

September 21, 2011

Re: Proposal for the Company's bondholders

In furtherance to the bondholders' meeting and the discussions conducted between the Company and the bondholders in connection with the dividend that was declared by the Company on September 14, 2011 ("Declared Dividend"), the company seeks to propose to the bondholders, ex gratia and as a good gesture toward the bondholders, the following proposal:

1. Subject to Sections 2 and 3 below, the Company undertakes in connection with the actual dividend distribution (including the repurchase of the Company's shares pro rata of all of the Company's shares, excluding a repurchase in the market where the price per share constitutes an opportunity for the Company) in each of the years 2012 and 2013, that:
 - a. Following the issuance of the resources and uses report of the Company, the Company shall be refrained from distributing dividend in an annual scope exceeding € 30 million.
 - b. The dividend shall be distributed only from net cash flows deriving from property realization and at a rate not to exceed 50% of the cash flows from the property realization, as hereinabove.
 - c. If a dividend is distributed, and provided that the bond average yield of the two existing series (calculated on the basis of 30 days preceding the dividend payment date) ("Average Yield") is above 9% per year linked to CPI (or at a margin above 7% of CPI linked bonds of the State of Israel with similar life) then the Company shall ascertain that its accounts shall contain cash and/or liquid assets and/or short term deposits in a cumulative amount that will not fall under € 70 million for a year from the dividend payment date (the: "Liquid Amount") and out of the Liquid Amount an amount equal to the dividend amount distributed in practice (in any currency), shall be deposited by the Company in a separate deposit or deposits for short term in any bank or banks it may choose (the: "Deposit Amount"). The Deposit Amount shall be pledged in favor of the trustees of the bondholders. The Liquid Amount and the Deposit Amount will be jointly reduced according and at a ratio of 1:1 to the amounts the Company shall pay to buy its bonds and/or make payments to its bondholders. It is hereby clarified that the Company may use the Liquid Amount as it sees fit provided that it meets its liability according to this sub section and the Deposit Amount may be used for repurchases of the Company's bonds and/or solely make payments to its bondholders. The Company shall produce to the trustees, requested at anytime, balance confirmations in connection with the Liquid Amount.

- d. If a dividend is distributed, and the Average Yield is lower than 9% per year linked to CPI (or at a margin lower 7% of CPI linked bonds of the State of Israel with similar life) then despite the foregoing proposal (but subject to section 1b above) the Company may distribute dividend in each of the years 2012 and 2013 in a total scope exceeding € 30 million, but in any case not above € 50 million, and in such case, the company shall deposit in a separate deposit or deposits for short term in any bank or banks it may choose, an amount equal to the amount distributed as dividend above the € 30 million in any currency (the: "**Surplus Amount**") which may be used for repurchases of the Company's bonds and/or solely make payments to the Company's bondholders. The Surplus Amount shall be pledged in favor of the trustees of the bondholders. The Surplus Amount will be reduced according and at a ratio of 1:1 to the amounts the Company shall pay to buy its bonds and/or make payments to its bondholders. For the avoidance of doubt, it is hereby clarified that as soon as the Surplus Amount is reduced to zero, the Company has no additional liability in connection with this matter.
2. The company's liability in the above section 1 shall be satisfied and shall not be relevant to dividends that will be distributed in 2014 onwards.
 3. Upon accepting this proposal, as long as the Company meets its obligations under this proposal, all the Company's bondholders (and/or anyone on their behalf) waive fully and irrevocably any claim according to which the Declared Dividend and/or any other dividend that shall be declared futuristically under this proposal, constitutes a violation of the Company's obligations toward the bondholders. It is clarified that this section does not constitute an indemnification, opinion or an approval that the considerations weighed by the board of directors, upon making the resolution on declaring dividend distribution, were adequate or met with the provisions of the law. The Company's liability in section 1 above is contingent and is subject to that a) no Proceeding will be filed by any of the Company's bondholders (and/or any one on their behalf) in connection with the Declared Dividend (including a Proceeding purported to avert the distribution); and b) no Proceeding will be filed by any of the Company's bondholders (and/or any one on their behalf) who hold a cumulative amount of NIS 5 million in connection with another dividend that will be declared according to this proposal and subject to the Company's fulfillment of the provisions of any law in connection with the above¹. Any action, directly or indirectly, in contract to section 3, shall cancel immediately the above liability of the Company, as hereinabove, without impairing of the other rights available to the Company by virtue of any law or agreement against the bondholders who acted contrary to this section².

provided the dividend distributed will not be in contrast to any explicit and written liability of the ¹ Company toward third parties in the agreement not to distribute dividends, as aforesaid.

the waiver shall apply only to future dividends that lawfully distributed (according to the Dutch law), ² provided they are not in contrast with any explicit and written liability of the Company toward third parties in the agreement not to distribute dividends, as aforesaid

For the purpose of this section, the term "**Proceeding**" means any action, including a legal action, against the Company, its officers, organizations and/or its institutions.

In the event of a material breach of the Company's liability as described in this proposal, that was not remedied in a reasonable time or by giving a warning, the bondholders shall be entitled to put the bonds for immediate repayment and that is in addition to any remedy available to them pursuant to the deed of trust or any law.

4. The Company shall not distribute additional dividend beyond the Declared Dividend.
5. The Company shall bear reasonable expenses incurred by the bondholders and the trustees of the bondholders as a result of convening the bondholders on September 19 and 20, 2011.