will not be submitted for registration with the US Securities Authority, or any other securities authority of any state in the United States. The Bonds may not be offered or sold, under US Law, by any holder other than in accordance with exemption from the registration requirements in the United States, or within a transaction which is not subject to the registration requirements, under the US Law or any securities law applicable in the pertinent state in the United States.

**Signed by the Company on** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## **The Terms Listed Overleaf**

### **1. General**

In this Bond, the following terms shall have the following meanings, unless another meaning is implied from the context, namely:

"Company" – Elbit Medical Imaging Ltd.;

"Trust Deed" – a trust deed between the Company and Aurora Fidelity Trust Co. Ltd., that was signed in connection with the Series A Bonds;

"Series A Bonds" or the "Bond Series" or the "Bonds" – a series, unlimited in amount, of registered Series A Bonds having a par value of NIS 1.00 each of the Company, which shall be issued from time to time in the Company's sole discretion;

"Trustee" - Aurora Fidelity Trust Co. Ltd. and/or any entity which shall serve from time to time as the trustee of the Bondholders pursuant to the Trust Deed;

"Register" – the register of holders of Series A Bonds of the Company, in which all of the holders of the Series A Bonds shall be registered;

"Bondholder" or "Bondowner" - the person whose name is registered at the given time in the Register as the Bondholder, and in the event of a number of joint holders, the joint holder whose name is registered first in the Register;

"Bond Certificate" – a certificate of Series A Bonds whose text is set forth in Appendix A of the Trust Deed;

"Law" or the "Securities Law" – the Securities Law, 5728 – 1968, and the regulations thereof, as they shall be from time to time;

"Principal" – the amount of the total par value that is registered in this Bond Certificate;

"Consumer Price Index" or the "Index" – The price index which is known by the name of "the Consumer Price Index", which includes fruit and vegetables and which is published by the Central Bureau of Statistics, including said index even if same is published by any other official institute or body instead of the Central Bureau of Statistics, and including any other official index which shall replace said index, whether or not based on the same data as the existing index. Should another index which shall be published by said institute or body replace said index and should said institute or body not determine the ratio between it and the replaced index, then said ratio shall be determined by the Central Bureau of Statistics. Should said ratio not be determined as stated, then the Trustee shall determine, in consultation with economic experts to be chosen by the Trustee, the ratio between the other index and the replaced index.

"Known Index" – on any date – the index most recently published prior to that date.

"Base Index" - the Consumer Price Index in respect of January 2006, as published on February 15, 2006.

"Payment Index" – the index known on the date of remittance of any payment on account of the Principal and/or interest.

"Business Day" – a day on which most of the banks in Israel are open to the public, for the purpose of performing transactions.

"Special Resolution" – as defined in section 6 of Appendix B of the Trust Deed.

"Entitled Bondholder" – the Bondholder in this Certificate who is entitled to the rights set forth therein at the given time.

"Stock Exchange" – the Tel Aviv Stock Exchange Ltd.

"Rating Company" – a company that has been approved by the Supervisor of the Capital Markets at the Ministry of Finance.

## 2. **The Bonds**

The Bonds in this Certificate are part of a series, unlimited in amount, of the Company's Series A Bonds.

The Bonds are being offered in a transaction which does not constitute a public offering in the U.S.A., as this term is construed in US Securities Act of 1933, including the regulations thereof (hereinafter: the "Act"). The Bonds shall not be filed for registration with the US Securities Exchange and Commission or any other securities authority of any state in the USA. The Bonds may not be offered or sold pursuant to law in the USA by any holder, other than in accordance with an exemption from the registration requirements in the USA, or as part of a transaction which is not subject to the registration requirements, pursuant to the Act and pursuant to all of the binding securities laws in the relevant state in the USA.

Increase in the Series – the Company is entitled to issue, at any time and from time to time, without requiring the consent of the Bondholders or the Trustee, including to a subsidiary of the Company, in accordance with the provisions of any law, additional bonds whose terms shall be identical to the terms of the Series A Bonds, at any price and in any manner as the Company shall deem fit. Subject thereto, this Deed shall apply also with regard to any such additional bonds which shall be issued by the Company, and they shall be deemed, on the date of issue thereof, to be the same as the Company's Series A Bonds which were issued first. Notwithstanding that stated anywhere in the Trust Deed, an additional issue of Series A Bonds, beyond the scope that was rated by a Rating Company in relation to this series (as at the date of this Deed, the amount equates to NIS 630 million), shall be implemented subject to an additional rating



by a Rating Company and subject to the fact that the additional issue of bonds from the same series, as stated, shall not have an adverse effect on the rating of the Bonds which were first issued pursuant to this Deed, as that rating shall be at said time. The Company shall receive approval from the Stock Exchange for such increase, and shall publish an immediate report of any increase in the Bond Series.

Issue of Additional Securities – the Company reserves the right to issue, at any time, without requiring the consent of the Trustee and/or the consent of the Bondholders, other bonds or other series of bonds or other securities, of any kind or nature, upon such terms as the Company shall deem fit, whether they have priority over the terms of the Bonds, or whether they are equal or inferior thereto.

Listing of the Bonds for Trading in the TACT- Institutional System – subject to the general directives of the Stock Exchange, the Company shall register the Bonds in the name of Discount Bank Nominees Ltd., and it shall register, as soon as practicable and insofar as is within its control, the Bonds with the Stock Exchange Clearing House, which shall provide clearing services for the Bonds and also with the system of trading that is operated by the Stock Exchange for institutional investors (hereinafter: the "TACT- Institutional"). Should the Bonds be listed for trading on the TACT- Institutional, the following provisions shall apply:

- a. Each payment made by the Company to the Stock Exchange Clearing House and/or to the registration company for the payment of the Principal and/or the interest and/or additional payments shall be deemed to be payment to the holders.
- b. Each Bondholder may exercise his rights as the holder of a Bond, subject to receipt by the Company and/or the Trustee, as the case may be, from the Registration Company of approval specifying the name of the Bondholder and the total amount in respect of the Principal of the Bonds which are being held by the registration company for said Bondholder.
- c. The Bondholders shall cooperate with the Company, insofar as required, for the purpose of implementation of the above, including, without derogating from the generality of the foregoing, the return of the original Bond Certificates which were issued in their names, if any, to the Company, for the purpose of the issuance of the Bond Certificates in the name of the nominee company.
- d. The Company shall inform the Trustee of the listing of the Bonds for trading on the TACT Institutional and shall operate in accordance with all of the instructions and directives of the Stock Exchange which are relevant in connection with the TACT Institutional, including the ex-date, the cum date and the methods of calculation of the annual interest. The provisions of the Trust Deed and the provisions of the terms of the Bonds shall be modified, insofar as required in accordance with the instructions and directives of the Stock Exchange, to such draft as shall

be agreed with the Trustee, without the need for receipt of any approval by the Company from the Bondholders and/or from the Trustee.

- e. For the avoidance of doubt, it is hereby clarified that subject to the provisions of the law and the rules of the Stock Exchange, any entity which is not an institutional investor as set forth in the First Schedule to the Law, shall not be entitled to trade in the Bonds within the TACT Institutional system as specified above.
- f. Listing for trading on the TACT Institutional system is not listing for trading on the Stock Exchange as construed below.

Listing of the Bonds for Trading on the Stock Exchange – the Company shall use its best endeavors and shall take all the measures reasonably required, subject to the provisions of any law and the rules of the Stock Exchange, for the listing of the Bonds for trading on the Stock Exchange by August 30, 2006 (hereinafter: the "Effective Date for Listing"). In the event that the Bonds were not listed for trading on the Stock Exchange by said Effective Date for Listing, the Company shall be entitled in its sole discretion to act to procure the listing thereof for trading on the Stock Exchange also after the Effective Date for Listing, up until the date of payment of the entire Principal of said Bonds.

In any event of the listing of the Bonds for trading on the Stock Exchange as stated above, the provisions of the Trust Deed and the provisions of the terms of the Bonds shall be modified, insofar as required in accordance with the instructions and directives of the Stock Exchange and/or the Securities Authority, to such draft as shall be agreed with the Trustee, without the need for receipt of any approval by the Company from the Bondholders and/or from the Trustee, provided that the Trustee is satisfied that the modification required by the Stock Exchange and/or the Securities Authority does not have an adverse effect on the rights of the Bondholders. Upon the listing of the Bonds for trading on the Stock Exchange, the Bonds shall cease to be traded on the TACT Institutional.

Until such time as the Bonds are listed for trading on the Stock Exchange, the following provisions shall apply:

- a. The Company shall pay a supplement of 0.3% to the rate of annual interest paid in respect of the unpaid principal balance of the Bonds (hereinafter: the "Interest Supplement"), up until the date of publication of the prospectus for the listing of the Bonds for trading on the Stock Exchange (hereinafter, in this section only: the "Prospectus Publication Date"), inclusively.

It shall be clarified that should the Bonds be listed for trading on the Stock Exchange during an interest period, as defined in section 4 of the Terms Listed Overleaf of the Bond Certificate (hereinafter: the "Interest Period"), the Company shall pay to each Bondholder at the end of the last trading day on the TACT Institutional (one trading day prior to the cessation of the trading of the Bonds on the TACT Institutional)

(hereinafter, in this section only: the "Effective Date"), a one-off payment in the amount of the Interest Supplement in respect of the unpaid principal balance of the Bonds for the period commencing on the date of allocation of the Bonds and ending on the Prospectus Publication Date, when the Interest Supplement shall be calculated according to 365 days per year and shall be paid in accordance with the number of days from the commencement of said Interest Period to the Prospectus Publication Date, inclusively. The Company shall give notice to the Stock Exchange at least four trading days prior to the Effective Date, with regard to the Effective Date. In addition, the Company shall publish an immediate report with regard to the date of payment of said Interest Supplement.

- b. The Company may not make a distribution, as defined in section 1 of the Companies Law, 5759 – 1999 (hereinafter: the "Companies Law") which does not comply with the provisions of section 302(a) of the Companies Law, unless the approval was obtained of the General Meeting of the Bondholders for such a distribution, with a majority of 100% of the Bondholders voting at said meeting.
- c. Subject to that stated in sub-section 7.2 of the Trust Deed, the Trustee may declare the unpaid balance of the Bonds to be immediately due and payable, in whole or in part, and the Trustee shall be obligated to do so should it be so required by a special resolution passed at the General Meeting of the Bondholders, all upon the occurrence of one or more of the events set forth below:
  - (i) Should the rating of the Bonds drop to below the investment rating of Baa2 (which is the equivalent of the investment rating of BBB of Maalot - The Israeli Securities Rating Company Ltd.);
  - (ii) Should the holdings of Europe Israel MMS Ltd., the Company's parent company, in the Company drop to below 25% of the Company's issued capital.

It is hereby clarified and stressed that immediately upon the listing of the Bonds for trading on the Stock Exchange, all of the Company's undertakings as set forth in sections (a) – (c) above shall be cancelled, and they shall have no validity, and none of the Bondholders shall have any contention and/or demand and/or claim in connection therewith.

### 3. **The Principal**

Subject to the rest of the terms of the Bonds, the Company shall pay the bond principal in ten equal six-monthly installments, on the 20<sup>th</sup> of August and on the 20<sup>th</sup> of February, of each of the years 2009 to 2014, inclusively (when the first payment shall be made on August 20, 2009, and the last payment shall be made on February 20, 2014). The unpaid principal balance shall be linked to the Consumer Price Index in accordance with the terms of linkage as stated in section 5 below.

4. **The Interest**

The unpaid principal balance of the Series A Bonds shall bear annual interest at a rate of 6% (hereinafter: the "Interest Rate"). The interest shall be linked to the Consumer Price Index in accordance with the terms of linkage as stated in section 5 below.

The Interest Rate in respect of each Interest Period, as defined below, shall be 3% (with the exception of the Interest Rate in respect of the first Interest Period, as set forth below). The interest shall be paid on the 20<sup>th</sup> of August and on the 20<sup>th</sup> of February, for the six months ending on the date of each said payment (hereinafter: the "Interest Period"), commencing from August 20, 2006 to February 20, 2014, on the unpaid balance from time to time of the amount of the Principal in that Interest Period. Subject to the other terms of the Bonds, the Company shall pay said interest to whomsoever shall be the registered holders of the Bonds in the Register, at the end of the 8<sup>th</sup> of August and at the end of the 8<sup>th</sup> of February of each year preceding the date of remittance of said payment, respectively.

The first payment of the interest shall be made on August 20, 2006 for the period commencing from February 23, 2006 and ending on August 20, 2006, when the Interest Rate in respect of this period shall be 2.9425%.

The last payment of the interest shall be made on February 20, 2014, together with the last payment on account of the Principal, against the return of the Bond Certificates to the Company.

5. **Terms of Linkage of the Principal and Interest**

The unpaid principal balance and the interest thereon, as set forth above, shall be linked to the Consumer Price Index, in the following manner:

Should it transpire on the date of remittance of any payment on account of the Principal and/or the interest of the Bonds that the Payment Index on the said date is higher than the Base Index, the Company shall make said payment of the Principal or interest, increased in a manner that is proportionate to the rate of increase of said Payment Index as compared with the Base Index; however, should it transpire that said Payment Index is identical to or lower than the Base Index, the Company shall make the said payment of the Principal or interest, when the calculation thereof shall be based on the Base Index.

6. **Payments of the Principal and Interest**

6.1 Any payment on account of the Principal and/or the interest, respectively, shall be paid to whomsoever shall be registered in the Register as the Bondholder at the end of the 8<sup>th</sup> of August or at the end of the 8<sup>th</sup> of February, immediately prior to the payment date of said payment, with the exception of the last payment which shall be made against the delivery of the Bond Certificates to the Company, at the

Company's registered offices and/or at any other place in respect of which the Company shall provide notice, not later than five Business Days prior to the date determined for the remittance of the last payment.

Payments on account of the Principal and the interest shall be made subject to the terms of linkage as stated in section 5 above.

Wherever the date of making a payment on account of the Principal and/or the interest shall fall on a day which is not a Business Day, the payment date of said payment shall be deferred to the first Business Day thereafter, and no interest shall be borne in respect of the deferment of said payment.

Any payment on account of the Principal and/or the interest, which shall be paid with a delay exceeding three Business Days from the date determined for the payment thereof pursuant to this Bond Certificate, for reasons dependent on the Company, shall bear interest for delay as defined below commencing from the date determined for the payment thereof to the date of actual payment thereof. For this purpose, the rate of interest for delay shall be the interest rate which is the higher of: (i) the Interest Rate on the Bonds as stated in section 4 above, plus 3%; or (ii) the Prime interest rate plus 3%, all on an annual basis. The Company shall inform the Stock Exchange, by way of an immediate report, two trading days prior to the actual payment day, of the interest rate, which includes the rate of interest for delay.

- 6.2 Each payment due from the Company in respect of the Bonds shall be subject to a deduction of tax at source, insofar as the Company is required by law to make such deduction.
- 6.3 The payment to the Entitled Bondholder shall be made by check or by bank transfer in favor of the bank account whose details shall be submitted in writing to the Company at an earlier time by the Entitled Bondholder, in accordance with that stated in section 6.5 below. Should the Company be unable, for any reason which is beyond the Company's control, to pay any amount to the Bondholder entitled thereto, it shall deposit this amount with the Trustee as stated in section 7.2 below.
- 6.4 If the Bondholder entitled to payment did not submit at an earlier time to the Company the details of the bank account for the crediting thereof by bank transfer, as stated, the Company shall send a check by registered mail to the last address registered in the Register. The sending of the check to the Entitled Bondholder by registered mail, as stated, shall be deemed for all intents and purposes to be payment of the amount specified therein on the date of the dispatch thereof by mail, provided that it was cashed upon presentation thereof in accordance with proper procedure with regard thereto.
- 6.5 The Bondholder who wishes to provide notice of the bank account details for the crediting thereof with the payments under the Bonds, as

stated, or who wishes to change said bank account details or his instructions with regard to the manner of payment, may do so by providing written notice, which shall be sent to the Company by registered mail, however, the Company shall comply with the instruction only if it reached its registered offices at least ten days prior to the date determined for the remittance of any payment under the Bond. Should the notice be received by the Company in delay, the Company shall act pursuant thereto solely with regard to those payments whose payment date shall fall after the payment date close to the date of receipt of the notice.

7. **Non-Payment for A Reason Beyond the Company's Control**

- 7.1 Any amount due to a Bondholder that was not actually paid on the date determined for the payment thereof due to a reason beyond the Company's control, while the Company was prepared to pay same, shall cease to bear interest and linkage differentials from the date determined for the payment thereof, and said Bondholder shall be entitled solely to those amounts to which he would have been entitled on the date determined for the payment of said amount on account of the Principal, the interest and the linkage differentials.
- 7.2 The Company shall deposit with the Trustee the amount of the payment that was not paid on time, as stated in sub-section 7.1 above, not later than 15 Business Days from the date determined for said payment, and it shall provide notice of said deposit, and said deposit shall be deemed to be the settlement of the payment, and in the event of the settlement of everything that is due in respect of the Bond, it shall also be deemed to be the redemption of the Bond.
- 7.3 The Trustee shall invest, in trust accounts in its name and in its favor, the funds that shall be transferred to it as stated in sub-section 7.2 above, in such investments as the Trustee is permitted to make pursuant to the Trust Deed. Should the Trustee do so, it shall not be liable to the Entitled Bondholders in respect of those amounts, other than in respect of the consideration which shall be received from the realization of the investments, less the expenses related to said investment and to the management of the trust accounts, the commissions and less the compulsory payments applicable to the trust account. Out of said funds, the Trustee shall transfer amounts to the Bondholders entitled thereto, as soon as practicable after proof and approvals shall be submitted to the Trustee attesting to their right to these amounts, to the Trustee's full satisfaction, and less the Trustee's expenses and commissions at such rate as shall be standard practice at the Trustee at that time.
- 7.4 The Trustee shall hold these funds and shall invest same in said manner, until the expiration of one year from the final payment date of the Bonds. After this date, the Trustee shall transfer to the Company the amounts stated in sub-section 7.3 above, including the profits deriving from the investment thereof, less the Trustee's expenses, insofar as shall remain in

the Trustee's possession at that time. The Company shall hold these amounts in trust for the Bondholders who are entitled to said amounts, and in all matters pertaining to the amounts which shall be transferred to the Company by the Trustee as stated above, the Company shall be subject to the provisions of sub-section 7.3 above, *mutatis mutandis*.

The Company shall approve for the Trustee, in writing, the holding of the amounts and the fact of receipt thereof in trust for said Bondholders, and it shall indemnify the Trustee in respect of any claim and/or expense and/or damage of any kind or nature which shall be caused to the Trustee following and in respect of the transfer of said amounts, unless the Trustee acted negligently.

The Company shall hold these funds in trust for the Bondholders who are entitled to said amounts for a period of six additional years from the date of transfer thereof to the Company from the Trustee. Funds which shall not have been demanded from the Company by the Bondholders by the expiration of seven years from the final payment date of the Bonds shall be transferred to the Company, and the Company shall be entitled to make use of the remaining funds for any purpose whatsoever.

## 8. **Transfer of Bonds**

- 8.1 The Bonds are transferable with regard to any par value amount, provided that it shall be in whole New Israel Shekels. Any transfer of the Bonds shall be made pursuant to a deed of transfer drawn up as per the standard draft for a share transfer, duly signed by the registered holder or his legal representatives, and also by the transferee or his legal representatives, which shall be submitted to the Company at its registered offices, together with the certificates of the Bonds being transferred pursuant thereto, and any other proof that shall be required by the Company for the purpose of proving the transferor's right to transfer same.
- 8.2 The transfer of Bonds shall be made by the signing by the transferor and the transferee of a share transfer deed, as per such draft that is acceptable to the Company, together with a witness to the signature of each one of them. The bond transfer deed shall be submitted to the Company during normal working hours.
- 8.3 Notwithstanding the foregoing, until the listing of the Series A Bonds for trading on the Stock Exchange, should they be so listed, the Bonds may not be transferred by any of the Bondholders, other than to an entity who is (a) an investor who ranks among the investors listed in the First Schedule of the Securities Law; or (b) to the Company or to its subsidiary.
- 8.4 In the event of the transfer of only part of the unpaid specified principal amount of the Bonds in this Certificate, the Certificate shall first be split pursuant to the provisions of section 9 below into the number of Bond Certificates as required as a consequence thereof, in such a manner that

the total of all the principal amounts specified therein shall be equal to the specified principal amount of said Bond Certificate.

8.5 After fulfillment of all these terms, the transfer shall be entered into the Register.

8.6 All of the expenses and commissions entailed in the transfer shall apply to the entity requesting the transfer.

9. **Split of Bond Certificates**

9.1 Any Bond Certificate may be split into a number of Bond Certificates, where the total of all the principal amounts specified therein shall be equal to the specified principal amount of the Certificate whose split was requested.

9.2 The split of a Bond Certificate as stated shall be done upon a requisition for the split, signed by the Bondholder in the Certificate or his legal representatives, which shall be submitted to the Company at its registered offices, together with the Bond Certificate whose split was requested.

9.3 The split shall be implemented within thirty days from the expiration of the month in which the Certificate was submitted to the Company's registered offices. The new Bond Certificates which shall be issued following the split shall each be in par value amounts in whole New Israel Shekels.

9.4 All of the expenses entailed in the split, including stamp tax and other levies, if any, shall apply to the entity that requested the split.

10. **General Provisions**

10.1 Payments on account of the Principal and the interest are payable and transferable without taking into consideration any equity rights or any offsetting rights or any right of counterclaim that exists or shall exist between the Company and a former holder, including the original holder of the Bonds.

10.2 Any holder becoming entitled to the Bonds as a consequence of bankruptcy or as a consequence of dissolution proceedings of a Bondholder shall be entitled, as soon as he shall provide such proof as the Company shall demand of him from time to time, to be registered in the Register as the holder of the Bonds or, subject to the terms set forth above in this Certificate, to transfer same.

10.3 The Bondholders shall be entitled to exercise their rights pursuant to the Bonds and the Trust Deed through the Trustee or pursuant to a resolution of the General Meeting of the Bondholders, in such manners as set forth in the Bond and in the Trust Deed. Notwithstanding the foregoing,



should the Trustee fail to act in accordance with the provisions of the Trust Deed and the Bond, the Bondholders shall be entitled to exercise their rights pursuant to a resolution of the General Meeting.

- 10.4 The immediate payment right set forth in section 7 of the Trust Deed shall be deemed to be an integral part of this Bond.

11. **Compromises and/or Modifications to the Terms of the Bonds**

11.1 Subject to the provisions of the Law and the regulations enacted pursuant thereto, the Trustee shall be entitled from time to time and at any time, should the Trustee be satisfied that it will not, in the Trustee's opinion, have an adverse material effect on the rights of the Bondholders, waive any non-compliance with any of the terms of the Bond or the Trust Deed by the Company, which do not relate to the terms of payment of the Bonds, to the causes of the declaration of immediate payment and/or to the reports which the Company is required to submit to the Trustee in accordance with the provisions of this Deed.

11.2 Subject to the provisions of the Law and the regulations enacted pursuant thereto, and with prior approval by special resolution which shall be passed at the General Meeting of the Bondholders, at which the holders were present, either in person or by proxy, of at least fifty percent (50%) of the par value of the unpaid balance of the principal of all the Bonds that shall be issued pursuant to the Trust Deed, or at a deferred meeting, at which the holders were present, either in person or by proxy, of at least ten percent (10%) of said balance, the Trustee shall be entitled, whether before or after the principal of all the Bonds that shall be issued pursuant to the Trust Deed shall be declared due and payable, to reach a compromise with the Company in connection with any right or claim of any or all of the Bondholders, and to reach agreement with the Company on any arrangement, including to waive any right or claim of the Trustee and/or of any or all of the Bondholders against the Company.

11.3 Subject to the provisions of the Law, the Company and the Trustee are entitled, whether before or after the principal of all the Bonds that shall be issued pursuant to the Trust Deed shall be declared due and payable, to modify the Trust Deed and/or the Bond, if any of the following exist:

11.3.1 If the Trustee is satisfied that the modification will not have a material adverse effect on the rights of the Bondholders, with the exception of a modification relating to the terms of payment of the Bonds, to the causes of the declaration of immediate payment and/or to the reports which the Company is required to submit to the Trustee in accordance with the provisions of this Deed.

11.3.2 If the proposed modification was approved by a special resolution that was passed at a General Meeting of the Bondholders, at which the holders were present, either in person or by proxy, of at least fifty percent (50%) of the par

value of the unpaid balance of the principal of all the Bonds that shall be issued pursuant to the Trust Deed, or at a deferred meeting, at which the holders were present, either in person or by proxy, of at least ten percent (10%) of said balance.

11.4 Notwithstanding the foregoing, the Trustee shall be entitled, at the Company's request, from time to time, to make modifications to the Trust Deed and/or to the Bonds, as shall be required by the Securities Authority and/or the Stock Exchange and/or any other governmental body, for the purpose of listing the Bonds for trading on the Stock Exchange, provided that the Trustee is satisfied that the modification will not have an adverse effect on the Bondholders.

11.5 In any event of the use of the Trustee's right pursuant to this section above, the Trustee shall be entitled to demand that the Bondholders submit their Certificates to the Trustee or to the Company, for the purpose of the entry of a note regarding any compromise, waiver, modification or amendment as stated, and at the Trustee's request, the Company shall enter such a note in the Certificates which shall be submitted thereto. In any event of the use of the Trustee's right pursuant to this section above, the Trustee shall provide notice thereof, in writing, to the Bondholders within a reasonable period of time.

12. **General Meetings of the Bondholders**

The General Meetings of the Bondholders shall be convened and conducted in accordance with that stated in Appendix B of the Trust Deed.

13. **Receipts as Proof**

Without derogating from any other of these terms, a receipt signed by a holder of the Bonds in this Certificate shall constitute proof of the full settlement of any payment specified in the receipt, which was made by the Company or by the Trustee, as the case may be, in respect of the Bonds in this Certificate.

14. **Replacement of Bond Certificate**

Should a Bond Certificate be defaced, lost or destroyed, the Company shall be entitled to issue in place thereof a new Bond Certificate, upon the same terms with regard to proof, indemnity and cover of the expenses that were caused to the Company for the purpose of clarifying the right of ownership of the Bonds, as the Company shall deem fit, provided that in the event of defacement, the defaced Bond Certificate shall be returned to the Company prior to the issuance of the new certificate. Stamp tax and other levies, as well as other expenses entailed in the issuance of the new certificate shall apply to the entity requesting said certificate.

15. **Notices**

15.1 Any notice on behalf of the Company and/or the Trustee to the Bondholders shall be given in a notice to be published in two daily newspapers which are widely circulated in Israel in Hebrew or by the sending of a notice by registered mail according to the last address of the Bondholders registered in the Register (and in the event of joint holders – to the holder whose name appears first in the Register) and any notice which shall be published or sent as stated shall be deemed to have been delivered to the Bondholder on the date of publication thereof as stated, or at the expiration of three days from the date of dispatch thereof by mail, all as the case may be. Should the Bonds be listed for trading on the Stock Exchange or on the TACT – Institutional, notice as stated above shall be given in a notice to be published in two daily newspapers which are widely circulated in Israel in Hebrew, and in the Company's discretion, also by sending the notice by registered mail to the last address of the Bondholders registered in the Register. Should the Bonds be listed for trading on the Stock Exchange, in addition, an immediate report shall be published, and a report so published shall be deemed to have been delivered to the Bondholders on the date of publication thereof.

15.2 Copies of the notices and invitations which shall be given by the Company to the Bondholders, shall also be sent by the Company to the Trustee. It shall be clarified that such notices and invitations do not include current reports of the Company to the public.

Copies of the notices and invitations which shall be given by the Trustee to the Bondholders shall also be sent by the Trustee to the Company.

15.3 Any notice or demand on behalf of the Trustee to the Company or on the Company's behalf to the Trustee may be given by letter, which shall be sent by registered mail according to the address set forth in this Deed, or according to any other address in respect of which one party shall give notice to the other, in writing, and any such notice or demand shall be deemed to have been received by the party to which the notice was sent at the expiration of three Business Days from the date of dispatch thereof by mail.

16. **Purchase of Bonds By the Company or by a Subsidiary**

16.1 The Company reserves the right to purchase at any time Bonds of the Bond Series at any price as it shall deem fit, without prejudice to the payment obligation of the Bonds which shall be held by others, with the exception of the Company.

16.2 The Bonds which shall be purchased by the Company shall be cancelled, and if they were listed for trading on the Stock Exchange or on the TACT – Institutional, as stated in section 2 of the Terms Listed Overleaf of the Bond (the First Schedule to the Trust Deed), then they shall also be delisted from trading on the Stock Exchange or from trading on the

TACT – Institutional, as the case may be, and the Company shall not be entitled to re-issue them.

- 16.3 A subsidiary of the Company may buy and/or sell from time to time on the Stock Exchange and off the Stock Exchange, including by way of an issue by the Company, Bonds of the Bond Series. The Bonds which shall be held as stated by a subsidiary shall be deemed to be the asset of the subsidiary, and if they are listed for trading, they shall not be delisted from trading on the Stock Exchange, and they may also be transferred just like the other Series A Bonds. The votes to which the subsidiary shall be entitled, as stated, by virtue of its holdings of the Bonds, shall not be included in the count for the purpose of the determination of the existence of a quorum at the General Meeting of the Bondholders, and the bonds held by the subsidiary shall not confer thereon voting rights at said General Meetings, for such time as the Bonds shall be held by said subsidiary.
- 16.4 That stated in this section 16 above, *per se*, shall not require the Company and/or a subsidiary of the Company and/or the Bondholders to buy Bonds or to sell the Bonds which they hold.

17. **Early Redemption**

In the event that the Bonds are listed for trading on the Stock Exchange – and should it be decided by the Stock Exchange to delist the Bonds in circulation, because the value of the public's holdings of the Bonds was less than the amount set forth in the directives of the Stock Exchange regarding the delisting of bonds, the Company shall determine the redemption date on which the Bondholder shall be entitled to redeem the Bonds, and the Company shall act for this purpose as follows:

- 17.1 Within 45 days from the date of the decision of the Board of Directors of the Stock Exchange regarding said delisting, the Company shall provide notice of an early redemption date on which the Bondholder shall be entitled to redeem the Bonds. The Company shall pay to the Bondholder the principal, together with linkage differentials and interest pursuant to the terms of the Bond, which had accrued by the date of the actual redemption. The notice of the early redemption date shall be published in two daily newspapers which are widely circulated in Israel in Hebrew and shall be sent in writing, by registered mail, to all of the Bondholders at that time.
- 17.2 The early redemption date shall fall due not prior to 21 days from the date of the publication of the notice and not later than 45 days from said date, however, not in the period between the date determined for payment of interest and the date of the actual payment thereof.
- 17.3 On the early redemption date, the Company shall redeem the Bonds whose holders had requested redemption thereof, according to the par value thereof together with the linkage differentials and interest accrued

on the principal up to the actual redemption date (the calculation of the interest for part of a year shall be made on the basis of 365 days per year).

- 17.4 The determination of the early redemption date as stated above shall not have an adverse effect on the redemption rights set forth in the Bonds for any of the Bondholders who shall not redeem them on the early redemption date as stated above, however, the Bonds shall be delisted from trading, and they shall be subject, *inter alia*, to the tax implications arising therefrom.
- 17.5 Early redemption of the Bonds as stated above shall not confer on any of the Bondholders who shall redeem the Bonds as stated the right to payment of interest in respect of the period after the actual redemption date.

## **APPENDIX B**

### **Elbit Medical Imaging Ltd.**

#### **General Meetings of the Bondholders**

1. The Trustee or the Company may invite the Bondholders to a Bondholders' meeting. If the Company convenes such a meeting, it is required to immediately send notice, in writing, to the Trustee of the place, the date and the time at which the meeting will be held and of the matters to be raised for discussion thereat.

The Company shall be required to convene such a meeting, upon the written requisition of the Trustee or of the holders of at least ten percent (10%) of the par value of the unpaid balance of the principal of all the Bonds that shall be issued pursuant to the Trust Deed. The Trustee shall be required to convene such a meeting upon the written requisition of the holders of at least ten percent (10%) of the par value of the unpaid balance of the principal of all the Bonds that shall be issued pursuant to the Trust Deed. In the event that the requisitioners of the meeting are the Bondholders, the Company and/or the Trustee, as the case may be, shall be entitled to demand from the requisitioners indemnification for the reasonable expenses entailed therein.

2. In respect of each Bondholders' meeting, advance notice of at least 14 days shall be given to the Bondholders and to the Trustee, which shall specify the place, the date and the time of the meeting, and which shall also specify, in a general manner, the issues to be discussed at the meeting. Should the meeting be convened for the purpose of passing a special resolution, advance notice of at least 21 days shall be given, and the notice shall specify, in addition to that stated above, the proposed text of the special resolution. In the event of the convening of the meeting by the Trustee, such notice shall also be given to the Company.

The Trustee may shorten the period of time for the provision of advance notices, should the Trustee believe that the deferment of the convening of the meeting could have an adverse effect on the Bondholders' rights.

3. Any notice on behalf of the Company and/or the Trustee to the Bondholders shall be given in a notice that shall be published in two daily newspapers which are widely circulated in Israel in Hebrew or by the sending of a notice by registered mail according to the last address of the Bondholders registered in the Register (and in the event of joint holders – to the holder whose name appears first in the Register) and any notice which shall be published or sent as stated shall be deemed to have been delivered to the Bondholder on the date of publication thereof as stated, or at the expiration of three days from the date of dispatch thereof by mail, all as the case may be. Should the Bonds be listed for trading on the Stock Exchange or on the TACT – Institutional, notice as stated above shall be given in a notice to be published in two daily newspapers which are widely circulated in Israel in Hebrew, and, in the Company's discretion, also by sending the notice by registered mail to the last address of the Bondholders registered in the Register. Should the Bonds be listed for trading on the Stock Exchange, in addition, an immediate report shall be published, and a report so

published shall be deemed to have been delivered to the Bondholders on the date of publication thereof.

4. No resolution shall be disqualified which was duly passed at a meeting convened as stated above, if, in error, notice thereof was not given to the holders of at least ten percent (10%) of the par value of the unpaid balance of the principal of all the Bonds that shall be issued pursuant to the Trust Deed or if such notice was not received by said holders.
5. The chairman of the meeting shall be the person appointed by the Trustee. Should the Trustee not appoint a chairman as stated, or should the person appointed by the Trustee as stated be absent from the meeting, the Bondholders who are present (or their proxies) shall elect a chairman from among their number. The Bondholders' meeting shall commence after it shall be proven that a quorum exists as required for the commencement of the discussion.
6.
  - (a) Subject to the quorum required for the dismissal of the Trustee pursuant to law, at the Bondholders' meetings, with the exception of that stated in section 6(e) below, a quorum shall be constituted by the presence of at least two Bondholders who are present, either in person or in proxy, and who hold or represent jointly at least ten percent (10%) of the par value of the unpaid balance of the principal of all the Bonds that shall be issued pursuant to the Trust Deed at that time.
  - (b) If, within half an hour from the time designated for the commencement of such a meeting, there shall be no quorum as stated, the meeting shall be adjourned to the same day of the following week, in the same place and at the same time (without any additional notice being necessary) and should this day not be a Business Day – to the next subsequent Business Day (without any additional notice being necessary), or to such other date, place and time as the entity convening the meeting shall determine, provided that the convening entity shall provide notice of seven (7) days in advance, at least, of the holding of said adjourned meeting, in the same manner in which it gave the notice of the holding of the original meeting, and it shall note that should there be no quorum at the adjourned meeting, as stated above, the quorum shall be two Bondholders who are present, either in person or in proxy, without taking into consideration the par value of the Bonds which they hold. Such notice may also be given in the notice pursuant to which the adjourned meeting was called.
  - (c) Should there be no quorum at the meeting adjourned as stated above, two Bondholders who are present, either in person or in proxy, and who hold any amount whatsoever of Bonds, shall constitute the quorum.
  - (d) With the consent of the holders of the majority of the par value of the unpaid balance of the principal of all the Bonds that shall be issued pursuant to the Trust Deed, who are present at a meeting, either in person or in proxy, at which a quorum exists, the Chairman may, and at the request of the meeting, is obligated to, defer the continuation of the

meeting from time to time and from place to place, as the meeting shall decide. Should the continuation of the meeting be deferred by ten days or more, notice shall be given of the continued meeting in the same manner that notice was given of the first meeting. With the exception of the foregoing, the Bondholders shall not be entitled to receive any notice of a continued meeting and/or of the matters to be discussed by the continued meeting. No matters shall be discussed at the continued meeting other than those matters which could have been discussed at the meeting at which the deferment was decided upon.

- (e) At a meeting convened in order to pass any of the resolutions set forth below and also resolutions defined in the Trust Deed, in the Bond, in the Terms Listed Overleaf and in this Appendix, as special resolutions (hereinafter: "Special Resolution"), a quorum shall be constituted by the presence at the meeting of the holders of at least fifty percent (50%) of the par value of the unpaid balance of the principal of all the Bonds that shall be issued pursuant to the Trust Deed or at an adjourned meeting, at which the holders shall be present, either in person or in proxy, of at least ten percent (10%) of said balance:
  - (1) Any material amendment, modification or arrangement of the Bondholders' rights, whether these rights derive from the Bonds, from the Trust Deed or otherwise, or any material compromise or waiver in connection with these rights;
  - (2) Any amendment to the provisions of the Trust Deed which shall be published by the Company, and the authorization of the Trustee to sign any additional or new trust deed for the purpose of making said amendment;
  - (3) The declaration of the Bonds to be immediately due and payable.

The provisions of this section 6(e) shall apply subject to the provisions of section 2 of the Trust Deed. It is hereby clarified that for the purpose of the presence of a quorum, the votes shall not be taken into account of Bondholders which are subsidiaries of the Company, related companies of the Company and/or controlling shareholders of the Company, and Bondholders which are subsidiaries of the Company, related companies of the Company and/or controlling shareholders of the Company shall not be entitled to vote at any General Meeting.

- 7. (a) Bondholders are entitled to participate in and vote at any General Meeting by proxy. In any vote of Bondholders, the vote shall be held on a poll, so that each Bondholder or his proxy shall be entitled to one vote in respect of each NIS 1.00 par value of the unpaid principal balance of the Bonds by virtue of which he is entitled to vote. In the event of joint holders, the only vote that shall be accepted is that of the holder who wishes to vote, either in person or by proxy, whose name appears first, out of the joint holders, in the Register.



- (b) The Bondholder or his proxy may vote in respect of part of his votes for a particular proposed resolution; and in respect of another part of his votes, he may vote against it; and in respect of another part of his votes, he may abstain; all as he shall deem fit.
  - (c) The Trustee who shall take part in a meeting at the Company's invitation shall participate without a voting right.
- 8.
  - (a) The majority required to pass an ordinary resolution of the General Meeting is a simple majority of the number of votes represented in the vote, voting for or against. The majority required to pass a Special Resolution at a meeting as stated in section 6(e) above is a majority of not less than 75% of the number of votes represented in said vote, voting for or against.
  - (b) A resolution to amend the Trust Deed shall be passed by Special Resolution, subject to the provisions of the Law.
  - (c) A declaration by the Chairman of the passing of a resolution or the rejection thereof, and entry to this effect in the minutes of the meeting, shall serve as conclusive evidence of this fact.
- 9.
  - (a) The instrument appointing a proxy shall be in writing and shall be signed by the appointor or by his proxy, who has due authorization, in writing. Should the appointor be a corporation, the appointment shall be made by authorization in writing, duly signed by the corporation together with the approval by an attorney of the validity of the signature. A proxy need not be a Bondholder himself.
  - (b) The instrument of appointment and the power of attorney or any other certificate pursuant to which the instrument of appointment was signed, or an authenticated copy of such a power of attorney, shall be deposited at the Company's offices not less than 48 hours prior to the time of the meeting in respect of which the power of attorney was given, unless determined otherwise in the notice convening the meeting.
  - (c) A vote conducted in accordance with the terms set forth in the instrument appointing a proxy shall be valid even if prior to the meeting, the appointor passed away or was declared to be incapacitated or the instrument of appointment was cancelled or the Bond in respect of which the vote was given was transferred, unless notice, in writing, was received at the Company's registered offices prior to the time of the meeting, with regard to said death, declaration of incapacity, or cancellation or transfer, as the case may be.
  - (d) Any corporation which is the holder of a Bond may, pursuant to duly signed authorization in writing, empower a person as it shall deem fit to act as its representative at any meeting of the Bondholders, and the person so empowered may act on behalf of the corporation which he represents.

10. The Chairman of the meeting shall attend to the drawing up of minutes of all the discussions and resolutions at any General Meeting of the Bondholders, and to the keeping thereof in the Book of Minutes of the Bondholders' Meetings. All minutes signed by the Chairman of the meeting at which the resolutions were passed and the discussions were conducted, or by a chairman of the meeting held subsequent thereto, shall serve as proof of the matters entered therein, and until such time as the contrary is proven, any resolution passed at such a meeting shall be deemed to have been duly passed.
11. Any person or persons who shall be appointed by the Trustee as the Secretary of the Company and any other person or persons who shall be so authorized by the Company, shall be entitled to be present at the Bondholders' meetings. No such persons shall have a voting right at the General Meeting.
12. Any meeting of the Bondholders shall be held at the Company's registered offices or at any other venue in respect of which the entity convening the meeting provided notice.

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## **APPENDIX C**

### **Elbit Medical Imaging Ltd.**

#### **Trustee's Fees**

1. In respect of the first trust year, the Trustee's fees shall be in the amount of NIS 45,000, which shall be paid on the date of the implementation of the issue.
2. The annual fees, commencing from the second trust year, shall be in the amount of NIS 23,000, which shall be paid at the beginning of each trust year.
3. In respect of participation at general meetings of shareholders and/or Bondholders, the fee shall be in the amount of NIS 150 per hour.
4. Should the Trustee be required to perform special work (such as work required due to a change in the Company's structure or in respect of the need to perform acts due to the Company's failure to comply with its undertakings to the Bondholders or in respect of the need to perform additional acts for the purpose of the performance of its duties as a reasonable trustee, due to a future change in the laws and/or regulations and/or other binding provisions which shall apply to the Trustee's activities), the fee shall be in the amount of USD 150 per hour.
5. It is hereby clarified that should additional expenses be imposed on the Trustee, due to changes in the laws and/or regulations and/or other binding provisions which shall apply to the Trustee's activities, which shall be required of the Trustee for the purpose of the performance of its duties as a reasonable trustee, the Company shall indemnify the Trustee for its expenses.
6. Should the drawing up and/or examination of the Trust Deed, as the case may be, be performed by the undersigned, and yet, for reasons beyond the undersigned's control, should the issue of the Bonds not be effected, then a fee in the amount of NIS 10,000 shall be paid in respect of the drawing up and/or examination of the Trust Deed.
7. VAT as duly applicable shall be added to all of the tariffs listed above.

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**EXECUTION COPY**

**AMENDED AND RESTATED  
LOAN AGREEMENT**

**DATED 5 DECEMBER 2005**

**MULTICURRENCY TERM CREDIT FACILITY**

**BETWEEN**

**ELSCINT LTD.  
as Borrower**

**AND**

**BANK HAPOALIM B.M.  
as Bank**

**HERZOG FOX & NEEMAN  
Asia House, 4 Weizmann Street  
Tel-Aviv, Israel  
Tel: 03 692 2020  
Fax: 03 696 6464**

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**THIS LOAN AGREEMENT** is dated this 5th day of December 2005 between:

- (1) **ELSCINT LTD.** a private company (with company number 52-003883-7) organised and existing under the laws of the State of Israel, having its registered office at 13 Mozes Street, Tel Aviv, Israel, as borrower (the "**Borrower**"); and
- (2) **BANK HAPOALIM B.M.**, a banking corporation incorporated in the State of Israel, acting through its Main Tel Aviv branch, whose address is at 41-45 Rothschild Boulevard, Tel Aviv, Israel, as Bank (the "**Bank**"),

and amends and restates the Letter of Undertaking (as defined below).

**WHEREAS** the Borrower entered into a Letter of Undertaking in favour of the Bank dated 23 October 2000, as amended from time to time ("**Letter of Undertaking**"), pursuant to which the Bank provided a credit facility in two tranches to the Borrower in the aggregate amount of US\$100,000,000;

**WHEREAS** the Borrower has borrowed amounts of the facility provided under the Letter of Undertaking and has repaid a certain amount of the total outstandings borrowed under the Letter of Undertaking such that the total amounts outstanding are, on the date hereof, the amounts set out in Schedule 1 (Commitment), such amounts being divided between the Tranche A Commitment and Tranche B Commitment hereunder. Any remaining commitment under the Letter of Undertaking is cancelled in accordance with the terms of this Agreement; and

**WHEREAS** the Bank has provided the Borrower with additional facilities in the aggregate amount of US\$12,000,000; and

**WHEREAS** the parties wish to amend and restate the terms of the credit facility provided under the Letter of Undertaking and thereafter and the security granted in favour of the Bank pursuant to the Letter of Undertaking and thereafter, all subject to and in accordance with the terms and conditions set out herein.

**NOW, THEREFORE, IT IS AGREED** as follows:

## **1. INTERPRETATION**

### **1.1 Definitions**

In this Agreement:

**Accounts** (a) the Loan Account; and  
(b) the Revenue Account.

**Advance** The principal amount of loans advanced hereunder by the Bank, or the principal amount of such advances which are from time to time outstanding, as the case may be.

**Affiliate** A Subsidiary or a Holding Company of the Bank or any other

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	Subsidiary of that Holding Company.
<b>Agency</b>	Includes, in relation to a state or supranational organisation, any agency, authority, central bank, department, government, legislature, ministry, official or public person (whether autonomous or not) of, or of the government of, that state or supranational organisation.
<b>Agreement</b>	This agreement.
<b>Astrid Plaza Complex</b>	The Astrid Plaza Complex, including inter alia, The Astrid Park Plaza Hotel, 7 Astridplein, Antwerp, Belgium.
<b>Astrid Plaza Valuation</b>	Has the meaning given to such term in Clause 4.1(a) (Conditions Precedent) below.
<b>Available Currency</b>	Euros, Dollars, Pounds Sterling, and, in the case of Tranche D Advances only, Euros, Dollars, Pounds Sterling and NIS.
<b>Bank's Spot Rate of Exchange</b>	The Bank's spot rate of exchange for the purchase of the relevant Available Currency in the London foreign exchange market at or about 11.00a.m. on a particular day.
<b>BEA Hotels</b>	BEA Hotels N.V., a company organized and existing in the Netherlands with its registered office at 241 Keizerstracht, EA1016, Amsterdam.
<b>BEA Hotels Loans</b>	Any loan made by the Borrower or a Holding Subsidiary (other than BEA Hotels) to BEA Hotels and that remains outstanding from time to time.
<b>Borrower Funded Subsidiary</b>	The companies listed in Schedule 2, Part I as at the date hereof and any other Subsidiary of the Borrower engaged in the Business, where the Equity Contributions of the Borrower in such Subsidiary have been funded or refinanced, in whole or in part, by the proceeds of the Facility.
<b>Business</b>	The hotel business in Western and Central Europe, including the development, acquisition, refurbishment, conversion, extension and construction of hotels, whether directly or indirectly by the Borrower, or via its Borrower Funded Subsidiaries and whether by way of direct acquisition of rights in real estate or acting through any other legal entity and, for the purposes of Tranche C and Tranche D, the acquisition and purchase of the business of Mango Israel.
<b>Business Day</b>	A day (other than a Saturday or a Sunday) on which banks are open for business in London, Tel-Aviv and New York.
<b>Business Group</b>	The Borrower, the Holding Subsidiaries and the Borrower

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	Funded Subsidiaries.
<b>Charge over Accounts</b>	The charge dated the date hereof executed by the Borrower in favour of the Bank over the Accounts.
<b>Commitment Period</b>	The period from the date of this Agreement to the Term Date.
<b>Cost Base</b>	<p>(a) in relation to an Advance in Euros, EURIBOR;</p> <p>(b) in relation to an Advance in Dollars or Pounds Sterling, LIBOR; and</p> <p>(c) in relation to an Advance in NIS, the Bank's Wholesale Rate.</p>
<b>Debt Service</b>	<p>In respect of a period, the aggregate amount of:</p> <p>(a) all Finance Charges accrued or to be accrued during that period; and</p> <p>(b) all repayments and/or prepayments of Financing Principal that fall due during that period.</p>
<b>Debt Service Cover Ratio</b>	<p>In respect of any period, the ratio of A:B where:</p> <p>A      Operating Profit for that period; and</p> <p>B      Debt Service for that period.</p>
<b>Default</b>	An Event of Default or an event or circumstance which but for the giving of notice, passage of time, the making of any determination or fulfillment of any other applicable condition (or any combination of the foregoing) would constitute an Event of Default.
<b>Disbursement Request</b>	A disbursement request made by the Borrower, substantially in the form of Schedule 6 (Form of Disbursement Request).
<b>Distribution</b>	Any monies received from and/or transfers made by any Borrower Funded Subsidiary deriving from the Business which are made in respect of and/or deriving from dividends, returns on capital, repayments of share premium, payments with respect to repayment of shareholder loans, award of loans made to the Borrower by any Borrower Funded Subsidiary, redemption, and/or any other distribution of any kind or description constituting a repayment or return on investment, in all cases net of bank charges, reasonable brokerage fees and withholding taxes, but, excluding Free Funds.

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<b>Dollars, USD, US Dollars or \$</b>	The lawful currency for the time being of the United States of America.
<b>Drawdown Date</b>	A Business Day upon which any Advance is to be made.
<b>Drawdown Request</b>	A request made by the Borrower for an Advance, substantially in the form of Schedule 5 (Form of Drawdown Request).
<b>Equity Contributions</b>	The amounts specified in Schedule 2, Part II as at the date hereof, and all other investments (whether in the form of shareholder loans or as equity investment) made, subject to the consent of the Bank, by the Borrower (directly or indirectly through a Holding Subsidiary) to each Borrower Funded Subsidiary, with respect to a Project (as amended by the Bank from time to time, upon a prepayment in accordance with Clause 7.3 (Prepayment and Cancellation)).
<b>Euro or Euros or €</b>	The single currency of the Participating Member States;
<b>EURIBOR</b>	<p>In relation to an Advance or unpaid sum denominated in Euro for an Interest Period:</p> <p>(a) the rate per annum equal to the rate for deposits in Euro determined by the Banking Federation of the European Union for the relevant period, displayed on the Telerate Screen page 248 or any equivalent successor to that page or other page as appropriate (as reasonably determined by the Bank) (for the purposes of this definition, the "Telerate Screen"); or</p> <p>(b) if the relevant rates do not appear on the Telerate Screen for the purposes of paragraph (a) above, or the Bank reasonably determines that no rate for a period of comparable duration to the relevant Interest Period appears on the Telerate Screen) the arithmetic mean (rounded upwards to five decimal places) of the rates, as supplied to the Bank at its request, quoted by the Reference Banks to leading banks in the European Interbank Market,</p> <p>at or about 11.00 a.m. on the relevant Rate Fixing Day for the offering of deposits in Euro for a period comparable to the relevant Interest Period or relevant period in respect of any unpaid sum.</p>
<b>Event of Default</b>	An event specified as such in Clause 19.1 (Events of Default).
<b>Facility</b>	Any of the facilities made available under this Agreement as described in Clause 2 (Facility).

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<b>Facility Office</b>	The main Tel Aviv branch of the Bank or such other branch in Israel as may be designated by the Bank by written notice to the Borrower at least fifteen (15) days in advance.
<b>Facility Period</b>	The period commencing on the date of this Agreement and ending on the Final Maturity Date.
<b>Final Maturity Date</b>	<p>(a) in respect of Tranche A and Tranche B, 31st December, 2015;</p> <p>(b) in respect of Tranche C, 31<sup>st</sup> December 2012; and</p> <p>(c) in respect of Tranche D, 31st December, 2010.</p>
<b>Finance Charges</b>	<p>(a) interest, commissions, fees and costs payable by the Borrower under the Finance Documents;</p> <p>(b) amounts ascertained as being payable by the Borrower under Clause 13 (Taxes), Clause 15 (Increased Costs), Clause 23 (Stamp Duties) and Clause 24 (Indemnities) of this Agreement; and</p> <p>(c) any value added or other taxes payable by the Borrower in respect of the above,</p> <p>but excluding Financing Principal.</p>
<b>Finance Documents</b>	<p>(a) this Agreement;</p> <p>(b) each Security Document;</p> <p>(c) the documentation required to open or operate the Accounts,</p> <p>and any other document designated as such by the Bank and the Borrower.</p>
<b>Financial Indebtedness</b>	<p>any indebtedness in respect of:</p> <p>(a) moneys borrowed or debit balances at banks and other financial institutions;</p> <p>(b) any charge, bond, note, loan stock or other security;</p> <p>(c) any acceptance or documentary credit;</p> <p>(d) receivables sold or discounted (otherwise than on a non-recourse basis);</p>

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- (e) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset;
- (f) any lease entered into primarily as a method of raising finance or financing the acquisition of the asset leased;
- (g) any currency swap or interest swap, cap or collar arrangement or any other derivative instrument;
- (h) any amount raised under any other transaction having the commercial effect of a borrowing or raising of money; or
- (i) any guarantee, indemnity or similar assurance against financial loss of any person.

**Financing Principal** Principal amounts outstanding from time to time under this Agreement.

**Free Funds** Any cash attributable to operating profits generated by a Project which may become available to the relevant Borrower Funded Subsidiary after all debt service reserve and other retention and security obligations of such Borrower Funded Subsidiary have been satisfied or waived in accordance with the terms of its senior credit facility entered into for the purpose of the relevant Project.

**GAAP**

- (a) in relation to the Borrower, the Israeli accounting standards promulgated from time to time by the Israeli Accounting Standards Board (or equivalent body); and
- (b) in relation to BEA Hotels, the international accounting standards promulgated from time to time by the International Accounting Standards Committee.

**Group** At any time, the Borrower and its Subsidiaries at that time.

**Guarantee** The guarantee entered into by Bea Hotels in favour of the Bank, dated the date hereof, in which Bea Hotels guarantees the obligations of the Borrower pursuant to this Agreement in the form and text attached as Schedule 8 (Form of Guarantee).

**Holding Company** In relation to a person, means an entity of which that person is a Subsidiary.

**Holding Subsidiary** Each of:

- (a) PEP Trust Ltd;

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	(b) Elscint Holdings & Investments N.V.; and
	(c) BEA Hotels.
<b>Insurance Proceeds</b>	All proceeds of Insurances payable, to or for the account of, the Borrower whether by way of claims, return of premiums or otherwise.
<b>Insurances</b>	<p>All contracts and policies of insurance and re-insurance of any kind:</p> <p>(a) pertaining to the Business and taken out by or on behalf of any member of the Business Group in accordance with the terms of the Finance Documents; or</p> <p>(b) in which the Borrower has an interest (to the extent of its interest only).</p>
<b>Interest Period</b>	Each period determined in accordance with Clause 8 (Interest Periods) by reference to which interest on an Advance or an overdue amount is calculated.
<b>LIBOR</b>	With respect to any Interest Period, the rate of interest on each respective Rate Fixing Day for 6 months deposits in Dollars or Pounds Sterling with respect to such Interest Period (except for the first Interest Period of each Advance which might be of a shorter duration; such Interest Period called for the purposes of this definition "Special Interest Period"; which rate shall be determined by the Bank in accordance with the actual length of the respective Special Interest Period) quoted on the display designated as page "LIBOR 01" to subscribers of the "Reuters Money Market", at or about 11:00 a.m. London time and, rounded upward, if necessary to the nearest whole multiple of one sixteenth of one per cent (1/16%).
<b>Loan Account</b>	The account held at the Facility Office in the name of the Borrower with account number 662960 so designated to be maintained in accordance with this Agreement.
<b>Loan Assignment</b>	The assignment by way of security dated the date hereof entered into by the Borrower in favour of the Bank in relation to the BEA Hotels Loans, in the form attached hereto as Schedule 10 (Form of Loan Assignment).
<b>Mango Israel</b>	Mango Israel Clothing & Footwear Ltd a company (with registration number 51-255705-9) organised and existing under the laws of the State of Israel, having its registered office at 2 Weizman Street, Tel Aviv, Israel.

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<b>Mango Israel Facility</b>	The credit facility dated 5 May 2005 provided by the Bank in favour of Mango Israel.
<b>Mango Israel Guarantee</b>	The guarantee dated 4 May 2005 provided by the Borrower in favour of the Bank pursuant to which the Borrower guarantees all of Mango Israel's financial obligations towards the Bank (including, but not limited to, its obligations under the Mango Israel Facility).
<b>Margin</b>	2.85% (two and eighty-five hundredths of one percent) per annum, other than in relation to a Tranche D Advance denominated in NIS, in which case the Margin shall be 2.25% (two and one quarter of one percent) per annum.
<b>Material Adverse Effect</b>	<p>Any effect which, in the opinion of the Bank:</p> <ul style="list-style-type: none"> <li>(a) is or is likely to be materially adverse to the ability of the Borrower to perform or comply with its obligations under the Finance Documents (including any of its payment obligations under the Finance Documents) in a timely manner; or</li> <li>(b) is or is likely to be materially prejudicial to: <ul style="list-style-type: none"> <li>(i) the interests of the Bank under the Finance Documents; or</li> <li>(ii) the business, operations or financial condition of the Borrower.</li> </ul> </li> </ul>
<b>Operating Profit</b>	<p>The combined gross operating profit of the Astrid Plaza Hotel before tax, plus amortisation and depreciation calculated, in each case, in accordance with GAAP and:</p> <ul style="list-style-type: none"> <li>(a) in the case of a calculation with respect to a year ending on 30 June in any year, as shown in the two sets of half yearly financial statements relating to that year delivered to the Bank pursuant to this Agreement and with reference to the operating accounts for the Astrid Plaza Hotel for such period supplied pursuant to this Agreement.</li> <li>(b) in the case of a calculation with respect to a year ending on 31 December in any year, as shown in the financial statements relating to that year delivered to the Bank pursuant to and with reference to the operating accounts for the Astrid Plaza Hotel for such period supplied pursuant to this Agreement.</li> </ul>



<b>Original Dollar Amount</b>	<p>In relation to an Advance, means:</p> <ul style="list-style-type: none"><li>(a) for an Advance denominated in U.S. Dollars, its amount; or</li><li>(b) for an Advance denominated in an Available Currency other than U.S. Dollars, the equivalent in U.S. Dollars of the amount of that Advance, calculated on the basis of the Bank's Spot Rate of Exchange on the Rate Fixing Day for such Advance.</li></ul>
<b>Original Group Accounts</b>	<p>The audited and consolidated financial statements of each of the Borrower and BEA Hotels for the financial year ended 31st December, 2004.</p>
<b>Participating Member State</b>	<p>A member state of the European Union that has adopted the single currency as its lawful currency under the legislation of the European Union for European Monetary Union.</p>
<b>Party</b>	<p>A party to this Agreement.</p>
<b>Permitted Financial Indebtedness</b>	<p>Any Financial Indebtedness:</p> <ul style="list-style-type: none"><li>(a) incurred under the Finance Documents (including, but not limited to, the Mango Israel Guarantee);</li><li>(b) of the Borrower or a Borrower Funded Subsidiary incurred before the date hereof, in favour of a financial institution in respect of an existing Project;</li><li>(c) of the Borrower or a Borrower Funded Subsidiary incurred on or after the date hereof, in favour of a financial institution in respect of a Refinancing or financing (subject to the prior written consent of the Bank); and</li><li>(d) (other than those set out above) of the Borrower or a Borrower Funded Subsidiary after the date hereof, incurred in favour of a financial institution in respect of the purchase of a new asset and/or in respect of the development and construction of a new Project (subject to the prior written consent of the Bank).</li></ul>
<b>Permitted Security Interest</b>	<p>Any Security Interest:</p> <ul style="list-style-type: none"><li>(a) arising under the Security Documents;</li><li>(b) created by the Borrower or a Borrower Funded Subsidiary before the date hereof, to a financial institution in respect</li></ul>

of an existing Project (as referred to in Schedule 11 (Permitted Security Interests));

- (c) created by the Borrower or a Borrower Funded Subsidiary on or after the date hereof, to a financial institution in respect of a Refinancing (subject to the prior written consent of the Bank); and
- (d) (other than those set out above) created by the Borrower or a Borrower Funded Subsidiary after the date hereof, to a financial institution in respect of the purchase of a new asset and/or in respect of the development and construction of a new Project (subject to the prior written consent of the Bank) provided that the financial institution is funding such new asset or Project,

provided that no Security Interest created by the Borrower or any Borrower Funded Subsidiary after the date hereof shall impair or rank ahead of any Security Interest arising under the Security Documents.

## **Pledges**

Each of the following pledges in favour of the Bank:

- (a) share pledge (first ranking) dated on or about the date hereof, executed by the Borrower over its shares in PEP Trust Ltd (Israel);
- (b) share pledge (first ranking) dated on or about the date hereof, executed by PEP Trust Ltd (Israel) over its shares in Elscint Holdings and Investments N.V.;
- (c) share pledge (first ranking) dated 1 August 2002, executed by Elscint Holdings and Investments N.V. over its shares in Bea Hotels;
- (d) share pledge executed by Bea Hotels over its shares in each of :
  - (i) Victory Enterprises II B.V., on or about the date hereof (second ranking);
  - (ii) Grandis Hotel Holding B.V., dated 5 November 2002 (second ranking);
  - (iii) Victoria Hotel Holding B.V., dated 31 March 2003 (second ranking);
  - (iv) Riverbank Hotel Holding B.V., dated 31 March 2003 (second ranking); and

(v) Africana Holding B.V. (second ranking), dated 5 November 2002 ;

- (e) law lien agreement, dated on or about the date hereof, executed by Bea Hotels over its shares in Andrassy, 25 Kft (first ranking);
- (f) share pledge dated on or about the date hereof, executed by Victory Enterprises II B.V. over its shares in Astrid Hotel Holdings B.V. (first ranking) and Victoria Hotel and Restaurant Investments B.V. (second ranking);
- (g) share pledge, dated on or about the date hereof, executed by Astrid Hotel Holdings B.V. in favour of the Bank over its shares in Astridplaza N.V. (first ranking);
- (h) mortgage dated on or about the date hereof, executed by Astridplaza N.V and the Bank over the Astrid Park Plaza Hotel (first ranking); and
- (i) share pledge dated on or about the date hereof, executed by the Borrower over its shares in Mango Israel (first ranking).

<b>Pounds Sterling, £ or GBP</b>	The lawful currency for the time being of the United Kingdom.
<b>Project</b>	Each project comprising the Business which has been and/or shall be carried out by a Borrower Funded Subsidiary.
<b>Project Request</b>	A letter of request, substantially in the form set out in Schedule 4, Part I (Form of Project Request) pursuant to which the Borrower requests approval of the Bank, in principle, to make an Equity Contribution to a specific Project.
<b>Project Consent</b>	A letter of consent, substantially in the form set out in Schedule 4, Part II (Form of Project Consent), pursuant to which the Bank agrees, in principle, to the Borrower making an Equity Contribution to a specific Project, as requested by the Borrower in the relevant Project Request.
<b>Rate Fixing Day</b>	The second Business Day before the first day of an Interest Period for an Advance (or such other day as is generally treated as the rate fixing day by market practice in the London interbank market).
<b>Reference Banks</b>	Subject to Clause 27.3 (Reference Banks), HSBC plc, Citibank, The Royal Bank of Scotland and Barclays Bank.

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<b>Refinancing</b>	<p>Any loan facility provided in favour of the Borrower and/or a Borrower Funded Subsidiary in respect of a Project, the proceeds of which are applied in whole or in part to the repayment of either:</p> <ul style="list-style-type: none"> <li>(a) the construction loan facility in favour of such Borrower Funded Subsidiary in respect of the development of the relevant Project; or</li> <li>(b) any previous refinancing loan facility in favour of such Borrower Funded Subsidiary in respect of the relevant Project.</li> </ul>
<b>Revenue Account</b>	<p>The account held at the Facility Office in the name of the Borrower with account number 615520 , so designated to be maintained in accordance with this Agreement.</p>
<b>Revenues</b>	<p>All amounts payable to and/or received by the Borrower or a Borrower Funded Subsidiary and/or to their account pertaining to the Business including, without limitation:</p> <ul style="list-style-type: none"> <li>(a) all revenues, loan repayments and Distributions received from any Borrower Funded Subsidiary;</li> <li>(b) interest and other income earned on balances standing to the credit of any bank accounts held by (i) the Borrower in respect of the Business; and (ii) Borrower Funded Subsidiary (to the extent that such amounts are not subject to a Security Interest in terms of the senior debt facility taken out by that Borrower Funded Subsidiary);</li> <li>(c) all Insurance Proceeds; and</li> <li>(d) all proceeds received upon a Refinancing, sale, public offering or private placement.</li> </ul>
<b>Security Asset</b>	<p>Any asset which is the subject of any Security Interest under the Security Documents.</p>
<b>Security Documents</b>	<ul style="list-style-type: none"> <li>(a) the Pledges;</li> <li>(b) the Charges over Accounts;</li> <li>(c) the Subordination Agreements;</li> <li>(d) the Guarantee;</li> <li>(e) the Mango Israel Guarantee; and</li> <li>(f) the Loan Assignments,</li> </ul>

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	and any other document evidencing or creating any Security Interest over any asset of the Borrower or Holding Subsidiary to secure any obligations of the Borrower to the Bank under the Finance Documents.
<b>Security Interest</b>	Any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security.
<b>Semi-annual Date</b>	30th June and 31st December of each year.
<b>Shareholder</b>	Elbit Medical Imaging Ltd., a company incorporated and existing under the laws of the State of Israel, with company number 52-003883-7.
<b>Subordinated Creditor</b>	Any Subsidiary or Holding Company of the Borrower that provides debt funding to the Borrower, from time to time.
<b>Subordination Agreements</b>	<p>(a) the subordination agreement dated the date hereof between the Bank, the Borrower and Elbit Medical Imaging Ltd; and</p> <p>(b) each subordination agreement to be entered into from time to time (substantially in the form of Schedule 9 (Form of Subordination Agreement)) in accordance with the terms of Clause 18.10 (c).</p>
<b>Subsidiary</b>	An entity from time to time of which a person has direct or indirect control, or owns directly or indirectly more than twenty five per cent. (25%) of the share capital or similar right of ownership.
<b>Taxes</b>	Includes all present and future income and other taxes, levies, imposts, deductions, charges and withholdings in the nature of taxes whatsoever together with interest thereon and penalties with respect thereto, if any, and any payments made on or in respect thereof and " <b>Taxation</b> " shall be construed accordingly.
<b>Term Date</b>	The first anniversary of the date of this Agreement.
<b>Total Commitment</b>	The aggregate of the Tranche A Commitment, the Tranche B Commitment, the Tranche C Commitment, Tranche D Commitment and the Mango Israel Facility.
<b>Tranche A, Tranche B, Tranche C and Tranche D</b>	Have the meaning given to such terms in Clause 2 (Facility).

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<b>Tranche A Advance</b>	Any Advance made under Tranche A.
<b>Tranche A Commitment</b>	The Euro amount set out in the " <b>Tranche A Commitment</b> " column in Schedule 1 (Commitment), to the extent not cancelled, transferred or reduced under this Agreement.
<b>Tranche A Repayment Schedule</b>	The schedule of principal amounts to be repaid by the Borrower on the last day of each Interest Period up to and including the Final Maturity Date, as specified in Schedule 7 (Tranche A Repayment Schedule) on the basis of the outstanding Tranche A Advances on the date hereof and as may be amended from time to time in accordance with Clause 6.4 (Tranche A Repayment Schedule).
<b>Tranche B Advance</b>	Any Advance made under Tranche B.
<b>Tranche B Commitment</b>	The aggregate of the Euro, US Dollar and Pounds Sterling amounts set out in the " <b>Tranche B Commitment</b> " column in Schedule 1 (Commitment), to the extent not cancelled, transferred or reduced under this Agreement.
<b>Tranche C Advance</b>	Any Advance made under Tranche C.
<b>Tranche C Commitment</b>	The aggregate of the Euro, US Dollar and Pounds Sterling amounts set out in the " <b>Tranche C Commitment</b> " column in Schedule 1 (Commitment), to the extent not cancelled, transferred or reduced under this Agreement.
<b>Tranche D Advance</b>	Any Advance made under Tranche D.
<b>Trigger Event</b>	Has the meaning ascribed to such term in Clause 7.4(b)(Mandatory Prepayment).
<b>Wholesale Rate</b>	The rate per annum determined from time to time by the Bank, to be the basic rate, before the application of any margin, at which the Bank is willing to grant to its customers in general loans in NIS for a similar term as each Advance, as published internally by the Bank from time to time, such rate being generally applicable to all branches of the Bank in Israel.

## 1.2 Construction

- (a) In this Agreement, unless the contrary intention appears, a reference to:
- (i) an "**amendment**" includes a supplement, novation or re-enactment and "**amended**" is to be construed accordingly;
- "assets"** includes properties, revenues and rights of every description;

an "**authorisation**" includes an authorisation, consent, approval, resolution, licence, exemption, filing and registration;

"**control**" means the power to direct the management and policies of an entity, whether through the ownership of voting capital, by contract or otherwise;

a "**month**" is a reference to a period starting on one day in a calendar month and ending on the day before the numerically corresponding day in the next calendar month, except that if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last day in that calendar month;

a "**person**" includes any person, firm, company, corporation, partnership, association, government, state, Agency or other entity or one or more of them;

a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, Agency, department or regulatory, self-regulatory or other authority or organisation;

a "**Screen**" or a "**Page**" on a "Screen" in the definition of "LIBOR" and "EURIBOR" includes any replacement screen or page nominated by the British Bankers Association as the information vendor for the purpose of displaying British Bankers Association Interest Settlement Rates for deposits in various currencies;

- (ii) a provision of law is a reference to that provision as amended or re-enacted;
  - (iii) a Clause or a Schedule is a reference to a clause of or a schedule to this Agreement;
  - (iv) a person includes its successors and/or assigns;
  - (v) a Finance Document or another document is a reference to that Finance Document or other document as amended, subject to compliance with the terms of this Agreement;
  - (vi) a time of day is a reference to Tel Aviv time; and
  - (vii) any representation by the Borrower, being to the best of its knowledge shall be deemed to be to the best of such person's knowledge after due inquiry.
- (b) Unless the contrary intention appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
- (c) The index to and the headings in this Agreement are for convenience only and are to be ignored in construing this Agreement.

- (d) In this Agreement, words denoting the singular include the plural and vice versa; words denoting any gender include all genders.

### **1.3 Restatement and Amendment**

- (a) With effect from the date hereof:
- (i) Other than as set out in paragraph (iv) below, the Letter of Undertaking will be replaced in its entirety by the terms and conditions set out in this Agreement, and, accordingly, the rights and obligations of the parties relating to their future performance under the Letter of Undertaking will be governed by, and construed solely in accordance with the terms and conditions set out in this Agreement.
  - (ii) the Parties acknowledge that certain amounts borrowed under the Letter of Undertaking have been repaid, and that neither Party has any claim against the other with respect to the advance and repayment of such amounts.
  - (iii) all commitment of the Bank under the Letter of Undertaking, other than an amount equal to the aggregate of the Tranche A Commitment and Tranche B Commitment, is hereby cancelled.
  - (iv) the Borrower confirms and acknowledges that, subject to paragraphs (ii) and (iii) above:
    - (A) its outstanding liabilities under the Letter of Undertaking and this Agreement shall, with effect from and including the date hereof, continue in full force and effect; and
    - (B) it is not (and shall not be treated as being) exonerated or discharged in any way whatsoever and howsoever arising from the whole or any part of its outstanding liabilities under the Letter of Undertaking and this Agreement, nor shall its outstanding liabilities under the Letter of Undertaking and this Agreement be in any way determined, lessened, impaired or affected by virtue of any provisions of this Agreement and/or the amendment, modification and restatement of the Letter of Undertaking provided for herein or by any other means whatsoever and howsoever arising which, but for this confirmation, would or might operate to exonerate or discharge the Borrower from the whole or any part of its outstanding liabilities or otherwise affect any of the same under the Letter of Undertaking and this Agreement.
- (b) For the avoidance of doubt, interest, fees and other amounts accrued under this Agreement prior to the date hereof shall be calculated in accordance with the Letter of Undertaking.
- ## **2. FACILITY**
- (a) Subject to the terms of this Agreement, the Bank shall continue to make available to the Borrower during the Facility Period, the following facilities:



- (i) a term loan facility in an aggregate amount equal to the Tranche A Commitment, to be designated as Tranche A;
  - (ii) a term loan facility in an aggregate amount equal to the Tranche B Commitment, to be designated as Tranche B;
  - (iii) a term loan facility in an aggregate amount equal to the Tranche C Commitment, to be designated as Tranche C; and
  - (iv) a term loan facility in an amount which, when aggregated the Mango Israel Facility, does not exceed US\$ 4,021,000 (four million and twenty one thousand US Dollars), to be designated as Tranche D, provided that the parties acknowledge that Tranche D is fully drawn at the date hereof.
- (b) The Bank shall only be obliged to lend if the conditions precedent under Clause 4 (Conditions Precedent) have been satisfied in accordance with the terms of that Clause.

### **3. PURPOSE**

#### **3.1 Tranche A Advances**

The Tranche A Advance is solely to fund (whether directly, indirectly and/or by the refinancing of any BEA Hotels Loans) the acquisition, construction and development of the Astrid Plaza Complex.

#### **3.2 Tranche B Advances**

The Tranche B Advance is solely to fund the Borrower's Equity Contributions to the Borrower Funded Subsidiaries with respect to Projects approved by the Bank carried out by such Borrower Funded Subsidiaries.

#### **3.3 Tranche C Advances**

Each Tranche C Advance is solely to fund the acquisition by the Borrower of 100% of the equity and voting rights of Mango Israel.

#### **3.4 ( Tranche D Advances**

Each Tranche D Advance is solely to fund the operation of Mango Israel.

#### **3.5 No obligation to monitor**

Without affecting the obligations of the Borrower in any way, the Bank has no duty to monitor or verify the application of any Advance.

## **4. CONDITIONS PRECEDENT**

### **4.1 Documentary conditions precedent**

The obligations of the Bank to the Borrower under this Agreement are subject to the condition precedent that the Bank has received:

- (a) an original letter addressed to the Bank setting out the valuation of the Astrid Plaza Complex (the "**Astrid Plaza Valuation**"), such valuation to be carried out by an independent surveyor chosen by the Borrower to the satisfaction of the Bank; and
- (b) originals, or where appropriate, copies certified as true, complete and up-to-date by an authorised signatory of all of the documents set out in Schedule 3 (Conditions Precedent Documents) in form and substance satisfactory to the Bank.

### **4.2 Further conditions precedent**

The obligation of the Bank to make any Advance under Clause 5.3 (Advances) or Clause 11 (Amount of Available Currencies) is subject to the further conditions precedent that:

- (a) the amount of such Tranche D Advance does not, when added to the aggregate of all outstanding Tranche D Advances and all outstanding amounts under the Mango Israel Facility, exceed US\$ 4,021,000 (four million and twenty one thousand US Dollars);
- (b) the amount of such Advance does not, when added to the aggregate of all outstanding Advances, exceed the Total Commitment;
- (c) on both the date of the Drawdown Request and the Drawdown Date:
  - (i) the representations and warranties in Clause 17 (Representations and Warranties) to be repeated on those dates are correct and will be correct immediately after the Advance is made; and
  - (ii) no Default is outstanding or would be likely to result from the Advance;
- (d) the Borrower has submitted a Project Request to the Bank in respect of the Project to which the Advance relates;
- (e) the Borrower has received a Project Consent from the Bank in respect of the Project to which the Advance relates; and
- (f) with respect to a Tranche C Advance for the purpose described in Clause 3.1(ii) above, the Borrower has entered into the Security Document described in paragraph (f) of the definition of Security Document.

## **5. DRAWDOWN**

### **5.1 Commitment Period**

- (a) The Borrower may borrow an Advance during the Commitment Period if the Bank receives, not later than 11.00 a.m., ten Business Days before the proposed Drawdown Date, a duly completed Drawdown Request. Each Drawdown Request is irrevocable.
- (b) The undrawn amount of the Facility shall be automatically cancelled at close of business on the Term Date.

### **5.2 Completion of Drawdown Requests**

A Drawdown Request will not be regarded as having been duly completed unless:-

- (a) it identifies the Project to which the Advance relates and whether the Advance is to be a Tranche C Advance or a Tranche D Advance;
- (b) the Drawdown Date is a Business Day falling on or before the last day of the Commitment Period;
- (c) the amount of the Advance is:
  - (i) at least US\$100,000 (or its equivalent in accordance with Clause 11 (Amount of Available Currencies)); or
  - (ii) the maximum undrawn amount available under the Facility on the proposed Drawdown Date; or
  - (iii) such other amount as the Bank may agree in writing; and
- (d) each Drawdown Request must specify one Advance only, but the Borrower may, subject to the other terms of this Agreement, deliver more than one Drawdown Request on any one day;

### **5.3 Advance**

- (a) Subject to the terms of this Agreement, the Bank shall make each Advance available to the Borrower on the relevant Drawdown Date pursuant to the relevant Drawdown Request.
- (b) The entire amount of the Advance shall be deposited in the Loan Account from which withdrawals may only subsequently be made for the purposes specified in Clause 3 and in accordance with the procedures set out in Clause 20 (Accounts and Cashflow Priorities).

### **5.4 Consolidation**

- (a) All outstanding Advances on the date of this Agreement shall be consolidated, to form one single Tranche A Advance in the amount of the Tranche A Commitment and one single Tranche B Advance per currency in the amount of the Tranche B Commitment.

- (b) All outstanding Tranche C Advances and Tranche D Advances on the Term Date shall be consolidated to form one Tranche C Advance per currency and one Tranche D Advance per currency, respectively.

## **6. REPAYMENT**

### **6.1 Tranche A Repayment**

The Borrower shall repay the outstanding Tranche A Advances in accordance with the Tranche A Repayment Schedule.

### **6.2 Tranche B Repayment**

The Borrower shall repay the outstanding Tranche B Advances in accordance with Clause 7.3 (Mandatory Prepayment), and in any event as follows:

- (a) 50% of the outstanding Tranche B Advances shall be repaid no later than 31st December, 2010; and
- (b) the remaining 50% of the outstanding Tranche B Advances shall be repaid on the Final Maturity Date.

In the event that the Borrower is required to repay amounts in accordance with paragraph (a) above, such repaid amounts shall be attributed pro rata to the Equity Contributions outstanding at such time.

### **6.3 Tranche C Repayment**

The Borrower shall repay the outstanding Tranche C Advances in ten equal semi-annual installments, with the first installment due and payable pay on the second anniversary of the date of the Agreement.

### **6.4 Tranche D Repayment**

The Borrower shall repay all outstanding Tranche D Advances on the Final Maturity Date.

### **6.5 Currency**

Each Advance shall be repaid in the Available Currency in which such Advance was borrowed.

### **6.6 Tranche A Repayment Schedule**

In the event that any Tranche A Advance is prepaid by the Borrower in whole or in part in accordance with any of Clauses 7.1 (Voluntary Prepayment) to 7.3 (Mandatory Prepayment) inclusive below, the amount of such prepayment shall be applied pro rata

against all future repayment installments, and the Tranche A Repayment Schedule amended accordingly.

## **6.7 Re-borrowing**

No amounts repaid or prepaid by the Borrower to the Bank with respect to Tranche A, Tranche B, Tranche C or Tranche D may be re-borrowed.

## **7. PREPAYMENT AND CANCELLATION**

### **7.1 Voluntary Prepayment**

- (a) The Borrower may, by giving not less than 30 days' prior notice to the Bank, prepay any Advance in whole or in part (but if in part, at least the equivalent of €100,000) provided that the prepayment is made on the last day of an Interest Period for that Advance.
- (b) Subject to Clause 7A.1 (Request to convert Available Currency), no prepaid amount may be re-borrowed after the Commitment Period.

### **7.2 Voluntary Cancellation**

The Borrower may, by giving not less than 30 days' prior notice to the Bank, cancel the undrawn amount of the Facility (if any) in whole or in part (but if in part in a minimum amount of €1,000,000 and an integral multiple of €100,000) at any time without premium or penalty. No amount of the Facility cancelled may subsequently be redrawn or reinstated.

### **7.3 Mandatory Prepayment**

- (a) The Borrower shall, upon the occurrence of any Trigger Event (as such term is defined in sub-clause (b) of this Clause 7.3) deposit all Revenues arising from such Trigger Event in the Revenue Account immediately upon receipt thereof. On the last day of the Interest Period in which the Revenues deriving from a Trigger Event have been deposited into the Revenue Account as aforesaid, the Bank shall apply the balance of the Revenue Account as follows:
  - (i) Revenues deriving from a Trigger Event in connection with the Astrid Plaza Complex Project shall be applied in prepayment of outstanding Tranche A Advances;
  - (ii) Revenues deriving from a Trigger Event in connection with a Project funded by a Tranche B Advance or, as the case may be, Tranche C Advance, shall be applied in prepayment of outstanding Tranche B Advances or, as the case may be, outstanding Tranche C Advances, to the extent only of the Equity Contribution made by the Borrower in relation to such Project;
  - (iii) Revenues deriving from a Trigger Event in connection with Mango Israel shall be applied in prepayment of outstanding Tranche D Advances; and

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- (iv) Revenues deriving from a Trigger Event in connection with Bea Hotels shall be applied, first, in prepayment of outstanding Tranche B Advances and, thereafter, in prepayment of outstanding Tranche A Advances.
  - (b) For the purposes of this Clause 7.3 (Mandatory Prepayment) each of the following events constitutes a Trigger Event:
    - (i) any public offering or private placement of any securities of the Borrower or any Borrower Funded Subsidiary;
    - (ii) a merger or consolidation of the Borrower or any Borrower Funded Subsidiary with any other entity (other than in relation to those corporate events set out in the letter of consent from the Bank to the Borrower, dated 1 November 2005);
    - (iii) a sale, assignment, lease, or other disposal of (whether in one transaction or a series of transactions) any of the assets (whether in whole or in part) of the Borrower or any Borrower Funded Subsidiary, including any shareholdings in any such Borrower Funded Subsidiary and any intellectual property to any person or entity;
    - (iv) a refinancing of any debt of the Borrower;
    - (v) a Refinancing of any debt of any Borrower Funded Subsidiary; or
    - (vi) the receipt by the Borrower of any Distributions.
  - (c) In the event that any Advance is prepaid by the Borrower (whether in whole or in part) in accordance with this Clause 7.3, the amount of the Equity Contribution relating to the Project which is the subject of the Trigger Event that occurred, shall be reduced by the amount of such prepayment, and Schedule 2, Part II (Equity Contributions) shall be amended by the Bank accordingly.

#### **7.4 Repayment into Loan Account**

Unless otherwise directed by the Bank, all repayments and prepayments of amounts outstanding under this Agreement, shall be made into the Loan Account.

#### **7.5 Miscellaneous provisions**

- (a) Any notice of prepayment or cancellation under this Agreement is irrevocable.
- (b) Any partial prepayment shall be applied, in equal shares to all future principal repayment installments.
- (c) Any prepayments under this Agreement shall be made together with accrued interest and all other amounts accrued under the Finance Documents (including, without limitation pursuant to Clause 24 (Indemnities)).
- (d) No prepayment or cancellation is permitted except in accordance with the express terms of this Agreement.

- (e) To the extent that the payment of amounts to the Revenue Account after any of the Trigger Events set out in Clause 7.3 (Mandatory Prepayment) is dependent upon a distribution being made by a Borrower Funded Subsidiary and/or by a Holding Subsidiary, the Borrower shall procure that such distributions are made in order that such amounts may be paid by the Borrower into the Revenue Account in accordance with Clause 7.3 (Mandatory Prepayment).
- (f) No prepayment penalties shall be imposed upon a prepayment in accordance with the provisions of this Clause 7.

## **8. INTEREST PERIODS**

### **8.1 Selection**

- (a) Each Advance has successive Interest Periods.
- (b) Each Interest Period shall be a six-month period provided, however, that:
  - (i) the first Interest Period of each Advance shall commence on the date of such Advance and shall end on the next Semi-annual Date; and
  - (ii) the final Interest Period shall end upon the Final Maturity Date.

### **8.2 Non-Business Days**

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

## **9. INTEREST**

### **9.1 Interest rate**

The rate of interest on each Advance for each of its Interest Periods is the rate per annum determined by the Bank to be the aggregate of:

- (a) the Cost Base; and
- (b) the Margin.

### **9.2 Due dates**

Accrued interest on each Advance is payable by the Borrower on the last day of each Interest Period for that Advance.

### **9.3 Default interest**

- (a) If the Borrower fails to pay any amount payable by it under the Finance Documents, it shall, forthwith on demand by the Bank, pay interest on the overdue amount from the due date up to the date of actual payment, after as well as before judgment, at the default

rate of interest customary at the Bank at such time for loans in the Available Currency, provided that the default rate shall, in no event, be lower than 5.5% (five and one-half percent) above the interest rate due to be paid on the overdue amount in accordance with Clause 9.1 (Interest Rate).

- (b) If the Bank determines that deposits in the currency of the overdue amount are not at the relevant time being made available by the Reference Banks to leading banks in the London interbank market, the default rate will be determined by reference to the cost of funds to the Bank from whatever sources it may select.
- (c) Default interest shall be due and payable on demand and shall be compounded periodically, as customary in the Bank from time to time.

#### **9.4 Notification**

The Bank shall promptly notify the Borrower of the determination of a rate of interest under this Agreement.

### **10. SELECTION OF AVAILABLE CURRENCIES**

#### **10.1 Selection**

- (a) The Borrower may select the Available Currency of a Tranche D Advance, in the relevant Drawdown Request.
- (b) Each part of a Tranche D Advance, which is to be denominated in a different currency from any other part of that Advance will be treated as a separate Tranche D Advance.

#### **10.2 Revocation of currency**

If before 9.30a.m. on any Rate Fixing Day:

- (a) it is impracticable for the Bank to fund the Tranche D Advance, in the relevant Available Currency during that Interest Period in the ordinary course of business in the London interbank market; and/or
- (b) the use of the proposed Available Currency might contravene any law or regulation,

the Bank shall give notice to the Borrower to that effect before 11.00a.m. on that day. In this event:

- (i) the Borrower and the Bank may agree that the drawdown will not be made; or
- (ii) in the absence of agreement and in any other case:
  - (1) the Advance shall be treated as a separate Tranche D Advance, during the relevant Interest Period;
  - (2) in the definition of "LIBOR" or "EURIBOR" (insofar as it applies to that Advance) in Clause 1.1 (Definitions):



(A) there shall be substituted for the time "11.00 a.m." the time "1.00 p.m."; and

(B) paragraph (b) of that definition shall apply to the extent applicable.

## **11. AMOUNT OF AVAILABLE CURRENCIES**

### **11.1 Drawdowns**

If a Tranche D Advance, is to be drawn down in or, as the case may be, is to be converted into an Available Currency (other than US Dollars), the amount of that Tranche D Advance, will be determined by converting into that Available Currency the Original Dollar Amount of that Tranche D Advance, on the basis of the Bank's Spot Rate of Exchange three Business Days before its Drawdown Date.

### **11.2 Prepayments and repayments**

Any Tranche D Advance in an Available Currency, as well as any interest payable thereon, shall be repaid or prepaid in the same Available Currency as such Tranche D Advance.

### **11.3 Facility Amount**

If, on the last day of an Interest Period, the Tranche D Advances when converted into US Dollars on the basis of the Bank's Spot Rate of Exchange exceed the Total Commitment, the Borrower shall prepay such excess amount within 3 Business Days.

## **12. PAYMENTS**

### **12.1 Place**

All payments by the Borrower under the Finance Documents shall be made to the Bank to its account at the Facility Office or such other place as the Bank may notify to the Borrower for this purpose five (5) Business Days in advance.

### **12.2 Funds**

Payments under the Finance Documents to the Bank shall be made for value on the due date at such times and in such manner as the Bank may specify to the Borrower as being customary at the time for the settlement of transactions in the currency of the relevant Advance.

### **12.3 Application**

The Bank may apply any amount received by it for the Borrower in or towards payment (on the date and in the currency and funds of receipt) of any amount due from the Borrower under the Finance Documents or in or towards the purchase of any amount of any currency to be so applied.

**12.4 Currency**

- (a) Amounts payable in respect of costs, expenses and Taxes and the like are payable in the currency in which they are incurred.
- (b) Any other amount payable under the Finance Documents is, except as otherwise provided in the Finance Documents, payable in Euros.

**12.5 Set-off and counterclaim**

All payments made by the Borrower under the Finance Documents shall be made without set-off or counterclaim.

**12.6 Non-Business Days**

- (a) If a payment under the Finance Documents is due on a day which is not a Business Day, the due date for that payment shall instead be the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal under the Finance Documents, interest is payable on that principal at the rate prevailing on the original due date.

**12.7 Partial payments**

- (a) If the Bank receives a payment insufficient to discharge all the amounts then due and payable by the Borrower under the Finance Documents, the Bank shall apply that payment towards the obligations of the Borrower under the Finance Documents in the following order:
  - (i) **first**, in or towards payment of any unpaid fees, costs and expenses of the Bank;
  - (ii) **secondly**, in or towards payment of any Finance Charges due but unpaid under this Agreement;
  - (iii) **thirdly**, in or towards payment of any Financing Principal due but unpaid under this Agreement; and
  - (iv) **fourthly**, in or towards payment of any other sum due but unpaid under the Finance Documents.
- (b) Paragraph (a) above shall override any appropriation made by the Borrower.

**13. TAXES**

All payments by the Borrower under the Finance Documents shall be made without any deduction and free and clear of and without deduction for or on account of any Taxes, except to the extent that the Borrower is required by law to make payment subject to any Taxes. If any Tax or amounts in respect of Tax must be deducted, or any other deductions must be made, from any amounts payable or paid by the Borrower, or paid or payable by the Bank under the Finance Documents, the Borrower shall pay such

additional amounts as may be necessary to ensure that the Bank receives a net amount equal to the full amount which it would have received had payment not been made subject to Tax or other deduction.

## **14. MARKET DISRUPTION**

### **14.1 Absence of quotations**

If a Reference Bank does not supply an offered rate by 1.00 p.m. two Business Days before the first day of an Interest Period, the applicable LIBOR or, as the case may be, EURIBOR shall, subject to Clause 14.2 (Market disruption), be determined on the basis of the quotations of the remaining Reference Banks.

### **14.2 Market disruption**

If in relation to any Interest Period the Bank determines (which determination shall be conclusive and binding) that:

- (a) by reason of circumstances affecting the London interbank market generally, adequate and fair means do not exist for ascertaining LIBOR or EURIBOR for that Interest Period; or
- (b) deposits in Euros or Dollars in the amount required for that Interest Period are not available to the bank in the London interbank market,

the Bank shall promptly notify the Borrower accordingly, and no Advance or further Advance (as the case may be) shall be made, unless and until an alternative basis is agreed in accordance with Clause 14.4 (Alternative basis for outstanding loans) below or unless or until the Bank notifies the Borrower that such circumstances no longer exist.

### **14.3 Suspension of drawdowns**

If a notification under Clause 14.2 (Market Disruption) applies to an Advance which has not been made, that Advance shall not be made. However, within five Business Days of receipt of the notification, the Borrower and the Bank shall enter into negotiations for a period of not more than 30 days with a view to agreeing to an alternative basis for the borrowing of that and any future Advance.

### **14.4 Alternative basis for outstanding Advances**

If a notification under Clause 14.2 (Market Disruption) applies to an Advance which is outstanding, then, notwithstanding any other provision of this Agreement:

- (a) within five Business Days of receipt of the notification, the Borrower and the Bank shall enter into negotiations for a period of not more than 30 days with a view to agreeing to an alternative basis for determining the rate of interest or funding or both applicable to that Advance or any other Advances;
- (b) any alternative basis agreed under paragraph (a) above shall be binding on the Parties;

- (c) if no alternative basis is agreed, the Bank shall certify, on or before the last day of the Interest Period to which the notification relates, an alternative basis for maintaining the Advance;
- (d) any such alternative basis may include an alternative method of fixing the interest rate, alternative Interest Periods or alternative currencies but it must reflect the cost to the Bank of funding its participation in the Advance from whatever sources it may select plus the Margin; and
- (e) each alternative basis so certified shall be binding on the Borrower and the Bank and treated as part of this Agreement.

## 15. INCREASED COSTS

### 15.1 Increased costs

- (a) Subject to Clause 15.2 (Exceptions), the Borrower shall forthwith on demand by the Bank, providing a computation of the relevant amount in reasonable detail, pay to the Bank the amount of any increased cost incurred by it or any of its Affiliates as a result of:

- (i) the introduction of, or any change in, or any change in the interpretation or application of, any law or banking regulation; or
- (ii) compliance with any regulation made,

after the date of this Agreement,

(including any law or regulation relating to taxation (excluding income tax), monetary union, or reserve asset, special deposit, cash ratio, liquidity or capital adequacy requirements or any other form of banking or monetary control).

- (b) In this Agreement "**increased cost**" means:

- (i) an additional cost incurred by the Bank or any of its Affiliates as a result of it having entered into, or performing, maintaining or funding its obligations under, any Finance Document;
- (ii) that portion of any additional cost incurred by the Bank or any of its Affiliates in making, funding or maintaining all or any advances comprised in a class of advances formed by or including the Bank's participations in any Advance made or to be made under this Agreement as is attributable to the Bank making, funding or maintaining those participations; and
- (iii) the amount of any payment made by the Bank or any of its Affiliates, or the amount of any interest or other return foregone by the Bank or any of its Affiliates, calculated by reference to any amount received or receivable by the Bank or any of its Affiliates from any other Party under this Agreement.

### 15.2 Exceptions

Clause 15.1 (Increased costs) does not apply to any increased cost:

- (a) compensated for by the operation of Clause 13 (Taxes); or
- (b) attributable to any change in the rate of, or change in the basis of calculating, Tax on the overall net income of the Bank (or the overall net income of a division or branch of the Bank) imposed in the jurisdiction in which its principal office or Facility Office is situate.

## **16. ILLEGALITY**

If it is or becomes unlawful in any jurisdiction for the Bank to give effect to any of its obligations as contemplated by this Agreement or to fund or maintain any Advance, then:

- (a) the Bank may notify the Borrower accordingly; and
- (b)
  - (i) the Borrower shall forthwith prepay that Advance together with all other amounts payable by it to the Bank under the Finance Documents (including, without limitation, pursuant to Clause 24 (Indemnities)); and
  - (ii) the Bank's undrawn Facility will forthwith be cancelled.

## **17. REPRESENTATIONS AND WARRANTIES**

### **17.1 Representations and warranties**

The Borrower makes the representations and warranties set out in this Clause 17 (Representations and Warranties) to the Bank, in reliance on which the Bank has entered into the Agreement.

### **17.2 Status**

- (a) It is a private company, duly organised and validly existing under the laws of the State of Israel;
- (b) each member of the Business Group is a company, duly organized and validly existing under the laws of the country of its incorporation; and
- (c) each member of the Group has the power to own its assets and carry on its business as it is being conducted.

### **17.3 Powers and authority**

It, and each member of the Business Group, has the power to enter into and perform, and has taken all necessary action to authorise the entry into, performance and delivery of, the Finance Documents to which it is or will be a party and the transactions contemplated by those Finance Documents.

**17.4 Legal validity**

Each Finance Document to which it, or each member of the Business Group, is or will be a party constitutes, or when executed in accordance with its terms will constitute, its legal, valid and binding obligation enforceable in accordance with its terms.

**17.5 Non-conflict**

The entry into and performance by it, and each member of the Business Group, of, and the transactions contemplated by, the Finance Documents do not and will not:-

- (a) conflict with any law or regulation or judicial or official order; or
- (b) conflict with the constitutional documents of any member of the Group; or
- (c) conflict with any document which is binding upon any member of the Group or any asset of any member of the Group.

**17.6 No default**

- (a) No Default is outstanding or might result from the making of any Advance; and
- (b) no other event is outstanding which constitutes (or with the giving of notice, passage of time, the making of any determination or fulfillment of any other applicable condition or any combination of the foregoing, might constitute) a default under any document which is binding on the Borrower or any member of the Group or any asset of the Borrower or any member of the Group.

**17.7 Authorizations**

All authorizations required in connection with the entry into, performance, validity and enforceability of the Finance Documents and the transactions contemplated by the Finance Documents have been obtained or effected and are in full force and effect.

**17.8 Litigation**

No material litigation, arbitration or administrative proceedings are current or, to the best of its knowledge, pending or threatened, which might, if adversely determined, have a Material Adverse Effect, which are not reflected in the Original Group Accounts.

**17.9 Information**

- (a) All information provided or delivered by it to the Bank was true, correct and complete in all material respects and not misleading in any material respect as of the date that it was delivered; and
- (b) all information provided or delivered by it to the Bank did not omit, as at the date that it was delivered, any information which, if disclosed, might adversely affect the decision of a financial institution considering whether to enter into this Agreement.

**17.10 Financial statements**

The audited and consolidated financial statements or the reviewed financial statements (as the case may be) of the Borrower, BEA Hotels and the Borrower Funded Subsidiaries most recently delivered to the Bank (which, at the date of this Agreement, are the Original Group Accounts):

- (a) have been prepared in accordance with GAAP, consistently applied; and
- (b) give a true and fair view of the financial condition of the Borrower and BEA Hotels as of the date to which they were drawn up,

and there has been no material adverse change in the financial condition of the Borrower, BEA Hotels and each of the Borrower Funded Subsidiaries since the date on which those financial statements were drawn up.

**17.11 Compliance**

It, and each member of the Business Group, is currently complying with applicable laws and regulations in all material respects and there is no event or circumstance which would be likely to cause it to cease to comply with such laws and regulations in any material respect.

**17.12 Insurances**

All Insurances are or, at the time they are required to be maintained or effected, will be, in full force and effect and so far as it is aware no event or circumstance has occurred, nor has there been any omission to disclose a fact, which would in either case entitle any insurer to avoid or otherwise reduce its liability under any policy relating to the Insurances.

**17.13 Title and Ownership**

The Borrower and each member of the Business Group has good and marketable title to its assets (including without limitation, in the case of the Borrower, to any securities held by it, directly or indirectly, in any Borrower Funded Subsidiary) free and clear of all Security Interests (other than Permitted Security Interests).

**17.14 Status of security**

Each Security Document confers the Security Interests it purports to confer over all of the assets referred to in it and those Security Interests:

- (a) are not subject to any prior or higher ranking or pari passu Security Interests (other than any Permitted Security Interests); and
- (b) are not void or liable to avoidance, due to the insolvency of the Borrower on the date of execution of the relevant Security Document, on liquidation or bankruptcy, composition or any other similar insolvency proceedings.

**17.15 Pari passu ranking**

The Borrower's obligations under the Finance Documents rank and will rank at least pari passu with all its other unsecured obligations, except for obligations mandatorily preferred by law applying to companies generally.

**17.16 Indebtedness**

The Borrower does not have any outstanding indebtedness to:

- (a) any of its shareholders, to any holding company of its shareholders or to any other member of the Group (other than as approved in writing by the Bank); or
- (b) any person outside the Group, other than the Permitted Financial Indebtedness.

**17.17 Taxes on payments**

All amounts payable by the Borrower under the Finance Documents shall be made free and clear of, and without deduction for, or on account of, any Tax.

**17.18 Stamp duties**

The Borrower or, as the case may be, each member of the Business Group, shall bear and pay all stamp or registration duty or similar taxes or charges which shall be payable in respect of any Finance Document.

**17.19 Immunity**

- (a) The execution by the Borrower of each Finance Document constitutes, and its exercise of its rights and performance of its obligations under each Finance Document will constitute, private and commercial acts done and performed for private and commercial purposes; and
- (b) the Borrower will not be entitled to claim immunity from suit, execution, attachment or other legal process in any proceedings taken in the State of Israel or any other jurisdiction in relation to any Finance Document.

**17.20 Jurisdiction/governing law**

The Borrower's:

- (a) irrevocable submission under Clause 33 (Jurisdiction) to the jurisdiction of the courts of Israel;
  - (b) agreement that this Agreement is governed by Israeli law; and
  - (c) agreement not to claim any immunity to which it or its assets may be entitled,
- are legal, valid and binding under the laws of Israel.

**17.21 Mango Israel**



The Borrower has completed the purchase of 100% of the equity and voting rights in Mango Israel.

#### **17.22 No other business**

The Borrower shall procure that Astridplaza N.V. has not engaged in any business or activities, either alone or in partnership or joint venture other than the design, development, construction, financing, ownership (to the extent relevant), use, operation and maintenance of the Astrid Plaza Complex.

#### **17.23 Times for making representations and warranties**

The representations and warranties set out in this Clause 17:

- (a) are made by the Borrower on the date of this Agreement; and
- (b) are deemed to be repeated by the Borrower on each day thereafter with reference to the facts and circumstances then existing.

### **18. UNDERTAKINGS**

#### **18.1 Duration**

The undertakings in this Clause 18 (Undertakings) remain in force from the date of this Agreement for so long as any amount is or may be outstanding under this Agreement or the Facility is in force. All of those undertakings (and any undertakings or restrictions in any other clause of the Finance Documents) are cumulative, and accordingly none of them shall (except to the extent expressly stated) be limited by any exception to any other undertaking or by implication from the terms of any other undertaking.

#### **18.2 Financial Information**

- (a) The Borrower shall supply to the Bank:
  - (i) as soon as the same are available (and in any event within 90 days of the end of each of its financial years), the audited consolidated accounts and financial reports of the Borrower and the audited financial statements of BEA Hotels and Astridplaza N.V. and each Borrower Funded Subsidiary, for that financial year.
  - (ii) as soon as the same are available (and in any event within 60 days of the end of the each quarter of each of its financial years) reviewed management accounts of the Borrower for that quarter, such management accounts being those used for the purpose of consolidation of the financial statements of Elbit Medical Imaging Ltd.
  - (iii) as soon as the same are available (and in any event within 60 days of the end of each quarter) reviewed financial statements for that quarter of BEA Hotels, Astridplaza N.V. and each Borrower Funded Subsidiary, (including a balance sheet, statements of income and cash flow);

- 
- (iv) as soon as the same are available (and in any event within 90 days of the end of each financial year), the audited financial statements of BEA Hotels, Astridplaza N.V. and each Borrower Funded Subsidiary, each financial year.
  - (v) as soon as the same are available (and in any event within 30 days of the end of each quarter) quarterly progress reports on the development and/or operation of all Projects.
  - (vi) together with the accounts specified in paragraph (a) and (b) above, a certificate from the auditors of the Borrower:
    - (A) establishing compliance with Clause 18.21 (Financial covenants) which certificate shall, if the Bank requests, also set out in reasonable detail computations establishing such compliance; and
    - (B) confirming that the accounts have been prepared in accordance with GAAP and Securities Laws Regulations.
  - (vii) within 60 days of a written request by the Bank (which shall be delivered not more than once in any two consecutive calendar years, unless the Bank considers that an event has occurred requiring a greater frequency), a valuation addressed to the bank (produced by a third party acceptable to the Bank) of the assets of the Borrower.
  - (b) The Borrower shall procure that Astridplaza N.V. supply to the Bank, as soon as they are available but in any event within 15 days after the end of each calendar month, one copy of the monthly hotel operating accounts of Astridplaza N.V..

### **18.3 Other Information**

- (a) The Borrower shall supply to the Bank:
  - (i) all documents despatched by it to its shareholders (or any class of them) or by it to its creditors (or any class of them) at the same time as they are despatched;
  - (ii) promptly upon becoming aware of them, details of any litigation, arbitration or administrative proceedings of a material nature relating to it, BEA Hotels or Astridplaza N.V. which are current, threatened or pending, and, together, in each case, with details of how it proposes to conduct the litigation, arbitration or proceedings or otherwise resolve the dispute in question;
  - (iii) reasonably promptly, and in any case, within 20 Business Days such further information in the possession or control of the Group regarding its financial condition and operations as the Bank may reasonably request;
  - (iv) forthwith, details of any event of which it is aware which may have a Material Adverse Effect; and
  - (v) promptly, upon the earlier of:

(A) the signing of a term sheet for a Refinancing by a Borrower Funded Subsidiary or any other event constituting a Trigger Event; or

(B) the finalisation of commercial terms for such Refinancing by a Borrower Funded Subsidiary (such notification, for the avoidance of doubt, shall not in itself constitute a Trigger Event) or such other Trigger Event,

all documents and details related thereto.

(b) In the event that an Event of Default has occurred, the Borrower shall allow the Bank appropriate and reasonable access to its records and accounts.

#### **18.4 Notification of Default**

The Borrower shall notify the Bank of:

(a) any Default (and the steps, if any, being taken to remedy it); and

(b) any event of default or potential event of default arising under any loan agreement entered into by any Subsidiary,

immediately upon it becoming aware thereof.

#### **18.5 Compliance certificates**

The Borrower shall supply to the Bank promptly at any time, if the Bank so requests, a certificate signed by two of its senior officers certifying that no Default is outstanding or, if a Default is outstanding, specifying the Default and the steps, if any, being taken to remedy it.

#### **18.6 Authorisations**

The Borrower shall promptly obtain, maintain and comply with the terms of any authorisation required at the relevant time under any law or regulation to enable it to perform its obligations under, or for the validity or enforceability of, any Finance Document.

#### **18.7 Pari passu ranking**

The Borrower shall procure that its obligations under the Finance Documents do and will rank at least pari passu with all its other present and future unsecured obligations, except for obligations mandatorily preferred by law applying to companies generally.

#### **18.8 Negative pledge**

(a) The Borrower shall not and shall procure that no member of the Business Group shall create or permit to subsist any Security Interest on any of its present or future assets.

(b) Paragraph (a) does not apply to any Permitted Security Interest.

- (c) If the Borrower creates or permits to subsist any Security Interest on any of its assets contrary to paragraph (a) above, all of the obligations of the Borrower under this Agreement shall, to the extent permissible under applicable law, automatically and immediately be secured upon the same assets, ranking at least pari passu with the other obligations secured on those assets.

### **18.9 Transactions similar to security**

- (a) The Borrower shall not, and shall procure that no member of the Business Group shall, without the prior consent of the Bank:
- (i) sell, transfer or otherwise dispose of any of its assets on terms whereby it is or may be leased to or re-acquired or acquired by a member of the Group or any of its related entities; or
  - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms, except for the discounting of bills or notes in the ordinary course of trading,
- in circumstances where the transaction is entered into primarily as a method of raising finance.
- (b) Paragraph (a) does not apply to Permitted Security Interests.

### **18.10 Borrowings**

The Borrower shall not, and shall procure that no member of the Business Group shall,

- (a) incur any Financial Indebtedness other than the Permitted Financial Indebtedness; or
- (b) incur any Financial Indebtedness to any Subsidiary unless such Subsidiary has first signed a Subordination Agreement in favour of the Bank, substantially in the form of Schedule 9 (Form of Subordination Agreement).

### **18.11 Disposals**

- (a) The Borrower shall not, and shall procure that no member of the Business Group shall, either in a single transaction or in a series of transactions, whether related or not and whether voluntarily or involuntarily, sell, transfer, grant or lease or otherwise dispose of all or any substantial part of the assets of the Business (including tax losses).
- (b) Paragraph (a) does not apply to:
- (i) disposals made in the ordinary course of business of the disposing entity; or
  - (ii) disposals of assets in exchange for other assets comparable or superior as to type, value and quality;
  - (iii) disposals of obsolete or surplus assets no longer required for the relevant business;

- (iv) the payment of cash as consideration for the acquisition of any asset or service;
- (v) Permitted Security Interests; or
- (vi) any other disposal approved by the Bank (such approval not to be unreasonably withheld).

#### **18.12 Mergers and acquisitions**

The Borrower shall not, and shall procure that no other member of the Business Group will enter into any amalgamation, demerger, merger or reconstruction.

#### **18.13 Compliance with laws and payment of taxes**

- (a) The Borrower shall comply (and shall procure that each other member of the Group complies) with all laws and regulations applicable to it to the extent that failure to do so would have a Material Adverse Effect.
- (b) The Borrower shall, and shall procure that each member of the Business Group shall:
  - (i) file, or procure the filing of, all tax and informational returns that are required to be filed by it in any jurisdiction; or
  - (ii) pay all its taxes when due, except to the extent the taxes are contested in good faith and by appropriate means, and a reserve reasonably regarded as adequate has been set aside for payment of those taxes.

#### **18.14 Change of business**

The Borrower shall not, and shall procure that no other member of the Business Group shall engage in any business or activities other than the Business and any business incidental to its implementation, other than with the approval of the Bank (such approval not to be unreasonably withheld).

#### **18.15 Share capital**

The Borrower shall not, and shall procure that no member of the Business Group shall, without the prior consent of the Bank:

- (a) purchase, cancel or redeem any of its share capital or that of BEA Hotels; or
- (b) issue any further securities if as a result of such the Shareholder would hold, directly or indirectly, less than 50.1% (fifty and one-tenth of one percent) of the issued share capital of the Borrower.

#### **18.16 Distributions**

- (a) Except as required by law, the Borrower shall not allow, nor shall it allow any member of the Business Group to allow, any restriction to be placed on the ability of any member of the Business Group (other than the Borrower) to declare or pay any Distribution, other

than pursuant to the terms of senior construction facilities taken by any subsidiary in relation to a Project, without the prior written consent of the Bank.

- (b) Provided that no Event of Default has occurred, Borrower shall not be obliged to Distribute any Free Funds generated by the Projects and/or the Business.

#### **18.17 Insurances**

The Borrower shall, and shall procure that each member of the Group shall, maintain insurance with financially sound and reputable insurers with respect to its assets of an insurable nature against such risks and in such amounts as are normally maintained by persons carrying on the same or a similar class of business.

#### **18.18 Conduct of business**

The Borrower shall:

- (a) in all material respects conduct its business in a reasonable and prudent manner in accordance with all applicable laws and regulations and the terms of the Finance Documents; and
- (b) meet all of its material obligations as they fall due; and
- (c) promptly perform its material obligations, and enforce its material rights under each agreement to which it is a party, to the extent that failure to do so would have Material Adverse Effect.

#### **18.19 Use of Proceeds**

The Borrower shall apply the proceeds of the Advances wholly and exclusively for the purposes set out in Clause 3 (Purpose).

#### **18.20 Amendments and Agreements**

- (a) The Borrower shall not, directly or indirectly, terminate, cancel or suspend, or permit or consent to any termination, cancellation or suspension of, or enter into or consent to or permit an assignment of the rights or obligations of any party to, any material agreement pertaining to the Business to which it is a party without receiving the prior written consent of the Bank.
- (b) The Borrower shall not, directly or indirectly, amend, modify, supplement or waive, or permit or consent to the amendment, modification, supplement or waiver of, any of the provisions of, or give any consent under, any material agreement pertaining to the Business to which it is a party without receiving the prior written consent of the Bank.

#### **18.21 Financial Covenants**

- (a) The Borrower shall procure that

- 
- (i) the ratio of Shareholder's Equity to Balance Sheet Value is at all times greater than 1:4;
  - (ii) on the last day of each Interest Period, the actual Debt Service Cover Ratio for the preceding twelve (12) month period ending on the previous 30 June or 31 December is no less than 1.2;
  - (iii) the RevPar will be not less than:
    - (A) Euro 52, for the financial year 2006
    - (B) Euro 56, for the financial year 2007; and
    - (C) Euro 60, for the financial year 2008 and thereafter.
- (b) In this Clause 18.21:
- "RevPar"** means the total revenue earned from room income per total available rooms for any given period, to be calculated by multiplying average room rate achieved in relation to the Astrid Plaza Hotel (forming part of the Astrid Plaza Complex) for any given period by the average room occupancy rate at the Astrid Plaza Hotel for that given period.
- "Shareholders Equity"** shall be calculated in accordance with GAAP.
- "Balance Sheet Value"** means the total sum of the balance sheet as shown in the latest published audited consolidated balance sheet of the Group.
- (c) This covenant shall be calculated on the basis of the latest audited or reviewed consolidated balance sheet of the Borrower provided to the Bank pursuant to this Agreement.
  - (d) The undertaking specified in paragraph (a)(ii) above shall be calculated for each successive 12 month period.

## 18.22 Management Fees

The Borrower shall procure that any management fees paid by any member of the Business Group to any entity other than:

- (a) a Holding Subsidiary or any of its Subsidiaries;
- (b) the Borrower or any of its Subsidiaries; or
- (c) a Holding Company of the Borrower or any of its Subsidiaries,

shall be reasonable and in any event shall be in an amount not exceeding 5% (five per cent) of: (a) the development, financing and construction costs of any Project prior to completion which is being executed by such member of the Business Group; or (b) the gross revenues of such member of the Business Group.

**18.23 Mango Israel**

- (a) The Borrower shall maintain ownership of 100% of the shares in Mango Israel.
- (b) The Borrower shall procure that Mango Israel shall maintain all of the franchise rights to sell and distribute MANGO-branded clothing and footwear in Israel.

**19. DEFAULT****19.1 Events of Default**

Each of the events set out in Clauses 19.2 to 19.17 (inclusive) of this Clause 19 is an Event of Default (whether or not caused by any reason whatsoever outside the control of the Group or any other person).

**19.2 Non-payment**

The Borrower does not within three (3) Business Days of the due date pay any amount payable by it under the Finance Documents at the place and in the currency in which it is expressed to be payable.

**19.3 Breach of other obligations**

- (a) The Borrower or, where applicable, any member of the Business Group does not comply with any provision under any of Clauses 18.4 (Notification of Default), 18.7 (Pari Passu Ranking), 18.8 (Negative Pledge), 18.9 (Transactions Similar to Security), 18.10 (Borrowings), 18.11 (Disposals), 18.12 (Mergers and acquisitions), 18.14 (Change of Business), 18.16 (Distributions) or 18.21 (Financial Covenants).
- (b) Any member of the Business Group does not comply with any provision of the Finance Documents (other than those referred to in Clauses 19.2 and 19.3(a)) and, if capable of remedy, that breach is not remedied within 10 (ten) days of the earlier of receipt of notice from the Bank specifying the breach and the member of the Business Group first becoming aware of the failure.

**19.4 Misrepresentation**

A representation, warranty or statement made or repeated in or in connection with any Finance Document or in any document delivered by or on behalf of any member of the Group under or in connection with any Finance Document is incorrect in any material respect when made or deemed to be made or repeated and shall continue to be incorrect for a period of ten (10) days from the date such representation or warranty is or is deemed to have been made or repeated.

**19.5 Legal Validity**

Any Finance Document is not or ceases to be a valid, binding and enforceable obligation of, or is repudiated by, any member of the Business Group or becomes void or unenforceable.



**19.6 Cross-default**

- (a) (i) Any Financial Indebtedness of the Business Group is not paid when due or within the lesser of:
  - (A) any originally applicable grace period; and
  - (B) seven (7) Business Days;
- (ii) an event of default howsoever described (or any event which with the giving of notice, lapse of time, determination of materiality or fulfilment of any other applicable condition or any combination of the foregoing, would constitute such an event of default) occurs under any document relating to such Financial Indebtedness of the Business Group;
- (iii) any Financial Indebtedness of the Business Group becomes prematurely due and payable or is placed on demand as a result of an event of default (howsoever described) under the document relating to that Financial Indebtedness;
- (iv) any commitment for, or underwriting of, any such Financial Indebtedness of the Business Group is cancelled or suspended as a result of an event of default (howsoever described) under the document relating to that Financial Indebtedness;
- (v) any Security Interest securing any Financial Indebtedness over any asset of the Business Group becomes enforceable.

provided that where such event relates to a member of the Business Group (other than the Borrower or a Holding Subsidiary) such event shall only constitute an Event of Default if it has a Material Adverse Effect.

**19.7 Insolvency**

In the event that any member of the Business Group:

- (i) is, or is deemed unable to pay its debts as they fall due;
- (ii) is insolvent or admits inability to pay its debts as they fall due;
- (iii) suspends making payments on all or any class of its debts or announces an intention to do so;
- (iv) a moratorium is declared in respect of any of its indebtedness; or
- (v) by reason of financial difficulties, begins negotiations with one or more of its creditors with a view to the readjustment or rescheduling of any of its indebtedness.

provided that where such event relates to a member of the Group other than the Borrower or a Holding Subsidiary, such event shall only constitute an Event of Default if it has a Material Adverse Effect.

**19.8 Insolvency proceedings**

- (a) Any step (including petition, proposal or convening a meeting) is taken with a view to a composition, assignment or arrangement with any creditors of the Group; or
- (b) a meeting of members of any member of the Group is convened for the purpose of considering any resolution for (or to petition for) its winding-up or for its administration or any such resolution is passed; or
- (c) any person presents a petition for the winding-up or for the administration of any member of the Group which is not withdrawn or set aside within twenty one (21) days; or
- (d) an order for the winding-up or administration of any member of the Group is made;

provided that where such event relates to a member of the Group other than the Borrower or a Holding Subsidiary such event shall only constitute an Event of Default if it has a Material Adverse Effect.

**19.9 Appointment of receivers and managers**

- (a) Any liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or the like is appointed in respect of any member of the Group or any material part of its assets which is not withdrawn or set aside within twenty one (21) days; or
- (b) the directors of any member of the Group request the appointment of a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or the like; or
- (c) any other steps are taken to enforce any Security Interest over any material part of the assets of any member of the Group;

provided that where such event relates to a member of the Group other than the Borrower or a Holding Subsidiary such event shall only constitute an Event of Default if it has a Material Adverse Effect.

**19.10 Creditors' process**

Any attachment, sequestration, distress or execution affecting any material asset of any member of the Group is issued and not discharged within ninety (90) days or such shorter period as may render such asset liable to forfeiture, seizure or sale provided that where such event relates to a member of the Group (other than the Borrower or a Holding Subsidiary) such event shall only constitute an Event of Default if it has a Material Adverse Effect.

**19.11 Cessation of business**

- (a) The Borrower or a Holding Subsidiary ceases, or threatens to cease, to carry on all or a substantial part of its business.

- (b) Any member of the Group (other than the Borrower or a Holding Subsidiary) ceases, or threatens to cease, to carry on all or a substantial part of its business, provided that such event shall only constitute an Event of Default if it has a Material Adverse Effect.

#### **19.12 Illegality**

It becomes unlawful for any member of the Group to perform any of its obligations under the Finance Documents.

#### **19.13 Effectiveness of security**

Any Security Document entered into by any member of the Group is not or ceases to be effective or is alleged by any such person to be ineffective for any reason.

#### **19.14 Change in control**

There is a change of control without the prior written consent of the Bank, as a result of which:

- (a) the Shareholder holds, directly or indirectly, less than fifty and one-tenth percent (50.1%) of the issued share capital of the Borrower; or
- (b) the Borrower holds, directly or indirectly, less than one hundred percent (100%) of the issued share capital of any Holding Subsidiary.

#### **19.15 Abandonment or Nationalisation**

- (a) The Group abandons any of its material assets.
- (b) Any government or any Agency of that government takes, or states officially that it proposes to take, any step with a view to the seizure, expropriation, nationalisation or acquisition (whether compulsory or otherwise, in whole or in part, and whether or not for fair compensation) of any member of the Group or any of its assets, in a manner or to an extent that has a Material Adverse Effect.

#### **19.16 Material Adverse Effect**

Any event or series of events occurs, which, in the opinion of the Bank, is likely to have a Material Adverse Effect.

#### **19.17 Mango Israel**

- (a) The Borrower fails to maintain ownership of 100% of the shares in Mango Israel.
- (b) Mango Israel fails to maintain all of the franchise rights to sell and distribute MANGO-branded clothing and footwear in Israel.

**19.18 Acceleration**

On and at any time after the occurrence of an Event of Default the Bank may, by notice to the Borrower:

- (a) cancel the Total Commitment; and/or
- (b) demand that all or part of the outstanding Advances, together with accrued interest and all other amounts accrued under the Finance Documents (including without limitation pursuant to Clause 24 (Indemnities)) be immediately due and payable, whereupon they shall become immediately due and payable;
- (c) demand that all or part of the outstanding Advances together with accrued interest and all other amounts accrued under the Finance Documents (including without limitation pursuant to Clause 24 (Indemnities)) be payable on demand, whereupon they shall immediately become payable on demand by the Bank; and/or
- (d) require the Borrower to procure that all BEA Hotels Loans are forgiven and that BEA Hotels has no further obligations or liabilities thereunder.

**20. ACCOUNTS****20.1 Opening of Accounts**

- (a) So long as the Facility remains in force or any Advance is outstanding, the Borrower shall maintain in its own name at the relevant branch of the Bank the following accounts, which shall be charged by way of a first ranking fixed charge in favour of the Bank as security:
  - (i) the Loan Account; and
  - (ii) the Revenue Account.
- (b) The relevant branch of the Bank is, at the date of this Agreement, for the Loan Account, the Debt Service Reserve Account and the Revenue Account, the Facility Office. The Bank may change the place of the relevant branch (or the relevant branch to apply to a particular Account) by notice to the Borrower and any other party that is required to pay sums into such Account.
- (c) The following provisions of this Clause shall govern the operation of the Accounts, provided that:
  - (i) the Borrower shall also complete the Bank's standard account mandate form for each Account; and
  - (ii) the Bank's standard terms and conditions, if any, applicable to similar accounts maintained with the Bank and in force from time to time shall apply to the operation of the Accounts and the rights and obligations of the Bank and the Borrower in relation thereto (subject to any exceptions specifically agreed, in writing between Borrower and the Bank).

Should there be any conflict between the provisions of this Agreement and such standard terms and conditions, then this Agreement shall prevail. The Bank shall send the Borrower a copy of any new set of standard terms and conditions promptly following their issuance.

- (d) The Bank and the Borrower may agree that a further account(s) is/are required to deal with any category of payments or receipts not contemplated by the following provisions of this Clause 20 (Accounts). In such case, the Bank and the Borrower shall agree upon procedures and rules to govern the operation of such further account or accounts in a supplement to this Clause and, once agreed, such supplement shall be deemed to form part of this Clause 20 (Accounts). The Bank shall send a copy of any such supplement to the Borrower.

## **20.2 Loan Account**

- (a) The Borrower directs the Bank to pay the proceeds of each Advance (other than any Advance drawn down for the purposes of paying Finance Charges) into the Loan Account on the Drawdown Date relating thereto and the Bank shall comply with this instruction. Except as otherwise specified in this Clause, no other sums shall be paid into the Loan Account without the prior agreement of the Bank.
- (b) Whenever the Borrower requires to make a withdrawal from the Loan Account, it shall give to the Bank not less than three (3) Business Days' notice of such withdrawal in the form of the Disbursement Request (or in such other form as the Bank shall require). Any such withdrawal may only be for the purposes of:
  - (i) funding Equity Contributions in terms of Clause 3 above; or
  - (ii) as the Bank may otherwise permit in writing.
- (c) Each Disbursement Request shall specify the bank and account number of the payee to whom such payment is made and the Bank shall transfer the sum in question to such account.

## **20.3 Revenue Account**

The Borrower shall procure that all Revenues which are required in order to execute a mandatory prepayment (in accordance with the terms of Clause 7.3 (Mandatory Prepayment) above) are paid directly to the Revenue Account.

## **20.4 General provisions relating to Accounts**

- (a) The Borrower undertakes to ensure that no Account is closed without the prior written consent of the Bank.
- (b) Without prejudice to any other rights of the Bank under the Financing Documents, if at any time a Default has occurred or is continuing, the Borrower shall not make any withdrawals from the Accounts (other than in order to repay principal amounts outstanding under the Facility or Finance Charges due to the Bank), without the prior written consent of the Bank.

- (c) Each Account shall earn interest at such rate(s) as may be agreed from time to time by the Borrower and the Bank. All interest earned on the balance standing to the credit of an Account shall be credited to the Account in question and the Bank is irrevocably authorised and instructed so to credit such interest.
- (d) No Account may go into overdraft and the Borrower shall not issue an instruction with respect to an Account, and the Bank shall not comply with an instruction, to the extent that it would cause the relevant Account to go into overdraft.
- (e) The Borrower shall not create or permit to subsist any Security Interest on all or any part of the Accounts, other than any Security Interests created by the Security Documents, nor assign transfer or otherwise dispose of all or any part of its right or title to or interest in the Accounts.
- (f) The Borrower irrevocably and unconditionally authorises and instructs the Bank to act upon instructions received by it from the Borrower and to make any other appropriations, payments and transfers into or between any of the Accounts which this Agreement expressly provides should be made by the Bank.
- (g) To the extent that the Borrower gives any instructions (but only to this extent), the Bank acts as agent for the Borrower.
- (h) No person other than the Bank and/or the Borrower may give any instructions or requests to the Bank for any payments, transfers or withdrawals from any of the Accounts.
- (i) No amounts may be withdrawn or transferred from any of the Accounts, and the Borrower may not give any instructions in relation to any of the Accounts, except in accordance with the express terms of this Agreement.
- (j) The Borrower shall ensure that all moneys paid to it from an Account in response to any instructions given by it are applied only in discharging the obligations in respect of which they were paid from the relevant Account (or as otherwise permitted under this Agreement).
- (k) The Bank:
  - (i) shall be entitled to act in reliance on any certificate or document delivered to it in support of any of the matters contemplated by this Clause 20 (Accounts); and
  - (ii) shall not be obliged to enquire into any of the underlying transactions or to verify any of the contents of any such certificate or document.
- (l) The Borrower acknowledges that neither any insufficiency of funds in the Accounts (or any of them), nor any inability to apply any funds in the Accounts (or any of them) against any or all amounts owing under this Agreement, shall at any time limit, reduce or otherwise affect the Borrower's payment obligations under this Agreement.
- (m) If on any date the Bank is requested or required to make one or more payments from any of the Accounts (not being a sum payable to the Bank) and there is an insufficient balance on that Account to meet those payments in full, then the Bank may select in

which order and to what extent such payments shall be made, but without liability or responsibility as a consequence of such application.

## **21. SECURITY**

### **21.1 Effective Date**

The Borrower shall ensure that the security arrangements set forth in this Clause 21 (Security) are in effect and enforceable on the date of signing of this Agreement, unless otherwise agreed in writing by the Bank.

### **21.2 Security**

The Pledges and Charges over Accounts shall serve as security for the obligations of the Borrower under this Agreement, however, the recourse of the Bank shall not be limited to such security.

## **22. FEES AND EXPENSES**

### **22.1 Arrangement Fee**

The Borrower shall pay to the Bank an arrangement fee (which shall not be paid out of Advances) in the amount of US\$450,000 (four hundred and fifty thousand US Dollars) payable in three equal installments on the 31<sup>st</sup> June, 2005, 31<sup>st</sup> September, 2005 and 31<sup>st</sup> December 2005. The parties acknowledge that, as of the date hereof, the first two installments (due on 31<sup>st</sup> June, 2005 and 31 September, 2005) have been paid by the Borrower and duly received by the Bank.

### **22.2 Initial and special costs**

The Borrower shall forthwith on demand pay the Bank the amount of all reasonable costs and expenses (including legal fees in a pre-agreed amount) incurred by the Bank in connection with:

- (a) the drafting, negotiation and closing of:
  - (i) the Finance Documents and any other documents referred to in this Agreement; and
  - (ii) any other Finance Document executed after the date of this Agreement; and
- (b) the examination of any future Project in respect of which an Equity Contribution is to be made; and
- (c) any amendment, waiver, consent or suspension of rights (or any proposal for any of the foregoing) requested by or on behalf of the Borrower and relating to a Finance Document or a document referred to in any Finance Document.

### **22.3 Enforcement costs**

The Borrower shall forthwith on demand pay to the Bank the amount of all costs and expenses (including legal fees) incurred by it in connection with the enforcement of, or the preservation of any rights under, any Finance Document.

### **22.4 Retention**

The Bank may:

- (a) retain sums from the amount of any Advance advanced on a Drawdown Date; or
- (b) apply amounts held in any Account,

toward payment in full of any fees, costs and expenses referred to in this Clause 22 (Fees and Expenses).

### **22.5 VAT**

Any fee or expense referred to in this Clause 22 (Fees and Expenses) is exclusive of any applicable value added tax or any other tax which might be chargeable in connection with that fee or expense. If any value added tax or other tax is so chargeable, it shall be paid by the Borrower at the same time as it pays the relevant fee or expense.

## **23. STAMP DUTIES**

The Borrower shall pay, and forthwith on demand indemnify the Bank against any liability it incurs in respect of, any stamp, registration or similar tax which is or becomes payable in connection with the entry into, registration, recording, performance or enforcement of any Finance Document and any ancillary documentation relating thereto.

## **24. INDEMNITIES**

### **24.1 Currency indemnity**

- (a) If the Bank receives an amount in respect of the Borrower's liability under the Finance Documents or if that liability is converted into a claim, proof, judgment or order in a currency other than the currency (the "**contractual currency**") in which the amount is expressed to be payable under the relevant Finance Document:
  - (i) the Borrower shall indemnify the Bank as an independent obligation against any loss or liability arising out of or as a result of the conversion;
  - (ii) if the amount received by the Bank, when converted into the contractual currency at a market rate in the usual course of its business is less than the amount owed in the contractual currency, the Borrower shall forthwith on demand pay to the Bank an amount in the contractual currency equal to the deficit; and
  - (iii) the Borrower shall forthwith on demand pay to the Bank any exchange costs and taxes payable in connection with any such conversion.



- (b) The Borrower waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency other than that in which it is expressed to be payable.

## **24.2 Other indemnities**

The Borrower shall forthwith on demand indemnify the Bank against any loss or liability which the Bank incurs as a consequence of:

- (a) the occurrence of any Default;
- (b) the operation of Clause 19.21 (Acceleration);
- (c) any payment of principal or an overdue amount being received from any source otherwise than on the last day of a relevant Interest Period or other Interest Period provided for in Clause 9.3 (Default Interest) relative to the amount so received; or
- (d) (other than by reason of negligence or default by the Bank) an Advance not being made after the Borrower has delivered a request for the Advance, or an Advance (or part of the Advance) not being prepaid in accordance with a notice of prepayment.

The Borrower's liability in each case includes any loss of margin or other loss or expense on account of funds borrowed, contracted for or utilised to fund any amount payable under any Finance Document, any amount repaid or prepaid or any Advance.

## **25. EVIDENCE AND CALCULATIONS**

### **25.1 Accounts**

Accounts maintained by the Bank in connection with this Agreement are prima facie evidence of the matters to which they relate.

### **25.2 Certificates and determinations**

Any certification or determination by the Bank of a rate or amount under the Finance Documents is, in the absence of manifest error, prima facie evidence of the matters to which it relates.

### **25.3 Interest Calculations**

Interest accrues from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days.

## **26. AMENDMENTS AND WAIVERS**

### **26.1 Amendments**

Any term of the Finance Documents may be amended or waived with the agreement of the Borrower and the Bank.

## **26.2 Waivers and Remedies Cumulative**

The rights of the Bank under the Finance Documents:

- (a) may be exercised as often as necessary;
- (b) are cumulative and not exclusive of its rights under the general law; and
- (c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right.

## **27. CHANGES TO THE PARTIES**

### **27.1 Transfers by Borrower**

The Borrower may not assign, transfer, novate or dispose of any of, or any interest in, its rights and/or obligations under the Finance Documents, other than with the prior written consent of the Bank.

### **27.2 Transfers by Bank**

- (a) The Bank may at any time, at its sole discretion and without the need for consent from the Borrower, assign, transfer, sell or novate ("**Transfer**") all or any part of the Facility and/or all or any of its rights and/or obligations under this Agreement and/or the Security Documents to any other person or entity (whether Israeli or from outside Israel) ("**Assignee Lender**").
- (b) The Borrower shall execute and do all such transfers, assignments, novations, assurances, acts and things as the Bank may require for perfecting and completing any such assignment, transfer or novation, and releasing the Bank from and imposing on the Assignee Lender the Bank's obligations under this Agreement to the extent the same are transferred, assigned or novated. All agreements, representations and warranties made in this agreement shall survive any assignment made pursuant to this clause and shall also inure to the benefit of all Assignee Lenders.

### **27.3 Reference Banks**

If a Reference Bank ceases to exist, the Bank shall (in consultation with the Borrower) appoint another bank or financial institution to replace that Reference Bank.

## **28. DISCLOSURE OF INFORMATION**

Subject to all applicable laws and regulations and the execution by such party of a confidentiality agreement in form and substance satisfactory to the Bank, the Bank may at any time, disclose to its Affiliates, any Assignee Lender, any person with whom it is proposing to enter, or has entered into negotiations with respect to any kind of transfer, participation or other agreement in relation to this Agreement, or any professional advisor of such person, or rating agency:

- (a) a copy of any Finance Document; and

- (b) any information which the Bank has acquired under or in connection with any Finance Document which it deems relevant to transfer in connection with a proposed Transfer.

## **29. SET-OFF**

The Bank may set off any matured obligation owed by the Borrower under the Finance Documents (to the extent beneficially owned by the Bank) against any obligation (whether or not matured) owed by the Bank to the Borrower, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Bank may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If either obligation is unliquidated or unascertained, the Bank may set off an amount estimated by it in good faith to be the amount of that obligation.

## **30. SEVERABILITY**

If a provision of any Finance Document is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- (a) the validity or enforceability in that jurisdiction of any other provision of the Finance Documents; or
- (b) the validity or enforceability in other jurisdictions of that or any other provision of the Finance Documents.

## **31. COUNTERPARTS**

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

## **32. NOTICES**

### **32.1 Giving of notices**

All notices or other communications under or in connection with the Finance Documents shall be given in writing and, unless otherwise stated may be made by letter or facsimile. Any such notice will be deemed to be given as follows:

- (a) if by letter, when delivered personally or on actual receipt; and
- (b) if by facsimile, when received in legible form.

However, a notice given in accordance with the above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

**32.2 Addresses for notices**

- (a) The address and facsimile number of the Borrower are:

Elscent Limited  
13 Mozes Street  
Tel Aviv, 67442

Facsimile: +972 3 696 2022  
Attention: Uri Levin

or such other as the Borrower may notify to the Bank by not less than five Business Days' notice.

- (b) The address and facsimile number of the Bank are:

Bank Hapoalim B.M.  
Head Office, Corporate Business Division  
41-45 Rothschild St.  
Tel-Aviv, 65874  
Israel

Facsimile: +972 3 567 3154  
Attention: Manager of the Infrastructure, Tourism and Capital Markets

with a copy to:

Herzog, Fox & Neeman  
Asia House  
4 Weizman Street  
Tel Aviv

Facsimile: +972-3-696-6464  
Attention: Gil White

or such other as the Bank may notify to the Borrower by not less than five Business Days' notice.

**33. JURISDICTION****33.1 Submission**

The Borrower irrevocably agrees for the benefit of the Bank that any legal action arising out of or relating to any Finance Document may be brought in the courts of Tel-Aviv Jaffa and irrevocably submits to the non-exclusive jurisdiction of such courts and, without prejudice to the foregoing, further submits to the non-exclusive jurisdiction of such other courts as shall be designated by the Bank as being an appropriate forum.

**34. WAIVER OF IMMUNITY**

The Borrower irrevocably and unconditionally:

- (a) agrees that if the Bank brings proceedings against it or its assets in relation to a Finance Document, no immunity from those proceedings (including, without limitation, suit, attachment prior to judgment, other attachment, the obtaining or judgement, execution or other enforcement) will be claimed by or on behalf of itself with respect to its assets;
- (b) waives any such right of immunity which it or its assets now has or may subsequently acquire; and
- (c) consents generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with those proceedings, including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in those proceedings.

### **35. GOVERNING LAW**

This Agreement is governed by the laws of the State of Israel.

### **36. THIRD PARTIES**

The parties intend that no term of the Agreement may be enforced by any person who is not a party to the Agreement.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

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**SCHEDULE 1**  
**COMMITMENT**

<b>Tranche A Commitment</b>
<b>Euro 20,000,000</b>

<b>Tranche B Commitment</b>
<b>Euro 9,609,286</b>
<b>GBP 17,439,402</b>

<b>Tranche C Commitment</b>
<b>Euro 2,392,439</b>

<b>Tranche D Commitment</b>
<b>NIS 11,220,000</b>
<b>Euro 1,370,000</b>

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**SCHEDULE 2**
**PART I****BORROWER FUNDED SUBSIDIARIES****PART II****EQUITY CONTRIBUTIONS**

<b>Borrower Funded Subsidiary</b>	<b>Project</b>	<b>Amount of Equity Contribution</b>
<b>Andrassy, 25 Kft.</b>	<b>Andrassy 25</b>	€ 1,869,511
<b>Victory Enterprises II BV</b>	<b>Victoria Amsterdam</b>	€ 6,244,166
<b>Victory Enterprises II BV</b>	<b>Utrecht</b>	€ 1,495,609
<b>Victoria Hotel Holding BV</b>	<b>Alora (Victoria)</b>	£6,086,228
<b>Grandis Hotel Holding BV</b>	<b>Grandis</b>	£1,642,602
<b>Riverbank Hotel Holding BV</b>	<b>Albert (Riverbank)</b>	£8,977,718
<b>Shaw Hotel Holding BV</b>	<b>Shaw</b>	£732,853

**SCHEDULE 3****CONDITIONS PRECEDENT****1. Constitutional documents**

A copy of the constitutional documents of the Borrower and each Holding Subsidiary.

**2. Borrower corporate authorizations**

- (a) an approval from counsel to the Borrower confirming which persons are authorised to sign the Finance Documents on behalf of the Borrower and to sign and/or despatch all documents and notices to be signed and/or despatched by the Borrower under or in connection with the Finance Documents; and
- (b) a certificate of the Borrower confirming that the borrowing of the Facility in full would not cause any borrowing limit binding on the Borrower to be exceeded.

**3. Finance Documents and related documents**

Originals of the following duly executed by all parties to them:

- (a) this Agreement;
- (b) each Security Document; and
- (c) all documentation required to open or operate the Accounts.

**4. Authorisations**

A copy of any specific licenses or consents required for the consummation of the transactions contemplated under the Agreement.

**5. Security matters**

Evidence that the Security Documents have been duly executed by the Borrower and have been perfected and registered at any relevant companies' or other register.

**6. Accounts**

Evidence that each of the Accounts has been opened in accordance with the Agreement.

**7. Legal Opinions**

- (a) From Marc Lavine, Israeli in-house legal adviser to the Borrower, addressed to the Bank;



- (b) From Bird and Bird, Dutch legal adviser to the Borrower, addressed to the Bank;  
and
- (c) From Baker McKenzie, Belgian legal adviser to the Bank addressed to the Bank.

**8. Fees**

Receipt of evidence that the Borrower has paid all fees, costs and expenses of the Bank and its advisers in accordance with the Agreement.

**9. Valuation**

Within 90 days of signing this Agreement, a valuation (produced by a third party valuer acceptable to the Bank) of the assets of BEA Hotels (held by the Borrower Funded Subsidiaries).

**10. Loan Repayment Undertaking**

An undertaking from BEA Hotels that any repayment by it of loans to the Borrower shall be made to the Revenue Account.

**11. Group Structure**

A group structure chart showing each Borrower Subsidiary and the holding structure of the Borrower by the Shareholder.

**12. Mango Israel**

Copies of all documentation evidencing:

- (a) the acquisition by the Borrower of 100% of the equity and voting rights in Mango Israel; and
- (b) Mango Israel's exclusive ownership of the distribution rights with respect to the sale and distribution of MANGO-branded clothing and footwear in Israel.

**SCHEDULE 4**

**PART I**

**FORM OF PROJECT REQUEST**

**SCHEDULE 4****PART II****FORM OF PROJECT CONSENT**

Elscent Ltd.  
13 Moses Street  
Tel Aviv

Date: [                      ]

Dear Sirs,

**ELSCINT LTD.****Loan Agreement dated 5 December, 2005 (the "Agreement")**

We refer to your request (the "Project Request") dated [                      ] (a copy of which is attached hereto as Annex I) in which you requested us to provide our approval, in principle, for you to make an Equity Contribution in respect of the project described in your request (the "Project").

In reliance upon the details and information provided by you in the Project Request (including without limitation, the budget, forecasts, detailed breakdown of the costs and estimated drawing requirements under the Agreement in order to fund the Equity Contribution for the Project) as well as the supplementary information you have provided to us at our request subsequent to the date of the Project Request, we hereby grant our approval, in principal, to you making an Equity Contribution in respect of the Project in an amount of up to [U.S.\$                      ]. The foregoing approval is subject to the terms and conditions of the Agreement, including without limitation, the terms and conditions contained therein for the making of any Advances. The foregoing approval is also subject to there having been no material change in any of the information upon which we relied when issuing this Project Consent which might have any adverse impact on the Project, including, without limitation the timetable and budget for completion of the Project and the estimated Equity Contribution required to be provided by you for such to occur.

Terms used in this letter but not defined herein shall have the meanings ascribed to such terms in the Agreement.

This letter shall be governed by the laws of the State of Israel.

Yours sincerely,

Bank Hapoalim B.M.

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**SCHEDULE 5****FORM OF DRAWDOWN REQUEST**

To: BANK HAPOALIM B.M.  
Head Office, Corporate Business Division  
41-45 Rothschild St.  
Tel-Aviv, 65874  
Israel  
Facsimile: +972 3 567 3154  
Attention: Manager of the Infrastructure, Tourism and Capital Markets

From: ELSCINT LTD.

Date: [ ]

**ELSCINT LTD.**  
**Loan Agreement dated 5 December, 2005**

1. We wish to borrow an Advance as follows:-
  - (a) Drawdown Date: [ ]
  - (b) Original Euro Amount: [ ]
  - (c) Currency: [ ]
2. We confirm that each condition specified in Clause 4.2 (Further conditions precedent) is satisfied on the date of this Drawdown Request.
3. We certify that:
  - (a) the proceeds of the requested Advance shall be applied wholly and exclusively to fund Equity Contributions for the project (the "Project") described in our request dated [ ] (the "Project Request") in respect of which your prior written consent has been received (a copy of which consent is attached hereto) (the "Project Consent"); and
  - (b) there has not been any material change in any of the information upon which you relied when issuing the Project Consent which might have any adverse impact on the Project, including, without limitation the timetable and budget for completion of the Project and the estimated Equity Contribution required to be provided by us for such to occur.
4. Terms used in this letter but not defined herein shall have the meanings ascribed to such terms in the Agreement.
5. This letter shall be governed by Israeli law.
6. This Drawdown Request shall constitute a Finance Document.

By:

**ELSCINT LTD.**  
**Authorised Signatory**

Approved:

**BANK HAPOALIM B.M.**

## SCHEDULE 6

### FORM OF DISBURSEMENT REQUEST

To: BANK HAPOALIM B.M.  
 Head Office, Corporate Business Division  
 41-45 Rothschild St.  
 Tel-Aviv, 65874  
 Israel  
 Facsimile: +972 3 567 3154  
 Attention: Manager of the Infrastructure, Tourism and Capital Markets Sector

From: ELSCINT LTD.

Date: [                      ]

**Disbursement Request No. [                      ]**

We refer to the loan agreement dated [                      ] (the "**Agreement**") between Elscint Ltd. (the "**Borrower**") and Bank Hapoalim B.M. (the "**Bank**").

Save as expressly defined in this Disbursement Request, capitalised terms defined in the Agreement shall have the same meaning in this Disbursement Request.

We hereby irrevocably request a disbursement (the "**Requested Disbursement**") from the Loan Account as follows:

1. Amount of Requested Disbursement:

[                      ]

2. Date of Requested Disbursement: [                      ] (the "**Requested Disbursement Date**")

3. Details of payee: [                      ]

The Borrower hereby confirms that no Default has occurred and is continuing as at the date hereof.

The Borrower hereby certifies that the proceeds of the Requested Disbursement shall be applied solely toward the purposes permitted under the Agreement, as set out in Annex I to this Disbursement Request.

This Disbursement Request shall be governed by Israeli law.

This is designated as a Finance Document.

By:

**ELSCINT LTD.**

**Authorised Signatory**

Approved:

**BANK HAPOALIM B.M.**

**ANNEX I****Description and Breakdown of Application of Proceeds of Requested Disbursement**

Description of Work Already Funded for each Line Item of Project Budget:

Breakdown of Application of Proceeds by Line Item of Project Budget:

Total Disbursement Requested: [                      ]



**SCHEDULE 7****TRANCHE A REPAYMENT SCHEDULE**

<b>Date</b>	<b>Repayment Amount</b>
30/06/2006	€ 396,000
31/12/2006	€ 396,000
30/06/2007	€ 416,000
31/12/2007	€ 416,000
30/06/2008	€ 436,000
31/12/2008	€ 436,000
30/06/2009	€ 460,000
31/12/2009	€ 460,000
30/06/2010	€ 482,000
31/12/2010	€ 482,000
30/06/2011	€ 508,000
31/12/2011	€ 508,000
30/06/2012	€ 532,000
31/12/2012	€ 532,000
30/06/2013	€ 560,000
31/12/2013	€ 560,000
30/06/2014	€ 590,000
31/12/2014	€ 590,000
30/06/2015	€ 620,000
31/12/2015	€ 620,000
31/12/2015	€ 10,000,000
<b>TOTAL</b>	<b>€ 20,000,000</b>

**SCHEDULE 8**  
**FORM OF GUARANTEE**

**SCHEDULE 9**  
**SUBORDINATION AGREEMENT**

**SCHEDULE 10**  
**FORM OF LOAN ASSIGNMENT**

**SCHEDULE 11**  
**PERMITTED SECURITY INTERESTS**

None.

**SIGNATORIES****Bank**

BANK HAPOALIM B.M.

By: \_\_\_\_\_

**Borrower**

ELSCINT LTD.

By: \_\_\_\_\_