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**Agreement**

Made and signed in Jerusalem on [ ] Tevet, 5777 (...)

Between: **Kidmat Hayovel - Holdings Company Ltd.**, company no. 51-531068-8

through Mr. Eliyahu Schlossberg ID 032253817 for company in process of formation (proposed name - Kidmat Hayovel Ba’Ir)

of Katzenellenbogen St. 2, Jerusalem

Below - the “**Developer**”

**Of the first part**

And: **Vandashield Ltd.**

By and through Mr. Maurice Golker

Of HaMatzor St. 2, Jerusalem 92544

Below - the “**Investor**”

**Of the second part**

**Whereas:** The Developer has been working for some time with a wide scope on regeneration (‘pinui binui’) projects and has also entered into a collaboration agreement with Carasso Real Estate Ltd. in the field of regeneration on 15/9/2016;

**And whereas:** The Developer has decided to expand its activity on the basis of the existing system and to operate also in the field of Master Plan 38B for the advancement of Projects in this domain, and has therefore set up a separate department (and thus, as stated in the introduction above, a separate company will be set up to this end) for the advancement and handling of Projects in this area once the Developer has finalized its agreement with Carasso above (it also under a subsidiary which will operate in the field of Master Plan 38B) for cooperation in this area and is expected to sign an agreement with Carasso Real Estate (below - "**Carasso**") in the near future;

**And whereas:** The Developer is already acting in respect of several Projects in accordance with the list attached hereto but intends to expand its activity to additional Projects (below - the "**Projects**");

**And whereas:** The Developer declares, as stated, that the Projects will be promoted under the company established as stated above (currently they are conducted under the Developer’s holding company), in which it is the sole shareholder and director (other than shares to be allotted to the Investor under this Agreement) whereby, with the exception of financial liability toward the professionals retained for promotion of the Projects, it has no obligation towards other parties;

**And whereas:** The aim of promoting Projects is attaining the signature of the required majority of residents (and hopefully 100% of the residents of each complex), approval of the appropriate permits and reaching a situation where it is possible to carry out, through various means of realization, of the Projects all while maximizing profits for the benefit of the parties hereto and all additional stakeholders that have contracted with the Developer in this regard;

**And whereas:** The Investor, who works with the Developer in the field of regeneration and is familiar with the system built by the Developer to advance Projects, and has also received an overview of the Projects and/or the manner of their promotion and evaluation, is interested in investing with the Developer to advance the Projects, all in accordance with the terms and provisions of this Agreement below;

**Therefore it is agreed and stipulated between the parties as follows: -**

1. The introduction to this agreement is an integral part of it.
2. The Investor hereby acknowledges and agrees as follows: -
   1. That it received information from the Developer about the Projects, and based on this information, found the Projects suitable for its purposes.
   2. That it has the means necessary to provide the investment amounts listed below from its own resources, and without having to rely on a financing party.
   3. That it is aware that the Developer has made an agreement with Carasso as detailed below.
   4. That it will make a shareholders' loan to the company to be formed the following investment amounts, under the conditions set out below: -
      1. For the promotion of each and every Project through to the residents’ signatures and the committee’s decision to approve the application for a permit opening the way for bank loans for the Project, the Developer and Carasso have estimated expenditure of the magnitude of between NIS 1,500,000 and NIS 2,000,000 per Project. It is clarified that this amount is not final nor definitive and there may be Projects where the actual cost will be more or less than this estimate, and the final liability will be determined against actual expenses incurred for each Project to bring it to the said state (legally-sufficient residents’ signatures, the decision of the committee and a state where bank loans are available). Of this amount, Carasso will finance 50% since in accordance with the partnership agreement between Carasso and the Developer - each side has 50% of each Project, both in terms of liability for expenses and of profits. The Developer will bear the remaining 50% where, by consent of the parties under this Agreement and in return for those shares to be transferred into the Investor’s name, the Investor will fund half of the 50% that the Developer is obliged to put into each Project.
      2. At this stage, on the basis of the eight Projects already being handled at this stage (according to the attached list), it was agreed that the Investor will transfer the Developer the sum of NIS 1,500,000 as a down payment in respect of its stated liability so that the Projects can be advanced. This amount will be transferred to the account of Kidmat Hayovel - Holdings Company Ltd. - Mercantile Discount Bank, branch 635, account number 71001451 by the end of January 2017.
      3. The balance of the Investor's share of Projects promotion expenses will be transferred at the parties’ agreement and according to the progress of the Projects.
      4. In return for this financial obligation of the Investor’s as mentioned above, the Investor will be entitled to 26% of the company in formation (which constitutes in effect 13% of the Projects - 50% of the 100% being Carasso’s). The Developer undertakes to complete incorporation of the company now in formation by the end of January 2017 and to assign the said shares into the Investor’s name.
3. The Developer hereby represents and warrants as follows: -
   1. That it has the knowledge and professionalism needed to promote the Projects and bring them to the stage at which they can be realized in such a way as to maximize profits for the parties and stakeholders in the companies through which the Projects will be managed.
   2. That it will be the sole manager in the Developer and the Investor’s shared company in formation.
   3. That it has the ability to pay or raise the share required of it as mentioned above, and that should it allot shares in the company in formation to others, the Investor’s share will not be diluted nor diminished beneath the above-stated 26%.
   4. That it will reach final agreement with Carasso and the agreement will be signed in the near future whereby as agreed Carasso will be full partner for 50% in the Projects, will finance its part, will take care of bank loans, will provide 55% of the personal equity required by the lending bank for each Project and to the extent required, will help the Developer get a mezzanine loan for the purpose of putting up personal equity for its share. The Developer warrants that the Investor will not have to bear the financial liabilities beyond that amount actually needed for the purpose of bringing the Project to completion of residents’ signatures, the committee's decision and the provision of bank finance.
   5. As stated and on the basis of the Developer’s above statements and the relationship between the parties, the obligation to promote Projects on the professional level is the Developer’s alone and the Developer undertakes to continue to promote as necessary for Project realization. Management and promotion of the Projects will be carried out with complete transparency vis-à-vis the Investor who is entitled to receive regular updates with respect to all aspects of the Projects, to attend meetings with professionals and/or ask to meet with them to receive updates and to participate in all board meetings for the purpose of taking decisions. However, it is agreed that final decisions as to professional matters with respect to the advancement of the Projects will be the Developer’s.
   6. Notwithstanding the above, the Developer will be entitled to use the name of Maurice Golker and/or the above company as an economic partner in Projects vis-à-vis all parties related to the Projects and for the sake of their promotion, and in the same way the Investor undertakes to assist the Developer in meetings and meet-ups related to the advancement of the Projects in its capacity as a partner in the Projects.
   7. The Investor acknowledges that it was made aware, before signing this agreement, that the Developer has the final right to decide (as agreed with Carasso) on the identity of the professionals that will work on the Projects.
   8. Distribution rights regarding the company's profits from the various Projects will be prorated to the right to shares described above (26% to the Investor [representing 13% of total] and 74% to the Developer). It is agreed that the Investor’s stated part shall not be diluted.
   9. The parties agree that the definition of the Projects’ profits will be those amounts which the Projects yield after full satisfaction of the liabilities stemming from the Projects including: payment for legal expenses, tax payments in relation to the Project and/or the company, payments to banks, payment of fees and levies in the context of planning procedures and the issuance of a building permit, fees to consultants and professionals, payment for the construction of the Project, payment of marketing costs, the companies’ overhead expenses (attributable to the respective Projects only) or any other payment which the Companies are obliged to make in order to execute the Projects through to their final completion. For the avoidance of doubt, the parties will not be entitled to a salary and/or other compensation in respect of their operation of the companies and/or for their investment in the companies except to the extent otherwise agreed.
   10. Before distribution of profits, every party is entitled to reimbursement of funds lent to the Company in practice.
   11. It is agreed that the Investor, after having made its investment in each and every Project, will be entitled to sell its share in the companies and/or dilute its share in the companies provided the purchasing party receives the Developer’s consent which will not be withheld other than for reasonable grounds. If the Developer sells its share, it shall ensure that a replacement party will take its place and will take care of promoting the Projects according to those principles set forth in this Agreement.
   12. The parties acknowledge that each entered into this transaction of its choice without any pressure or coercion, after professional advice, examination and inspection of the full scope of the transaction. The parties are well aware that the Projects may not be profitable and that for as long as the parties act with integrity and responsibility and fulfill their obligations under this Agreement and in everything related to the success of the Project, the parties may have no complaint regarding the profitability of the Project.
   13. The parties will work to reduce the companies’ tax expenses insofar as possible and according to the recommendations of accountants and/or other consultants hired for this purpose. In any event, the companies’ tax liabilities will be paid out of the revenue of the Projects, respectively, and prior to any distribution of profits, where, in addition to the companies’ tax liabilities, each party will bear the tax expenses applicable to it in respect of withdrawal of its share of corporate profits.
   14. The parties acknowledge that this Agreement fully reflects all agreed and stipulated between them and that they will not be bound by any promise, publication, statement, representation and commitment written and/or oral which is not included in this Agreement and which was made, if made, prior to its signature.
   15. The parties hereby declare that they have read this Agreement and understood its contents including all of its clauses and provisions, and that when writing up and signing this agreement had their best interests in mind, and they are signing this agreement voluntarily.
   16. Any payment under this Agreement which may contravene the Jewish prohibition on interest or raise a concern regarding this prohibition, is made pursuant to the ‘heter iska’ as it appears in the book *Brit Yehuda*.
   17. The parties' addresses are as shown in the introduction to this Agreement and any notice delivered to one of the addresses above will be considered delivered if delivered by hand to one of the parties and/or sent by registered mail to that address after 3 business days from the time of its sending.
   18. All the above is done with full acknowledgement, with sober consideration and from our own free will, and with the most effective ‘kinyanim’ [acts of acquisition], and not as a conditional commitment with no intention of keeping (‘asmakhta’) or as a mere draft document (‘tofsei de-shtarei’), and with cancellation of notice and notice of notice, etc. and with disqualification of witnesses to testify on the notice, and/or coercion, and all the agreements and promises have been undertaken with complete and most effective obligation, and we have accepted upon ourselves the approach of the halachic decisor underlying this deed, which gives validity to a negative obligation, and have forgone the option of claiming reliance on divergent halakhic opinions, and everything has been done in accordance with the jurisprudence of the Tannaim in the most effective way as set in place by the Sages of blessed memory and everything is valid and binding.
   19. The parties hereby transfer all disputes and disagreements arising between them in connection with this Agreement, its breach, its interpretation and its implementation, for the final decision of an arbitrator, as agreed between the parties or, in default of consent, to a ‘zabla’ [where each party chooses one arbitrator and the two choose a third arbitrator] arbitration. Signature of the parties to this agreement is like signature to an arbitration agreement. The arbitrator shall not be limited in time, will not be bound by substantive law and the rules of evidence and will be authorized to award both in accordance with law and in accordance with compromise, and will be authorized to issue interim decisions and orders. The arbitrator shall determine the rules of procedure in the arbitration before him. The arbitrator shall substantiate his decisions. The arbitrator’s expenses shall be borne equally by the parties so long as the arbitrator does not rule otherwise.
   20. For the avoidance of doubt, transfer of a disagreement for clarification by the arbitrator will not delay and/or prevent continued promotion of the Project and/or taking of necessary company decisions so long as the arbitrator does not rule otherwise.
   21. Signature of the parties to this agreement is like signature to an arbitration deed whereby an arbitrator judges as stated.

**And in witness whereof the parties sign:**

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**Eliyahu Schlossberg Vandashield Ltd.**

The Developer The Investor