**PROMISSORY NOTE**

**Drawn up and signed on the \_\_\_ of the month of \_\_\_\_\_\_\_\_\_\_ 2020**

**Between**

**B. Kima Investments Ltd.**

**Company No. 514921246**

**31 HaRishonim Street, Migdal HaEmek**

**(hereinafter: “Kima”)**

**Party of the First Part;**

**and**

**Haifa Museum D.R. Ltd.**

**A foreign company incorporated in the United Kingdom, number 11402898**

**and registered in Israel as Foreign Company Number 560035404**

**45 Hanevi’im Street**

**Jerusalem**

**(hereinafter: “Reichman”)**

**Party of the Second Part;**

**and**

**Shenhav S. Haifa Museum Ltd., Company No. 515861656**

**45 Hanevi’im Street**

**Jerusalem**

**(hereinafter: “Shtizer”)**

**Party of the Third Part;**

**and**

**Shenhav R. Haifa Museum Ltd., Company No. 515861599**

**45 Hanevi’im Street**

**Jerusalem**

**(hereinafter: “Raucher”)**

**Party of the Fourth Part;**

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| **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **B. Kima Investments**  **Ltd.** | **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **Haifa Museum**  **D. R. Ltd.** | **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **Shenhav R. Haifa Museum Ltd.** | **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **Shenhav S. Haifa Museum Ltd.** |

**Whereas** The Parties to this Promissory Note have signed a joint venture agreement between them regarding a real estate asset known as a portion of Parcel 6 in Block 10842 at 19 Ha’Palyam Blvd., corner of Natanzon in Haifa (Administrative File 32631904A (hereinafter: “**Asset**” and “**Joint Venture Agreement,**” respectively) and regarding the purchase of the rights to the Asset from Bezeq The Israel Telecommunications Company Ltd. from 24 July 2017 and the supplement to this agreement from 17 September 2017 (hereinafter: “**Bezeq Agreement”**);

**And whereas** In order to ensure the guaranteed charges as defined below, it has been agreed between the Parties that each of them will encumber the encumbered title, as defined below, in favor of the other Parties to the Joint Venture Agreement in a first-degree encumbrance unlimited in amount as detailed in this Promissory Note below and this Promissory Note is registered (hereinafter: “**Existing Encumbrance**”);

**And whereas** It is further agreed in the Joint Venture Agreement (Clause 5.14) that if the financing bank should require the Existing Encumbrance as stated to be removed, the Parties will so agree, but with the consent of the financing bank, the Encumbrance under this Promissory Note will be registered as a second-degree encumbrance;

**And whereas** Bank Hapoalim Ltd., which is the financing bank, has demanded that the Existing Encumbrance be expunged and has agreed that in its place, this Promissory Note be registered as a second-degree encumbrance as defined in the written consent attached to this Promissory Note as Addendum A, and therefore the Parties have agreed to the expungement of the Existing Encumbrance and to the registration of a second-degree encumbrance under this Promissory Note;

**Therefore it has been declared, stipulated and agreed between the Parties as follows:**

1. **Preface**
   1. The Preface and Addenda to this Promissory Note constitute an integral part thereof.
   2. The headings of the Clauses in this Promissory Note are intended for convenience only and are not to be used for its interpretation.
   3. In the case of any contradiction between the provisions of this document and the provisions of the Joint Venture Agreement, the provisions of the Joint Venture Agreement will prevail.
   4. This Encumbrance will be read as if signed separately by each of the Parties in favor of the other Parties to this Agreement. The encumbering Party will be called below the “**Encumbering Party**” while the owners of the Encumbrance will be called the “**Other Parties.**”
2. **Nature of the Encumbrance**

The Encumbrance is intended to guarantee compliance with all the undertakings of the Encumbering Party under the Joint Venture Agreement, including with regard to the distribution of the joint venture money and with regard to their rights in the event of the transfer of title as well as any amount expended by any of the Other Parties in connection with the expenses of realization of the security and the collection, if any, as detailed in this Promissory Note (hereinafter: “**Guaranteed Charges**”).

1. **The Encumbered Title**
   1. In order to guarantee compliance with the undertakings of the Encumbering Party pursuant to the Joint Venture Agreement and as detailed in Clause 2 above, the Encumbering Party will encumber all its rights in the real estate in favor of the Other Parties, including under the agreement signed on July 24, 2017 and the additions thereto with Bezeq, The Israeli Telecommunications Company Ltd. for the purchase of the full title of Bezeq in the real estate (Administrative File 32631904A), and including its rights to receive money returned by Bezeq for the above-mentioned agreement for any reason whatsoever, its rights under the Joint Venture Agreement as well as any monetary right against a third party and/or a tax refund in connection with the real estate and the joint venture, other than in connection with income tax and betterment tax (hereinafter: “**Encumbered Rights**”).
2. **Declarations of the Parties**

The Encumbering Party hereby declares and undertakes as follows:

* 1. The Encumbered Rights are free of any debt, encumbrance, pledge, lien or any other third-party right.
  2. That in order to guarantee the complete and full repayment of the Guaranteed Charges, the Encumbering Party hereby encumbers all the Encumbered Rights in favor of the Other Parties, in a second-degree encumbrance unlimited in amount, which will be registered in the Company Registry. It is hereby clarified that in the event the Encumbrance to be registered in favor of Bank Hapoalim is expunged for any reason whatsoever, the Encumbrance which is the subject of this Promissory Note will be a first-degree encumbrance, whether or not the Encumbrance is amended.
  3. That it may encumber the Encumbered Rights, and that there is no obstacle to encumber the Encumbered Rights as stated in this Promissory Note by law, agreement, provision, dispute or due to any other factual or legal circumstances.
  4. That it will not sell and/or endorse and/or transfer and/or encumber and/or lease and/or assign and/or mortgage the Encumbered Rights, in all or in part, in any manner whatsoever, with rights that have precedence over, are equal to or inferior to the rights of the Other Parties under this document, except pursuant to the provisions of the Joint Venture Agreement.
  5. That it has taken all the decisions required by law by the authorized bodies therein for the encumbrance of the Encumbered Rights.
  6. To notify the Other Parties immediately of any case of the imposition of a lien, taking action to execute or the filing of an application for the appointment of a receiver over the Encumbered Rights. In addition, immediately to announce the matter of the Encumbrance in favor of the creditor to the authority which seized or took an execution action or was asked to appoint a receiver as stated as well as to the third party which initiated or requested these or a portion thereof and, no later than 21 days from the date it became aware of the above-mentioned liens and/or actions, to take all the actions required for the removal of the liens, and in any case, at the expense of the Encumbering Party.

The Other Parties declare as follows:

* 1. That this Promissory Note is intended to guarantee the complete and full payment of the Guaranteed Charges.
  2. That they undertake to remove the Encumbrance upon the termination of compliance with all the undertakings of the Parties pursuant to the Joint Venture Agreement.

1. **Realization of the Encumbrance**
   1. Without derogating from the other provisions of this Agreement and the remedies granted to the lender in this Agreement and by law, the Encumbering Party agrees that in each of the following cases, the Other Parties may realize the Encumbrance given to them pursuant to this Agreement or any portion thereof, subject to the provisions of law and/or pursuant to this Agreement, as follows:
      1. If, pursuant to the Joint Venture Agreement, the Encumbering Party is required to sell the Encumbered Rights, and it refuses to do so, the Other Parties, or any one of them, is entitled to demand the sale of said rights, after having given 14 days advance notice in the framework during which the breach has not been corrected in order to realize the Encumbrance.
      2. If a lien is imposed in favor of a third party over the Encumbered Rights of the Encumbering Party, and a court has decided that the holder of the lien is entitled to sell the Encumbered Rights of that Party.
      3. If it has become clear that the validity of the security given by the Encumbering Party and the Encumbering Party has not corrected and/or removed the defect within 14 days of the day on which it was required to do so in writing by the Other Parties.
   2. The Encumbering Party will notify the Other Parties immediately upon being informed of the occurrence of an incident which constitutes grounds for the realization mentioned in Clause 5.1 above.
   3. The Other Parties may make use of any means they see fit and realize the Encumbered Rights pursuant to this Promissory Note, in all or in part, including realization, in all or in parts, and to make use of their revenues if the Encumbered Rights are sold for the purposes detailed in the Joint Venture Agreement, and if no such purpose has been determined, taking into account the grounds for the realization, at their sole discretion.
   4. In any case in which the Other Parties are authorized to realize the Encumbered Rights as stated pursuant to this document, the Other Parties, either temporarily or as determined by a judicial authority, may appoint a receiver and/or trustee over the Encumbered Rights.
   5. It is hereby clarified that nothing stated in the Promissory Note derogates from the rights of the Parties pursuant to the Joint Venture Agreement.
2. **General**
   1. No delay in the exercise of rights pursuant to this Promissory Note will be deemed as a waiver, and each Party may exercise its rights pursuant to this Promissory Note, in all or any one of them, in the manner in which it sees fit.
   2. Without derogating from any other provision in this Promissory Note, it is hereby agreed that no waiver, extension, discount, silence and/or avoidance (hereinafter: “**Waiver**”) on the part of any of the Parties regarding a partial or incorrect compliance with any of the undertakings applying to it will be deemed as a Waiver on its part of any right whatsoever and will not be used as a contention for avoidance, and each Party is authorized to make use of its rights pursuant to this Promissory Note, in all or any one of them, in the manner in which they see fit.
   3. The provisions and undertakings in this Promissory Note are irrevocable and cannot be annulled or changed without the explicit, written consent of the Parties and will also bind the agents of the Parties, including liquidators and receivers of the Parties.
   4. The Parties may not transfer their rights under the Encumbrance which is the subject of this Agreement (in all or in part) to another/others, nor may they deposit them as a security with anybody whatsoever, either directly or indirectly, except together with their rights in the real estate and in the joint venture if such a transfer is permitted under the provisions of the Joint Venture Agreement.
   5. All expenses, if there are any, in connection with this Promissory Note will be the responsibility of the joint venture.
   6. The authorized court in Tel Aviv-Jaffa has sole jurisdiction for the purpose of this Agreement.
   7. The addresses of the Parties for the purpose of the sending of notices, including for the purpose of production of legal documents, will be as indicated in the heading of this Promissory Note. A notice delivered to the above mentioned address by registered mail will be deemed as a notice which has reached its destination within three days of the day of its being delivered for sending.

**In witness thereof the Parties have signed:**

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| **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **B. Kima Investments**  **Ltd.** | **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **Haifa Museum**  **D. R. Ltd.** | **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **Shenhav R. Haifa Museum Ltd.** | **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**  **Shenhav S. Haifa Museum Ltd.** |

**Confirmation of Advocate**

I the undersigned hereby confirm that Mr. \_\_\_\_\_\_\_\_\_\_\_\_\_\_, ID Card \_\_\_\_\_\_\_\_\_\_\_, who is a signatory of the company, has signed in the name of **B. Kima Investments Ltd.** and that his signature together with the company stamp or the printed indication of its name binds the company for all intents and purposes.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Adv.

I the undersigned hereby confirm that Mr. \_\_\_\_\_\_\_\_\_\_\_\_\_\_, ID Card \_\_\_\_\_\_\_\_\_\_\_, who is a signatory of the company, has signed in the name of **Haifa Museum D.R. Ltd.** and that his signature together with the company stamp or the printed indication of its name binds the company for all intents and purposes.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Adv.

I the undersigned hereby confirm that Mr. \_\_\_\_\_\_\_\_\_\_\_\_\_\_, ID Card \_\_\_\_\_\_\_\_\_\_\_, who is a signatory of the company, has signed in the name of **Shenhav S. Haifa Museum Ltd.** and that his signature together with the company stamp or the printed indication of its name binds the company for all intents and purposes.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Adv.

I the undersigned hereby confirm that Mr. \_\_\_\_\_\_\_\_\_\_\_\_\_\_, ID Card \_\_\_\_\_\_\_\_\_\_\_, who is a signatory of the company, has signed in the name of **Shenhav R. Haifa Museum Ltd.** and that his signature together with the company stamp or the printed indication of its name binds the company for all intents and purposes.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Adv.