

**בראק קפיטל פרופרטיז אן.וי. ("החברה")**

21 במאי 2017

לכבוד	לכבוד
הבורסה לניירות ערך בת"א בע"מ	רשות ניירות ערך
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הנדון: דו"ח מיידי בדבר זימון אסיפה כללית מיוחדת של בעלי המניות של החברה  
החברה מודיעה בזאת על זימון אסיפה כללית מיוחדת של בעלי המניות של החברה (להלן: "האסיפה"), אשר תיערך ביום ב', 3 ביולי 2017 בשעה 11:00, במשרד עורכי הדין BWK Partners בכתובת Amsterdam 1017 WT, the Netherlands, Oosteinde 27 (להלן: "משרדי BWK").

**1. סדר היום באסיפה יכלול את הנושאים המנויים להלן:**

**(א) תיקון תקנון החברה (החלטה)**

**(1) רקע**

החברה הינה חברה הולנדית והוראות חוק החברות, התשנ"ט-1999 (להלן: "חוק החברות") אינן חלות עליה, למעט סעיפי חוק החברות החלים על חברה זרה המציעה מניות לציבור בישראל, מכוח סעיף 39א לחוק ניירות ערך, התשכ"ח-1968 (להלן ובהתאמה: "חוק ניירות ערך" ו-"סעיף 39א"). ביום 17 בפברואר 2016, נכנס לתוקף צו ניירות ערך (החלפת התוספת הרביעית לחוק), התשע"ו – 2016, לפיו התוספת הרביעית בחוק ניירות ערך (להלן: "התוספת הרביעית") הוחלפה בתוספת רביעית חדשה בעלת שני חלקים; חלק א', המחיל הוראות מדיני חברות שיחולו על חברות שהתאגדו מחוץ לישראל (להלן בס"ק זה בלבד: "חברות חוץ") ומניותיהן מוצעות לציבור לישראל - ובכלל זה מחיל את הוראות סעיפים 311-301 לחוק החברות לעניין חלוקה מותרת, דיבידנד, רכישה וחלוקה אסורה (להלן: "חלק א' לתוספת הרביעית") וחלק ב', המחיל הוראות מדיני החברות על חברות חוץ המציעות תעודות התחייבות לציבור. יובהר כי התוספת הרביעית האמורה לא תחול ביחס לחברות חוץ שהציעו מניות או תעודות התחייבות לציבור עובר לתיקון החקיקה (כמו החברה). יחד עם זאת, התיקון יחול ביחס לכל חברת חוץ (ובכלל זה החברה) שתבצע הצעה לציבור של ניירות ערך ממועד התיקון (קרי מיום 17 בפברואר 2016) ואילך, לרבות חברות חוץ (ובכלל זה החברה) המבצעות הנפקה חוזרת. לפיכך, הואיל והחברה ביצעה ביום 4 באפריל 2016 הנפקה חוזרת של אגרות חוב (סדרה ג'), החל מאותו מועד התיקון המתואר לעיל חל עליה.

ביום 22 באוגוסט 2016 אישר דירקטוריון החברה, בכפוף לאישור אסיפה שזומנה ליום 10 באוקטובר 2016, לתקן את תקנון החברה באופן שיכלול את ההוראות הנדרשות מכוח צו

ניירות ערך (החלפת התוספת הרביעית לחוק), התשע"ו – 2016 כאמור, וזאת לעניין אותם סעיפים החלים על החברה מכוח סעיף 39א לחוק ניירות ערך. יחד עם זאת, ה"ה שמעון וינטרוב ורון פלד, בעלי השליטה המשותפת בחברה וכן Brack Capital First B.V. (להלן: "First") (שהינה חברה פרטית בבעלות ובשליטה מלאות של BCRE – Brack Capital Real Estate Investments N.V. (להלן: "BCRE"<sup>1</sup>) - וחברות פרטיות בשליטה (בשרשור סופי) של בעלי השליטה המשותפת בחברה, אשר החזיקו ביחד ב**רוב** זכויות ההצבעה מבין בעלי המניות שהשתתפו באותה אסיפה, הורו ליו"ר האסיפה, להוריד את נושא זה ("תיקון תקנון החברה") מסדר יומה של האסיפה ולא לקיים הצבעה לאישורו של נושא זה.

בהמשך לאמור לעיל ובהתאם להנחיית רשות ניירות ערך (להלן: "הרשות") לחברות הזרות, אשר סעיף 39א חל עליהן, לעדכן את מסמכי ההתאגדות באופן שישקפו את הוראות התוספת הרביעית, וכן בהמשך ובהתאם להתחייבותה של החברה בפני הרשות בסוף ינואר 2017 כי תפעל להשלמת כלל הפעולות המתוארות להלן בהקדם ובכלל זה זימון אסיפת זו, פעלה ופועלת החברה באופן המפורט להלן:

(א) בעת האחרונה בחנה החברה עם יועציה המשפטיים בהולנד עיגון פורמאלי של הוראות מחוק החברות בתקנון החברה כדי לשקף את התוספת הרביעית ובתום הבחינה כאמור (ולאחר קבלת אישור דירקטוריון החברה ביום 18 במאי 2017), מזמנת החברה כאמור אסיפה כללית של בעלי המניות בחברה לצורך אישור התקנון המתוקן המוצע; מובהר בזאת, כי התיקונים הכלולים בתקנון המוצע והמובאים בזאת לאישור האסיפה, הינם אך ורק תיקונים, התאמות ו/או השלמות הנדרשות לצורך עיגון פורמאלי של הוראות מחוק החברות בתקנון החברה בכדי לשקף את התוספת הרביעית.

(ב) על פי ממצאי הבחינה עולה, כי אין מניעה לכלול את אותן הוראות, בשינויים המחויבים (ככל שאלה טרם עוגנו בתקנון החברה), וביחס לתביעה והגנה נגזרת וכן להטלת עיצום כספי - בדרך של ביצוע בקירוב כמפורט בס"ק (ג) להלן;

(ג) הואיל ולא ניתן לעגן באופן מפורש את סעיפי התביעה וההגנה הנגזרת (סעיפים 194 עד 205א לחוק החברות) וסעיפי הטלת העיצום הכספי (סעיפים 363א(א) ו-(ב)(2) עד (12), 363ב ו-363ג לחוק החברות) בתקנון החברה, שכן אינם תואמים את הדין הקוגנטי החל על החברה בהולנד, כללה החברה בתקנון המתוקן (אשר מוצע לאשרו באסיפה) הוראות הנוגעות לסמכויות שיפוט ותחולת דין, ובכלל זה בעניין תביעה והגנה נגזרת והטלת אמצעי אכיפה מנהליים על ידי הרשות;

<sup>1</sup> חברה ציבורית הולנדית, אשר מניותיה רשומות למסחר ברשימה הראשית בבורסת לונדון (LSE). BCRE מחזיקה בעקיפין, באמצעות First וחברות פרטיות בשליטתה, במניות החברה, המהוות כ-26.84% מזכויות ההצבעה בחברה.

(ד) בנוסף על האמור לעיל, ביום 29 בינואר 2017 תוקנו שטרי הנאמנות בין החברה מצד אחד לבין רזניק פז נבו נאמנויות בע"מ מצד שני כנאמן למחזיקי אגרות החוב (סדרות א' עד ג') באופן שבו עוגנו בשטרי הנאמנות התחייבויות של החברה ונושאי המשרה בקשר עם הטלת עיצומים כספיים או אמצעי אכיפה מינהליים על החברה ו/או על נושאי המשרה בה<sup>2</sup> וכן התחייבויות של החברה ונושאי המשרה בה שלא להעלות טענות כנגד זכותם של מחזיקי אגרות החוב של החברה להגיש תביעה נגזרת (להלן: "**התחייבויות החברה ונושאי המשרה**"). כמו כן התחייבויות החברה ונושאי המשרה נכללו בדוח הצעת המדף אשר פירסמה החברה ביום 29 בינואר 2017 על פי תסקיף המדף מיום 28 במאי 2015 נושא תאריך 29 במאי 2015 (להלן: "**תסקיף המדף**") ;

## (2) ההחלטה המוצעת

מוצע לתקן את תקנון החברה.

נוסח טיוטת שטר תיקון התקנון המוצע לאישור, בסימון שינויים (על גבי התרגום לשפה האנגלית בלבד) ביחס לתקנון החברה הקיים נכון למועד דוח מיידי זה, מצורפת **כנספח א'** לדוח מיידי זה.

האמור להלן הוצע והוסכם על ידי האסיפה:

הואיל ומניות החברה הוצעו לראשונה לציבור בישראל ונרשמו למסחר בבורסה, בהתאם לדין הישראלי, הוראות סעיף 39א לחוק ניירות ערך חלות על החברה, ולפיכך גם חלק מהוראות חוק החברות הישראלי חלות על החברה וזאת בנוסף לתקנון ההתאגדות של החברה והדין ההולנדי. הדינים החלים על החברה בעקבות הוראות החוק האמורות צריכים להיות משולבים במלואם בתקנון ההתאגדות של החברה, בשינויים המחויבים, וככל שניתן. לפיכך, בכדי לפעול לכך שכל הצעדים הנדרשים תחת הדין הישראלי ותחת הדין ההולנדי יבוצעו על מנת לקיים את שתי מערכות הדינים האמורות, כפי שחלות מעת לעת, בעלי המניות אישרו את תיקון תקנון החברה בהתאם לטיוטת שטר תיקון תקנון מיום 19 במאי 2017 אשר הוכנה על ידי Dutch civil-law notaries office Notariskantoor Spier & Hazenberg באמסטרדם והינה זמינה לבחינה באתר האינטרנט של החברה ובמשרדה. טיוטת השטר כוללת שילוב, בין היתר, של הוראות החקיקה והתקינה הישראלית מכוח חוק החברות.

## (ב) הארכת התקופה להכנת הדוח הכספי השנתי הסטטוטורי של החברה לשנת 2016 הערוך

בהתאם לדין ההולנדי (החלטה) - מוצע להאריך את התקופה להכנת הדוח הכספי השנתי הסטטוטורי של החברה לשנת 2016 הערוך בהתאם לדין ההולנדי בחמישה חודשים עד ליום 31 באוקטובר 2017.

<sup>2</sup> שלא להעלות טענות כנגד סמכותה של הרשות ו/או ועדת האכיפה המינהלית בישראל (להלן: "**הוועדה**") בקשר עם עיצומים כספיים ו/או אמצעי אכיפה מינהליים שיוטלו על החברה ו/או נושאי המשרה (לפי העניין) על ידי הרשות ו/או הוועדה, וזאת על פי פרק ח'3 ו/או פרק ח'4 לחוק ניירות ערך וכן לקיים את החלטותיה של הרשות ו/או הוועדה ובכלל זה, מבלי לגרוע מכלליות האמור, לשלם את העיצומים הכספיים ו/או תשלומים לנפגעי הפרה אשר יוטלו על החברה ו/או נושאי המשרה בה (לפי העניין וככל שיוטלו) ולנקוט בפעולות לתיקון ההפרה ומניעת הישנותה.

## 2. הרוב הנדרש

הרוב הנדרש לאישור הנושאים המפורטים בסעיפים 1(א) ו-1(ב) לעיל הינו רוב קולות בעלי המניות הנוכחים והמשתתפים בהצבעה (בעצמם או באמצעות כתב מינוי או באמצעות כתב הצבעה או באמצעות הצבעה במערכת ההצבעה האלקטרונית). היו הקולות שקולים, יראו את ההחלטה כנדחית.

## 3. המועד הקובע

בהתאם להוראת סעיף 182(ג) לחוק החברות ובהתאם לתקנה 3 לתקנות החברות (הצבעה בכתב והודעות עמדה), התשס"ו-2005, כל מי שיהיה בעל מניות בחברה בתום יום המסחר ביום ב', 5 ביוני 2017, יהיה זכאי להשתתף באסיפה ולהצביע בה אישית או על ידי מיופה כח. כתב המינוי או העתק ממנו, להנחת דעת הדירקטוריון, יופקד במשרד BWK או במשרד שמענוב ושות', עורכי דין בדרך מנחם בגין 11, מגדל רוגובין תדהר, קומה 23, רמת גן (להלן: "משרד שמענוב"), לא פחות מ-48 שעות לפני המועד הקבוע לתחילת האסיפה, או ביחס למחזיק לא רשום במניות החברה, באמצעות כתב הצבעה שיועבר לחברה במערכת ההצבעה האלקטרונית (לפי סימן ב' לפרק ז' לחוק ניירות ערך, התשכ"ח-1968) (להלן: "מערכת ההצבעה האלקטרונית") עד 6 שעות לפני מועד כינוס האסיפה, או באמצעות כתב ההצבעה המצורף לדו"ח מידי זה (להלן: "כתב ההצבעה") עד 4 שעות לפני מועד כינוס האסיפה, וזאת בכפוף להוכחת בעלותו במניות בהתאם לתקנות החברות (הוכחת בעלות במניה לצורך הצבעה באסיפה הכללית), התש"ס-2000.

## 4. מניין חוקי

לא ניתן לאשר את ההחלטה בדבר תיקון תקנון החברה, אלא אם יהיו נוכחים באסיפה, בעצמם או על ידי באי כח ו/או באמצעות הצבעה במערכת ההצבעה האלקטרונית ו/או באמצעות כתבי ההצבעה, בעלי מניות המחזיקים ביחד לפחות מחצית (1/2) מההון המונפק בחברה (להלן בס"ק זה: "המניין החוקי"). לפיכך ככל שלא יתקיים מניין חוקי באסיפה כאמור, אזי תזומן אסיפה נדחית שבה ניתן לאשר את ההחלטה בדבר תיקון תקנון החברה ברוב קולות בעלי המניות הנוכחים והמשתתפים בהצבעה, בכל מספר משתתפים שהוא.

## 5. הצבעה בכתב

- א. בעלי מניות רשאים להצביע באסיפה, באמצעות כתב הצבעה כמפורט להלן.
- ב. כתובות האתרים שבהם ניתן למצוא את נוסח כתב ההצבעה והודעות העמדה כמשמעותן בסעיף 88 לחוק החברות הינם כדלקמן: אתר ההפצה של הרשות לניירות ערך: [www.magna.isa.gov.il](http://www.magna.isa.gov.il) (להלן: "אתר ההפצה"), אתר הבורסה לניירות ערך בתל אביב בע"מ: [www.tase.co.il](http://www.tase.co.il)
- ג. הצבעה בכתב תיעשה על גבי החלק השני של כתב ההצבעה, כפי שפורסם באתר ההפצה.
- ד. בעל מניות רשאי לפנות ישירות לחברה ולקבל ממנה את נוסח כתב ההצבעה והודעות העמדה.
- ה. חבר בורסה ישלח, בלא תמורה, בדואר אלקטרוני, קישורית לנוסח כתב ההצבעה וכתבי העמדה, באתר ההפצה, לכל בעל מניות שאיננו רשום במרשם בעלי המניות ואשר מניותיו

- רשומות אצל אותו חבר בורסה, אם הודיע בעל המניות כי הוא מעוניין בכך, ובלבד שההודעה ניתנה לגבי חשבון ניירות ערך מסוים ובמועד קודם למועד הקובע.
- ו. בעל מניות שמניותיו רשומות אצל חבר בורסה, זכאי לקבל את אישור הבעלות מחבר הבורסה שבאמצעותו הוא מחזיק את מניותיו, בסניף של חבר הבורסה או בדואר אל מענו תמורת דמי משלוח בלבד, אם ביקש זאת. בקשה לעניין זה תינתן מראש לחשבון ניירות ערך מסוים.
- ז. המועד האחרון להמצאת כתבי ההצבעה לחברה<sup>3</sup> הינו 4 (ארבע) שעות לפני מועד כינוס האסיפה.
- ח. המועד האחרון להמצאת הודעות עמדה לחברה<sup>1</sup>, הינו עד 10 (עשרה) ימים לפני מועד האסיפה.
- ט. החברה רשאית להמציא לרשות ניירות ערך ולבורסה הודעת עמדה שתכלול את תגובת הדירקטוריון כאמור בסעיף 88(ג) לחוק החברות עד 5 (חמישה) ימים לפני מועד האסיפה.

#### 6. עיון במסמכים

בעלי המניות של החברה יוכלו לעיין, לפי בקשתם, בכל המסמכים הקשורים להתקשרויות המוצעות, במשרדי שמענוב ושות' – עורכי דין בדרך מנחם בגין 11, מגדל רוגובין תדהר, קומה 23, רמת גן (לעיל: "משרדי שמענוב") בשעות העבודה המקובלות.

בכבוד רב,

בראק קפיטל פרופרטיז אן.וי.

ע"י ה"ה גל טננבאום, מנכ"ל משותף בחברה

ופרד גניה, מנהל המחלקה הכלכלית בחברה

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<sup>3</sup> למשרדי BWK או למשרדי שמענוב.

נספח א'

# NOTARIS KANTOOR SPIER & HAZENBERG HOLLAND

113924.01/ME/LV/JC/4

Notariskantoor Spier & Hazenberg  
Westeinde 24, 1017 ZP Amsterdam  
tel: 020-5317654 / fax: 020-6235246  
info@spierenhazenberg.nl



~~The undersigned,  
Evelien van Thienen, LL.M., candidate civil law  
notary, hereinafter referred to as: "notary", as  
deputy of Dennis Henricus Wilhelmus Melgers, LL.M.,  
civil law notary, officiating in Amsterdam, declares  
that the below document is a fair English translation  
of the articles of association of the company:  
**Brack Capital Properties N.V.**, with official seat in  
**Amsterdam**, after amendment by notarial deed,  
executed on the 22nd of March 2016.~~

~~Amsterdam, 23rd of March 2016~~

*Office translation of a deed of amendment to the articles of association. In this translation an attempt has been made to be as literal as possible without jeopardizing the overall continuity. Inevitably, differences may occur in translation, and if so, the Dutch version, which will be executed and deposited at the Commercial Register, will prevail.*

*In this translation, Dutch legal concepts are expressed in English terms and not in their original Dutch terms. The concepts concerned may not be identical to concepts described by the English terms as such terms may be understood under the laws of other jurisdictions.*

DEED OF AMENDMENT  
OF  
**Brack Capital Properties N.V.**

On this day, +++,  
there appeared before me, Dennis Henricus Wilhelmus Melgers, LL.M., civil-  
law notary in Amsterdam:  
Eleonore Aline Venker, born in Rotterdam on the sixteenth day of November  
nineteen hundred seventy-two, employed and domicile chosen at the office  
of me, civil-law notary, 1017 ZP Amsterdam, Westeinde 24.

The person appearing declared:

**Shareholder resolution**

In the extraordinary general meeting of: **Brack Capital Properties N.V.**, a  
public company, with corporate seat in Amsterdam, and offices at 1083 HN  
Amsterdam, Barbara Strozilaan 201, registered with the trade register of  
the Chamber of Commerce with number 34250659, hereafter: "**the**  
**Company**", held on +++++, it was decided to amend the articles of  
association.

**Amendment of the articles of association**

1. As evidenced by the attached minutes reported during the general  
meeting the person appearing was also authorized to execute this  
deed, sign all relevant documents and carry out all relevant acts.
2. The articles of association of the Company were lastly amended by a  
deed, executed on the twenty-second day of March two thousand  
sixteen, before a deputy of mr D.H.W. Melgers, civil- law notary.

**Whereas**

1. the shares in the capital of the Company are listed on the TASE in  
Israel;



2. due to this listing the Company and its articles of association must comply with, all in addition to the relevant Dutch legislation, (certain parts of) the following rules, laws and requirements:

- a. Listing Rules;
- b. ISA regulations;
- c. ISL;
- d. Israeli Companies Law;

as a result thereof the articles of association must be brought into conformity with at least certain parts of the Israeli Companies Law, all as far as permitted under Dutch law.

In connection with the above, the person appearing declared to make the following changes in the articles of association of the Company:

#### **ARTICLES OF ASSOCIATION:**

##### **Definitions**

##### **Artikel 1.**

1.1 In these Articles of Association the following words shall have the following meanings, unless the contrary is apparent:

- a. an **"Accountant"**:  
a chartered accountant (*registeraccountant*) or other accountant as referred to in section 2:393 of the Dutch Civil Code, or an organisation in which such accountants work together;
- b. the **"External Accountant"**:  
an External Accountant appointed by the General Meeting to Audit the Company's Financial Statements in accordance to ISL and its regulations.
- c. **"Accounting and Financial Expertise"**:  
shall mean in relation to an individual, an individual that by virtue of education, experience and qualifications possesses high proficiency and understanding in business-accounting issues and financial statements, in a manner that allows to thoroughly understand the Company's financial statements and to instigate a discussion in connection with the manner of the presentation of the financial data, to be determined at the discretion of the Board *inter alia* taking into account education, expertise and knowledge in the following issues:
  - (i) accounting issues and accounting control issues characterizing the field in which the Company operates, as well as with companies of the same scale and complexity as the Company;
  - (ii) auditor's functions and duties;
  - (iii) preparation and approval of financial statements under Israeli law and pursuant to the ISL;
- d. an **"Affiliate"**:  
means in relation to an Entity, another Entity in which:
  - (i) such Entity holds twenty-five percent (25%) or more of the

- nominal value of the issued shares capital; or
  - (ii) such Entity holds twenty-five percent (25%) or more of the voting power; or
  - (iii) such Entity is entitled to appoint twenty-five percent (25%) or more of the directors;
- e. **"Affiliation"**:  
shall have the meaning assigned to that term in Article 12.8;
- f. **"Annual General Meeting"**:  
shall have the meaning assigned to that term in Article 21.1;
- g. **"Another Corporate Body"**:  
shall have the meaning assigned to that term in Article 12.8;
- h. an **"Associate"**:  
means in relation to an Entity:
  - (i) an Affiliate; and also
  - (ii) another Entity in which such Entity has invested an amount equal to twenty-five percent (25%) or more of the equity, whether in shares or otherwise, excluding any loans granted in the ordinary course of business;
- i. the **"Audit Committee"**:  
shall have the meaning assigned to that term in Article 17.1;
- j. the **"Board of Directors"**:  
the board of directors (*bestuur*) of the Company;
- k. a **"Company Body"**:  
the Board of Directors or the General Meeting;
- l. **"Control"**:  
the ability to direct the activity of an Entity, excluding an ability deriving merely from holding an office of director or another office in such an Entity, while a Person shall be presumed to control an Entity if he holds fifty percent (50%) or more of the voting rights of such Entity or holds the right to appoint or dismiss more than half of the directors of such Entity or its general manager;
- m. a **"Controlling Shareholder"**:  
a Person holding Control over an Entity, provided however that for the purpose of Article 15, the term "Controlling Shareholder" shall also include a Person who holds twenty-five percent (25%) or more of voting rights at an Entity's general meeting if there is no other Person who holds more than fifty percent (50%) of the voting rights in an Entity and that for purposes of the above, any two or more persons holding voting rights in an Entity each of which has a ~~personal interest~~[Personal Interest](#) in the approval of the Transaction being brought for (such Entity's) approval, shall be considered to be one person;
- n. **"Declaration"**:  
shall have the meaning assigned to that term in Article 12.13

- o. **"Director"**:  
a member of the Board of Directors (i.e. ~~a~~ Non-External Director, ~~or an~~ External Director);
- p. **"Directors' Remuneration Policy"**: a policy regarding the Terms of Office and Employment of Directors of the Company;
- q. the **"Distributable Equity"**:  
the part of the Company's equity which exceeds the aggregate of the paid in and called up part of the capital and the reserves which must be maintained pursuant to the law;
- r. an **"Entity"**:  
a company or other form of entity that qualifies as a legal person (*rechtspersoon*) under its governing law;
- s. an **"Executive"**:  
any General Manager, Chief Executive Officer, deputy General Manager ~~or~~ any other person fulfilling such duties with the Company even if he has a different title from those stated above, or any other manager directly subordinated to the General Manager. [Articles 13.12 to 13.20 shall apply, mutatis mutandis, in regards to executives, who are not Directors;](#)
- t. an **"External Director"**:  
a Director bearing the title External;
- u. an **"Extraordinary Transaction"**:  
means in relation to an Entity, a Transaction that:
  - (i) is not in the ordinary course of such Entity's business; or
  - (ii) is not on market terms; or
  - (iii) may have a substantial effect on such Entity's profitability, property or obligations;
- v. the **"Financial Statements"**:  
the balance sheet, the income statement with explanatory notes and if the Company prepares consolidated financial statements, the consolidated financial statements, all as referred to in Title 9 of Book 2 of the Dutch Civil Code;
- w. **"General Meeting "**:  
means the body of the Company consisting of Shareholders or, where the context so requires, a physical meeting of Shareholders and other persons entitled to attend such meeting;
- x. a **"Group"**:  
an economic unit in which Entities and partnerships are united in one organization;
- y. **"Group Companies"**:  
Entities and partnerships which are united in one Group;
- z. **"Holding" and "Purchase"**:  
includes in relation to securities, voting power and the like;
  - whether alone or with others, directly or indirectly, through a

- trustee, a trust company or a Nominee Company;
- or in any other manner, and
  - (i) in case of Holding by an Entity, also by its Subsidiary or by an Associate, and (ii) in case of Holding by an individual, the individual and his Relatives who live with him or whose livelihood depends on each other, are deemed one person;
- aa. **"Holding or Purchase of Securities Together with Others"**:  
the Holding or Purchase of securities in cooperation between two or more persons according to an agreement, whether written or verbal; without derogating from the generality of the aforesaid, the following shall *prima facie* be deemed to be Holding securities jointly:
  - (i) an Entity that holds or purchases securities together with a party which is an Interested Party in such Entity or with an Associate;
  - (ii) a Person whose business is the Holding or trading of securities on behalf of others, together with his customer or with his Relative who does not live with him, the livelihood of the one not depending on the other, for whom he holds and manages securities under a power of attorney granting him discretion with respect to the use of the voting power;
- bb. an **"Interested Party"**:  
means in relation to an Entity, a Substantial Shareholder of such Entity or a Person with authority to appoint one or more directors or the general manager and a person acting as director or general manager of such Entity;
- cc. **"Internal Auditor"**:  
shall have the meaning assigned to that term in Article 18.1;
- dd. **"ISA"**:  
the Israel Securities Authority;
- ee. **"ISL"**:  
the Israeli Securities Law, 5728 -1968 ~~v.7.1~~;
- ff. **"Israeli Companies Law"**:  
the Israeli Companies Law - 5759 - 1999 and the regulations thereunder;
- gg. **"Judgement"**: means a judgment of the first instance by a court either in Israel or in the Netherlands;
- hh. **"Listing Rules"**:  
shall have the meaning assigned to that term in Article 3.2;
- ~~hh~~ij. **"Means of Control"**:  
means in relation to an Entity, each of the following:
  - (i) the right to vote in the general meeting of such Entity or a corresponding body of another Entity;

- (ii) the right to appoint directors of such Entity or its general manager;
- jjj.** a **"Member of TASE"**:  
someone who is TASE member in accordance with the TASE by-laws within the meaning thereof in section 46 ISL;
- jjkk** a **"Nominee Company"**:  
an Entity incorporated under the laws of Israel, whose sole occupation is Holding securities for others, as well as any other Entity established by the Minister of Finance in Israel in consultation with the ISA;
- kkll.** a **"Non-External Director"**:  
a Director bearing the title Non-External;
- mm.** a **"Person"**:  
an Entity or an individual; unless the contrary is apparent, all references to a Person shall include such Person's successors and assigns;
- mmnn.** a **"Personal Interest"**:  
means in relation to an Entity, a Person's personal interest in an act or a Transaction of such Entity, including the personal interest of his Relative and of another Entity in which he or his Relative is an Interested Party, except for a personal interest which derives from the mere fact of Holding shares in such Entity, and including a personal interest of a Person voting in accordance to a proxy given to him by another Person, eventhough the other Person has no personal interest, and voting by a Person who was given a proxy by another person who has a personal interest, will be considered as voting by the Person who has a personal interest, all whether the discretion in regards to the voting is granted to the Person voting or not;
- nnoo.** a **"Private Placement"**:  
means in relation to an Entity, an offer for the issuance of securities of such Entity that is not an offer to the public or an offer by such Entity of its securities repurchased by such Entity which is not an offer to the public; **"Material Private Placement" – shall have the meaning assigned to that term in Article 37.**
- oopp.** **"Professional Qualifications"**:  
shall mean in relation to an individual, an individual satisfying one of the following conditions:
- (i) holder of an academic degree in one of the following professions: economics, business management, accounting, law, public administration;
  - (ii) holder of another academic degree or having completed other studies of higher education, all in the Company's principal

area of activity or in the field relevant to the position;

- (iii) having experience of at least five (5) years in one of the following, or having cumulative experience of at least five (5) years in two or more of the following:
  - (a) a senior position in the business management area of an Entity with a substantial scope of business;
  - (b) in a senior public office or in a senior office in the public service;
  - (c) in a senior office in the Company's principal areas of activity.

~~pp~~qq. a **"Proxy Card"**:

shall have the meaning assigned to that term in Article 27.3;

~~qq~~rr. a **"Purchase of Securities"**:

any acquisition of securities, including but not limited to an acquisition of securities by way of allotment when the securities are first issued;

~~rr~~ss. **"Record Date"**:

shall have the meaning assigned to that term in Article 26.4;

~~ss~~tt. a **"Relative"**:

spouse, registered partner, sibling, parent, grandparent, offspring, and offspring, sibling or parent of a spouse or registered partner, or spouse or registered partner of any of the above;

~~tt~~uu. a **"Share"**:

an ordinary share in the capital of the Company;

~~uu~~vv. a **"Shareholder"**:

means:

- a. a Person (i) for whose benefit a Share is registered with a Member of TASE and such Share forms part of the Shares that are registered in the Company's shareholders' register in the name of the Nominee Company designated for that purpose and (ii) who consequently qualifies, pursuant to and in accordance with Article ~~4.3,4.5~~, as holder of such Share (*aandeelhouder*); and
- b. a Person registered in the Company's shareholders' register, provided however that a Nominee Company shall not be considered as a Shareholder (in regards of Shares referred to under a.);

~~vv~~ww. **"Special Majority"**:

shall have the meaning referred to in Article 15.6;

~~ww~~xx. a **"Subsidiary"**:

means:

- (i) in relation to the Company: a subsidiary of the Company as referred to in section 2:24a of the Dutch Civil Code; and
- (ii) in relation to an Entity: an Entity in which another Entity holds

fifty percent (50%) or more of the nominal value of its issued share capital or of the voting power therein or is entitled to appoint half or more of the directors or its general manager;

~~xx~~yy. a "**Substantial Shareholder**":

means in relation to an Entity, a Person holding five percent (5%) or more of such Entity's issued share capital or of such Entity's voting rights;

~~yy~~zz. "**TASE**":

the Tel Aviv Stock Exchange Ltd.;

~~zz~~. "**TASE Clearing House By-Laws**": [the By-laws of TASE Clearing House Ltd.](#)

~~aaa~~. "**Terms of Office and Employment**":

the terms of office and employment of either an Executive or a Director, including the granting of an exemption, insurance, undertaking to indemnify or indemnification under an indemnification permit, Termination of employment benefit, and any benefit, other payment or obligation for payment as aforesaid, payable for office or employment as stated;

~~aaa~~bbb. "**Transaction**":

a contract or agreement as well as a unilateral decision on the part of an Entity in respect of the grant of a right or other benefit;

~~bbb~~ccc. "**in writing**":

by letter, by telecopier or e-mail or by any other legible and reproducible electronically sent message, provided that the identity of the sender can be sufficiently established.

~~ccc~~ddd. "**Independent Director**":

either an ~~external director~~[External Director](#) or a director which meets the following qualifications, who was either appointed as an Independent Director or classified as an Independent Director: (I) ~~Meets~~[meets](#) all the qualifications detailed in Sections 12.7-12.8 and 12.11-12.12 herewith; (II) (if he is currently serving as a director ~~-> hasn't~~) - [has not](#) been serving as Director in the Company for a period longer than nine years, in regards to this - ceasing to serve as director for a period which isn't longer than two years, will not be considered as stopping the sequence of directorship-; [and - \(III\) whose remuneration, manner of removal/dismissal, and limitation after end of his tenure in the Company are governed in accordance to Articles 12.7\(iii\), 12.16, 12,19-12,21 and 12.24, accordingly;](#)

~~ddd~~eee. "**Control Block**":

Shares conferring twenty-five percent ([25%](#)) or more of the voting rights at a general meeting.

~~eee~~fff. "**Remuneration Committee**": shall have the meaning assigned to that term in Article 34.

~~fff~~ggg. **“Remuneration Policy”**: a policy regarding the Terms of Office and Employment of Executives of the Company in accordance to the Israeli Companies Law.

~~ggg~~hhh. **“Termination of employment benefit”** : a grant, payment, remuneration, compensation or any other benefit provided to either Executives or Directors in connection with the termination of their position at the Company;

~~hhh~~iii. **“An Affiliate or Competing Shareholder”** ~~: Shall~~: shall have the meaning assigned to that term in Article 12.6.

~~iii~~jjj. **“Non-Negligible Transaction”**: Shall have the meaning assigned to that term in Article 17.5;

~~1.2 References to Articles shall be deemed to refer to articles of these Articles of Association, unless the contrary is apparent.~~

~~kkk~~. **“Financial Statements Committee”**: shall have the meaning assigned to that term in Article 36;

~~lll~~. **“Administrative Enforcement Committee”**: means a committee comprised of six (6) members appointed by ISA;

~~mmm~~. **“Administrative Enforcement Measures”**: means measures which may be imposed by the Administrative Enforcement Committee, which include, the following: financial sanctions, payments to the parties injured by the violation, taking measures to correct the violation and to prevent its repetition, prohibition against serving as an Officer in certain types of Israeli companies (including, inter alia – those companies securities of which have been offered to the public in Israel and are registered for trade on TASE), revocation or suspension of a license, approval or permit granted by an Israeli public authority;

~~nnn~~. **“Derivative Action”** : an action filed to Israeli court on behalf of the Company by either a shareholder, Director or creditor of the Company against any Director or officer of the Company in accordance to the Israeli Companies Law;

~~ooo~~. **“Prohibited Distribution”**: a distribution in contradiction to the provisions of Articles 20.8 to 20.15;

~~ppp~~. **“Treasury Shares”**: means shares of the Company owned by the Company.

## **Name and Seat.**

### **Artikel 2.**

2.1 The name of the Company is: **Brack Capital Properties N.V.**

2.2 The official seat of the Company is in Amsterdam, the Netherlands.

## **Objects.**

### **Artikel 3.**

3.1 The objects of the Company are:

- a. to incorporate, to participate in any way whatsoever in, to manage, to supervise businesses and companies;



- b. to finance businesses and companies;
- c. to borrow, to lend and to raise funds, including the issue of bonds, promissory notes or other securities or evidence of indebtedness as well as to enter into agreements in connection with aforementioned activities;
- d. to render advice and services to businesses and companies with which the Company forms a group and to third parties;
- e. to grant guarantees, to bind the Company and to pledge its assets for obligations of businesses and companies with which it forms a Group and on behalf of third parties;
- f. to acquire, alienate, manage and exploit registered property and items of property in general;
- g. to trade in currencies, securities and items of property in general;
- h. to develop and trade in patents, trade marks, licenses, know-how and other industrial property rights;
- i. to perform any and all activities of an industrial, financial or commercial nature;

and to do all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense.

3.2 For as long as the Company's ~~Shares~~ securities are held by the public in Israel (either listed on TASE or not):

- ~~—~~ a. ~~the~~The Company shall, to the fullest extent permitted by Dutch law, apply and act in accordance with ~~TASE By-Laws and regulations, the TASE Clearing House By-Laws, the~~ the ISL and – to the extent applicable - the Israeli Companies Law, as well as other regulations and by-laws of the ISA, in each case as applicable to it; and - as long as the Company's securities are both held by the public in Israel and also listed on TASE the Company shall, to the fullest extent permitted by Dutch law, apply and act also in accordance with TASE By-Laws and regulations and the TASE Clearing House By-Laws (the "**Listing Rules**");
- ~~—~~ b. the Company shall, to the fullest extent permitted by Dutch law, procure that the role and duties of the Internal Auditor, the Executives and the Directors shall be in compliance with applicable Israeli law;
- c. the Company shall, to the fullest extent permitted by Dutch law, apply and act in accordance with the provisions of Sections 194 through ~~209~~205A of Israeli Companies Law ~~and~~, the provisions of Sections 258 through 264 of the Israeli Companies Law, Sections 301 through 311 of the Israeli Companies Law, Sections 328 through 340 and Section 342A of the Israeli Companies Law and Section 350 of the Israeli Companies Law, as well as the Israeli ~~Securities Regulation (Tender Offer), 2000~~ Companies Regulations as applicable to it as a matter of Israeli law.

d. The Company shall maintain an address in Israel (besides the address in the Netherlands), where notices to the Company may be addressed (besides the address in the Netherlands).

**Capital. Depositary Receipts. Israeli law.**

**Article 4**

- 4.1 The authorized capital of the Company equals two hundred twenty-five thousand euro (€ 225,000.00).
- 4.2 The authorized capital of the Company is divided into twenty-two million five hundred thousand (22,500,000) shares with a nominal value of one cent (€ 0.01) each.
- 4.3 The Shares shall be registered shares (*aandelen op naam*).
- 4.4 Depositary receipts for Shares (*certificaten van aandelen*) cannot be issued with the cooperation of the Company.
- 4.5 To the fullest extent permitted by Israeli law, in accordance with the applicable law on International Private ~~Law~~laws as referred to in Title 10 of Book 10 of the Dutch Civil Code (*Boek 10 Internationaal privaatrecht*), for as long as Shares are listed on TASE and with regards to the Shares registered and traded on TASE, the governing law of property (i.e. ownership, legal title, transfer, etcetera) shall be Israeli law, without prejudice to Article 6.7 and Article 10.

**Register of Shareholders.**

~~Artikel 4.~~ **Article 5.**

- ~~4.1~~5.1 The Board of Directors shall keep a register of shareholders (*aandeelhoudersregister*) in which the names and addresses of Persons in whose name Shares are registered are recorded. If and for as long as Shares are listed on TASE all Shares shall be registered in the name of the Nominee Company designated for that purpose (if and to the extent rules that apply pursuant to and in accordance with Article ~~4.3~~4.5 so permit or require).
- ~~4.2~~5.2 If and to the extent Israeli law so requires, part of such register or a separate register shall be kept in Israel.
- ~~4.3~~5.3 On application by a Shareholder or a pledgee or usufructuary of Shares, the Board of Directors shall furnish an extract from the shareholders' register (*aandeelhoudersregister*), free of charge, insofar as it relates to the applicant's right in respect of a Share.
- ~~4.4~~5.4 The shareholders' register (*aandeelhoudersregister*) shall be kept accurate and up to date. All entries and notes in the registers shall be signed by one or more individuals authorized to represent the Company, or by the individual designated thereto by the Board of Directors.
- ~~4.5~~ The Board of Directors shall make the shareholders' register (*aandeelhoudersregister*) referred to in Article 5.1 available at the Company's office for inspection by the Shareholders.
- ~~4.6~~5.5 If and to the extent rules that apply pursuant to and in accordance

with Article ~~4.3~~4.5 so permit or require, the Nominee Company designated for that purpose shall be entitled to receive a share certificate from the Company evidencing the number of Shares registered in its name in the register of shareholders.

~~4.7~~5.6 The share certificate shall be issued under the stamp or the printed name of the Company and shall bear the signature of either the individual or individuals so authorized by the Board of Directors.

#### **Artikel 6. Issuance of Shares**

##### **~~Artikel 5.~~**

~~5.1~~6.1 During a period of five (5) years after the twenty-fifth day of November two thousand and ten Shares shall be issued pursuant to a resolution of the Board of Directors. This authority of the Board of Directors shall relate to all Shares in the current authorised capital, as amended in that period of five (5) years, which have not been issued yet.

~~5.2~~6.2 Designation of the Board of Directors as the Company's Body competent to issue Shares may be extended by the Articles of Association or by a resolution of the General Meeting for a period not exceeding five (5) years in each case. The number of Shares, which may be issued, shall be determined at the time of this designation. A designation by the Articles of Association can be revoked by an amendment of the Articles of Association. A designation by resolution of the General Meeting cannot be revoked unless determined otherwise at the time of designation.

~~5.3~~6.3 Upon termination of the authority of the Board of Directors, the issuance of Shares shall thenceforth require a resolution of the General Meeting.

~~5.4~~6.4 Within eight (8) days after each resolution of the General Meeting to issue Shares or to designate the Board of Directors as the competent Company Body to issue Shares, the full wording of the resolution involved shall be deposited at the office of the Dutch trade register.

~~5.5~~6.5 Within eight (8) days after each issue of Shares, the same shall be notified to the Dutch trade register, stating the number of Shares issued.

~~5.6~~6.6 The provisions of Articles 6.1 up to and including 6.5 shall apply correspondingly to the granting of rights to subscribe for Shares, but shall not be applicable to the issuance of Shares to persons exercising a previously granted right to subscribe for Shares.

~~5.7~~6.7 The issuance of a Share shall be effected by means of a written instrument (including a share certificate) to which both (i) the Company and (ii) the Person in whose name the newly issued Share will be registered are parties.

#### **Terms of issue. Rights of Pre-emption.**

##### **~~Artikel 6.~~Artikel 7.**

~~6.1~~7.1 The price and other terms of issuance shall be determined at the time of the resolution to issue Shares. The full nominal value of each Share must be paid upon issuance and in the event the Share is acquired for a higher amount, the balance between those amounts shall be booked as share premium (*agio*).

~~6.2~~7.2 In as far as no other contribution has been agreed upon, payment on a Share shall be made in cash.

~~6.3~~7.3 Each Shareholder shall have a pre-emptive right on any issuance of Shares pro rata to the aggregate amount of his Shares. He shall, however, have no pre-emptive right on Shares issued for a non-cash contribution. He shall also have no pre-emptive right on ordinary Shares issued to employees of the Company or of a Group Company.

~~6.4~~7.4 The pre-emptive right may be restricted or excluded by a resolution of the Board of Directors. The authority vested with the Board of Directors shall terminate at the moment the authority of the Board of Directors to issue Shares terminates. The Articles 6.1 through 6.3 shall apply correspondingly, provided that if less than one half of the Company's issued capital is represented at the General Meeting, a majority of at least two thirds of the votes cast shall be required for a resolution of the General Meeting to limit or exclude such right of pre-emption or to make a designation of another Company Body competent to limit or exclude such right of pre-emption.

#### **Payment in foreign currency.**

##### **~~Artikel 7.~~Artikel 8.**

~~7.1~~8.1 Payment on a Share in a foreign currency is only permitted with the approval of the Company.

~~7.2~~8.2 In the event of payment in a foreign currency, the payment obligation shall be complied with for the amount against which the paid up amount is freely convertible into euro. The basis of determination shall be the rate of exchange on the day of payment.

#### **Shares in the Company's own capital.**

##### **~~Artikel 8.~~Artikel 9.**

~~8.1~~9.1 The Company may not subscribe for its own Shares.

~~8.2~~9.2 The acquisition by the Company of not fully paid up Shares in its own capital or depositary receipts therefor shall be void.

~~8.3~~9.3 The Company may only acquire fully paid up Shares in its own capital other than for no consideration, in the event:

- (i) the shareholders' equity after deducting the acquisition price, is not less than the paid-in and called-up part of the capital increased by the reserves that must be maintained by virtue of the law;
- (ii) the nominal amount of the Shares in its own capital or depositary receipts therefor that the Company acquires, holds or holds in pledge, or is held by a Subsidiary, does not exceed half of the issued capital.

With respect to the provision under (i), the amount of the shareholders' equity according to the most recently adopted balance sheet, decreased with the acquisition price of Shares held by the Company in its own capital or depositary receipts therefor, the amount of loans as referred to in Article 9.4, second sentence, and such distributions out of the profits or reserves to others as have become due by the Company and its Subsidiaries after the balance sheet date, shall be decisive.

If more than six (6) months have expired since the end of any financial year without the Financial Statements having been adopted, then acquisition in accordance with this Article 9.3 is not permitted.

Acquisition other than for no consideration is permitted only if the General Meeting has authorised the Board of Directors to that effect. Such authorisation shall be valid for not more than eighteen (18) months. The General Meeting shall determine in the resolution granting such authorisation how many Shares or depositary receipts therefor may be acquired, in what manner they may be acquired and between which limits the price must be. Subject authorisation is not required if the Company acquires Shares in its own capital that are destined to be transferred to employees of the Company or of a Group Company, pursuant to a regulation in force for them, provided subject Shares are included in the price list of TASE.

~~8.4~~9.4 With a view to others subscribing for newly issued shares or acquiring Shares or depositary receipts therefor, the Company is not allowed to extend loans, provide security, give a price guarantee, otherwise render itself answerable or bind itself besides or for third parties, be it severally or otherwise. With a view to the aforementioned, the Company may also not grant loans, unless the Board of Directors resolves thereto and the further conditions as laid down in Dutch law have been met. The prohibition as referred to in the previous two sentences also applies to its Subsidiaries, but shall not apply if the Shares or depositary receipts therefor, are taken or acquired by or for employees employed by the Company or a Group Company.

~~8.5~~9.5 (i) Upon the calculation of the distribution of profits, Shares that the Company holds in its own capital or depositary receipts therefor shall be disregarded.

The foregoing shall correspondingly apply to Shares or depositary receipts therefor held by Subsidiaries.

(ii) The Company may not cast a vote for Shares it holds in its own capital or depositary receipts therefor or on which it has a right of usufruct or a right of pledge.

The foregoing shall correspondingly apply to Shares or depositary receipts therefor held by Subsidiaries.

(iii) Upon establishing whether a certain part of the capital is represented or whether a certain part of the capital represents a

majority, the capital is decreased by the amount of Shares for which no vote may be cast.

~~8-6~~9.6 The Company Body authorized to issue new Shares may resolve to alienate Shares, or depositary receipts therefor, the Company holds in its own capital.

#### **Reduction of the issued capital.**

##### ~~Artikel 9.~~Artikel 10.

~~9-1~~10.1 The General Meeting may resolve, by an amendment of the Articles of Association, to reduce the issued capital by a cancellation (*intrekking*) of Shares or by a reduction (*vermindering*) of the nominal amount of the Shares. The Shares referred to in such resolution must be designated therein and provisions for the implementation of the resolution must be made therein.

~~9-2~~10.2 A resolution to cancel (*intrekken*) may only relate to Shares held by the Company itself or of which it holds the depositary receipts.

~~9-3~~10.3 Any reduction of the nominal amount of Shares without redemption and without a release of the obligation to pay up, must be made pro rata to all the Shares. Such pro rata requirement may be waived if all Shareholders concerned so agree.

~~9-4~~10.4 Any partial repayment on Shares is possible only on the implementation of a resolution to reduce the nominal amount of such Shares. Such a repayment or release must be made pro rata to all Shares. The pro rata requirement may be waived if all Shareholders concerned so agree.

~~9-5~~10.5 For a resolution to reduce the issued capital, a majority of at least two-thirds of the votes cast shall be required if less than one half of the issued capital is represented at the General Meeting.

~~9-6~~10.6 The notice convening a meeting at which a resolution referred to in this Article 10 will be taken shall state the objects of the reduction of capital and the manner of implementation.

~~9-7~~10.7 The Persons giving notice of the General Meeting must simultaneously file at the office of the Company a copy of the proposal, containing the proposed amendment verbatim, for the inspection of every Shareholder until the end of the applicable General Meeting.

~~9-8~~10.8 The Shareholders must be given an opportunity to obtain a copy of the proposal referred to in Article 10.7 from the day of the filing until that of the General Meeting. The copies shall be provided free of charge.

~~9-9~~10.9 The Company ~~limited by shares~~ shall file the resolutions referred to in Article 10.1 with the Dutch trade register and shall announce such filing in a Dutch daily newspaper with a national circulation.

#### **Transfer of Shares.**

##### ~~Artikel 10.~~Artikel 11.

Without prejudice to Article 6.7, if and for as long as Shares are listed on

TASE, any transfer of Shares shall be effected in accordance with Listing Rules (if and to the extent applicable pursuant to and in accordance with Article ~~4.3~~4.5).

**Board of Directors. Appointment. Suspension and dismissal. Remuneration. Indemnification. Insurance. Exemption.**

~~Artikel 11.~~**Artikel 12.**

~~11.1~~12.1 The Company is managed by a Board of Directors.

~~11.2~~12.2 The Board of Directors shall be constituted of five (5) or more Directors, two (2) or more of which shall be External Directors and three (3) or more of which shall be Non-External Directors. Directors are appointed by the General Meeting, with due observance of this Article 12.

~~11.3~~12.3 The title of the Directors (i.e. External or Non-External) shall be determined by the General Meeting upon appointment of the Director. ~~In addition to the title External or Non-External, the General Meeting and/or the Board of Directors may also grant additional titles to the Directors appointed (for example General Manager).~~

~~11.4~~12.4 A Non-External Director shall be appointed for a term which shall begin at the end of the relevant Annual General Meeting and shall end at the end of the following Annual General Meeting. At the end of such term a Non-External Director may be re-appointed.

~~11.5~~12.5 An External Director shall be appointed for three (3) years, and the General Meeting may, notwithstanding the other provisions of this Article 12, appoint him for two additional terms of three (3) years each.

~~11.6~~12.6 (A) To the fullest extent permitted by Dutch law, External Directors shall be appointed in a General Meeting in which at least one of the following conditions is met:

- (i) the majority of votes at the General Meeting includes a majority of all of the votes of those Shareholders excluding a Controlling Shareholder or Shareholders who have personal interest in approval of the appointment apart from personal interest which doesn't derive from that Person's connections with a Controlling Shareholder, who are participating in the vote (in the count of all votes, abstentions shall not be taken into account);
- (ii) the total number of opposing votes amongst the Shareholders referred to under (i) shall not be greater than two percent (2%) of all voting rights in the Company.

(B) An External Director may be appointed for an additional ~~3~~three-year-term, if one of the following conditions is met:

- (i) Either one or more shareholders, holding at least one percent (1%) of all voting rights in the Company, has suggested his candidacy for an additional term, and the appointment is approved in a General Meeting by the majority of votes, and all the following

conditions are met: (I) in the count of votes, the votes of a Controlling Shareholder or Shareholders who have personal interest in approval of the appointment apart from personal interest which ~~doesn't~~does not derive from that Person's connections with a Controlling Shareholder and ~~abstentions~~abstentions shall not be taken into account; (II) the total number of votes in favor amongst the shareholders who are not a Controlling Shareholder or Shareholders who have personal interest in approval of the appointment apart from personal interest which doesn't derive from that Person's connections with a Controlling Shareholder, is higher than ~~2%~~two percent (2%) of all voting rights in the Company; and - (III) an External Director appointed for an additional term under this sub-section shall not be an Affiliate or Competing Shareholder or Relative of such a shareholder on the date of appointment, and shall not have an Affiliation to an Affiliate or Competing Shareholder, on the date of appointment or two (2) years prior to such date; in this regard - "An Affiliate or Competing Shareholder" - the shareholder who suggested the appointment or a Substantial Shareholder, all provided that on the dated of appointment, it, the controlling shareholder thereof or a company under the control of either of them, has business ties with the Company or in the event that it, the controlling shareholder thereof or a company under the control of either of them are competitors of the Company;

- (ii) The Board of Directors has suggested his candidacy for an additional term, and the appointment is approved in accordance to Article 12.6(A) above.

~~11.7~~12.7 Only an individual who:

- (i) is qualified for appointment as a ~~director~~Director under Israeli Companies Law; and
- (ii) has Professional Qualifications or possesses Accounting and Financial Expertise; ~~and~~
- (iii) Who is not a relative of a Controlling Shareholder, and who himself, or whose Relative, partner, employer, a Person to whom such individual is directly or indirectly subordinated, or an Entity in which he has Control, on the date of appointment or two (2) years prior to such date, has no Affiliation with the Company, with its Controlling Shareholder or with a relative of a Controlling Shareholder, on the date of appointment nor with Another Corporate Body, and in regards to a Company that has no controlling shareholder or Holder of a Control Block - also Affiliation with, the Person, who is, on the date of appointment, Chairman of the Board of Directors, Executive with the title General Manager, Substantial Shareholder, or Senior Financial



~~Executive Officer~~ (except for Affiliation which pursuant to Israeli Companies Law does not disqualify an individual from serving as an External Director). Without derogating from the abovementioned clause (iii), an individual who either him, or his relative, partner, employer, someone to whom he is either directly or indirectly subordinated to, or an entity controlled by him, have either business or professional relations with whom affiliation is prohibited in accordance to this clause (iii), also if these relations are ~~negligable~~ negligible and including an individual who has received consideration in contradiction to Section 244(b) of the Israeli Companies Law; If either this kind of relations did exist or such consideration has been received during the term in office of the External Director, then it shall be considered, for the sake of Sections 245A, 246 and 247 of the Israeli Companies Law, as a violation of one of the qualifications required for the appointment of the External Director or his directorship as a an External Director-; and

(iv) who is not an employee of the ISA nor an employee of any stock exchange in Israel,

may be appointed as External Director, provided that at least one External Director has Accounting and Financial Expertise.

~~11.8~~ 12.8 For purposes of Article 12.7 the following terms shall have the following meaning:

(i) "**Affiliation**": the existence of labor relations, business or professional relations generally or Control, as well as acting as a Director;

(ii) "**Another Corporate Body**": a corporate body in which the Controlling Shareholder is, on the date of appointment or during the two years preceding the date of appointment, the Company or a Controlling Shareholder therein.

~~11.9~~ 12.9 In accordance with Section 2:132, paragraph 2 of the Dutch Civil Code, the quality requirements for an External Director may be waived by a resolution of the General Meeting adopted by two-thirds of the votes cast, representing more than half of the Company's issued capital.

~~11.10~~ 12.10 In the event in which on the date of appointment of an External Director, all Directors, who are not the Controlling Shareholders or their relatives, are of one gender, the External Director that will be appointed shall be of the other gender.

~~11.11~~ 12.11 An individual shall not be appointed as an External Director if any other position or business of his might give rise to a conflict of interest with his role as Director, or if these might prejudice his ability to act as a Director.

~~11.12~~ 12.12 A Director shall not be appointed as an external director of

another Entity if at such time, a director of such other Entity is acting as an External Director.

~~11.13~~12.13 Convocation of a General Meeting at which the appointment of an External Director is on the agenda shall be accompanied by a declaration in writing of the nominee that he meets the conditions required for being appointed as an External Director (the "**Declaration**").

In the Declaration, the nominee will also state his education and expertise, to the extent relevant, for the purpose of assessing whether he satisfies the conditions and tests to be appointed as an External Director. In addition, the nominee will also attach documents and certificates in support of his Declaration.

~~11.14~~12.14 The Declaration shall be kept at the office address of the Company and shall be open for inspection by any person. At least one External Director shall serve on every committee authorized to exercise any of the powers of the Board of Directors.

~~11.15~~12.15 In the event the Board of Directors becomes aware that:

- (i) there is a suspicion that an External Director has ceased to fulfil one of the conditions under this Article 12 required for his appointment as an External Director; or
- (ii) that there is a suspicion that the relevant External Director has committed a breach of a fiduciary duty to the Company; or
- (iii) a court is of the opinion that:
  - a. an External Director has ceased to fulfil one of the conditions required under this Article 12 for his appointment as an External Director; or
  - b. he has committed a breach of a fiduciary duty to the Company; or
  - c. he is permanently unable to fulfil his function; or
  - d. during the term of his office he was guilty of offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information,

the Board of Directors shall discuss such matter at the first meeting of the Board of Directors to be convened after becoming so aware. Where the Board of Directors finds that the External Director has ceased to fulfil one of the conditions required under this Article 12 or the Israeli Companies Law for his appointment as an External Director or that he has committed a breach of a fiduciary duty, the Board of Directors shall convene an extraordinary General Meeting on the agenda of which shall be the termination of office of the External Director.

The reasons for the findings of the Board of Directors shall be presented to the General Meeting convened for that purpose and the External Director shall be given a reasonable opportunity to express his

position.

To the fullest extent permitted by Dutch law, the resolution of the General Meeting regarding the termination of office of the External Director shall be passed by the same majority as is required for his appointment.

~~11.16~~12.16 If any of the conditions required under these Articles of Association for the office of an External Director has ceased to be fulfilled, such External Director shall promptly so notify the Company and his office shall be terminated upon such notice, provided that such required conditions were not waived by the General Meeting in accordance with Article 12.9 prior to such notice.

~~11.17~~12.17 Where the position of an External Director becomes vacant and there are no two (2) other External Directors in office, the Board of Directors shall convene an extraordinary General Meeting, for the earliest date possible, on the agenda of which shall be the appointment of an External Director, in accordance with the provisions of this Article 12.

~~11.18~~12.18 Without prejudice to Article ~~12.5~~12.5, an individual who has served as an External Director shall not be appointed as an Executive, unless two (2) years have elapsed from the termination of his office as External Director.

In addition, an individual who has served as an External Director shall not be hired as an employee and the Company shall not receive professional services from such individual for any consideration, whether directly or indirectly, including through a corporate body controlled by such individual, unless two (2) years have elapsed from the termination of his office as External Director.

~~11.19~~12.19 To the fullest extent permitted by Dutch law, the Directors' Remuneration Policy shall *inter alia* provide that External Directors shall receive a remuneration that is in compliance with the Israeli Companies' regulations. In addition, such policy shall at least address the subjects described in Sections 2:383c through 2:383e of the Dutch Civil Code, in so far as these regard the Board of Directors.

~~11.20~~12.20 The remuneration of the Directors shall be determined by the General Meeting, with due observance of the Directors' Remuneration Policy as adopted by the General Meeting.

~~11.21~~12.21 With due observance of Article 12.19 and Article 12.20, an External Director is entitled to remuneration and to refund of expenses as may be prescribed under Israeli legislation applicable to remuneration for external directors in Israeli Entities whose securities are traded on a stock exchange in Israel.

An External Director shall not receive, in addition to the remuneration to which he is entitled and refund of expenses, any other consideration, direct or indirect, for acting as a Director. For the purposes of this

Article 12.21, consideration shall not include the grant of an exemption, an undertaking to indemnify, indemnification or insurance coverage pursuant to the provisions of these Articles of Association.

~~11.22~~12.22 Notwithstanding any other provision of these Articles of Association, Directors may be suspended or dismissed by the General Meeting at any time upon a resolution adopted with more than half of the votes cast, provided subject majority at least represents one-third of the issued capital.

If the required quorum is not present or represented, a new meeting shall be convened where the resolution may be adopted with more than half of the votes cast, irrespective of the part of the capital represented.

~~11.23~~12.23 A suspension after having been extended one or more times, in the aggregate may not last longer than three (3) months.

~~11.24~~ — (A) ~~Any Executive or Director that was, or is a party or is threatened to be made a party to any Proceeding (other than an action by or in the right of the Company) by reason of the Executive or Director's corporate status, shall be indemnified by the Company against all Expenses and Liabilities incurred or paid by the Executive or Director in connection with such Proceeding to the extent permitted by applicable law and provided that the Executive or Director acted in good faith, in accordance with these Articles of Association and did not wilfully harm the Company and/or its interests. For this article 12.24: "Proceeding" shall mean any threatened, pending or completed claim, action, suit, arbitration, alternate dispute resolution process, investigation, administrative hearing, administrative proceeding, appeal, or any other proceeding, whether civil, criminal, administrative, arbitral or investigative, whether formal or informal and regardless of in which jurisdiction such Proceeding is initiated or instigated "Expenses" shall mean all fees, costs and expenses incurred in connection with any Proceeding, including, without limitation, reasonable attorneys' fees, disbursements and retainers, fees and disbursements of expert witnesses, private investigators and professional advisors (including, without limitation, accountants and investment bankers), court costs, transcript costs, fees of experts, travel expenses, duplicating, printing and binding costs, telephone and fax transmission charges, postage, delivery services, secretarial services and other disbursements and expenses, and "Liabilities" shall mean judgments, damages, liabilities, losses, penalties, excise taxes, fines and amounts paid in settlement of any nature. Subject to Article 15 the Board of Directors may decide on what terms and conditions the indemnification will be applicable to the Executives and Directors which terms and conditions may be laid down in a Letter of Indemnity.~~

~~(B) Subject to the provisions of Article 15, the Board of Directors may~~

~~decide to insure the Executives and Directors against all and any form of liability, provided the Executives and Directors acted in good faith in the performance of their duties, in accordance with the provisions of these Articles of Association and did not willfully harm the Company and/or its interest.~~

~~(C) Subject to the provisions of Article 15, the Board of Directors may decide that the Company shall indemnify or insure the Executives and Directors with respect to payments to parties who were injured by a violation as described in section 52BBB(a)(1)(a) of the ISL, or with respect to a payment of expenses incurred in connection with a proceeding that was conducted regarding such person's matter, including reasonable litigation expenses — including attorney's fees, and including by way of an advance indemnification.~~

12.24 ~~Board of Directors:~~ The Company, Controlling Shareholder therein and a company controlled thereby shall not grant an individual appointed as an External Director of the Company, the person's spouse or child with any benefit, directly or indirectly, and shall not appoint the said person, the spouse of child thereof as an Executive of the Company or a company under the Control of a Holder of Control therein, shall not hire such person as an employee and shall not receive professional services from such person in return for payment, whether directly or indirectly, including by way of a corporate body controlled by such person, unless two years have elapsed from the termination of his tenure as External Director of the Company, and regarding a Relative who is not a spouse or child – one year from the termination of his tenure as External Director.

12.25 The Company may, indemnify an Executive and a Director for liabilities or expenses as specified in the following paragraphs (1), (1a) and (2) imposed upon such Executive or Director due to an act done by virtue of his being an Executive or Director of the Company: (1) A financial liability imposed thereon in favor of another person under a judgment, including a judgment given in a settlement or an arbitration's decision that is certified by a court; (1a) Reasonable litigation expenses, including attorney's fees, incurred by an Executive or Director following an investigation or proceeding conducted against him by an authority competent to manage a proceeding or investigation either in the Netherlands or elsewhere and that was concluded without the submission of an indictment against him and without being charged a financial sanction in lieu of a criminal proceeding, or that was concluded without the submission of an indictment against him but with the imposition of a financial charge in lieu of a criminal proceeding in an offense that does not require proof of mens rea or in connection with a financial sanction; (2) Reasonable litigation expenses, including attorney's fees, incurred by the Executive or the Director or that he is

charged by a court in a proceeding filed against him by the company or in his name or by another person, or in a criminal charge of which he is acquitted or a criminal charge in which he is convicted of an offense that does not require proof of mens rea.

12.26 The Company is entitled to provide an undertaking in advance to indemnify an Executive or Director thereof, in any of the following (in this Article - an indemnification undertaking) - (a) In the circumstances set forth in Article 12.25(1), provided that the indemnification undertaking is limited to the events which, in the opinion of the Board of Directors, are anticipated in light of the actions of a company in practice upon the granting of the indemnification undertaking, and to the amount or in the condition that the board of directors determine to be reasonable under the circumstances, and the indemnification undertaking will list the events that the Board of Directors feel are foreseeable in light of the actual actions of the Company upon granting the undertaking as well as the amount or conditions that the Board of Directors have determined to be reasonable under the circumstances; (b) in the circumstances set forth in Articles 12.25(1a) or 12.25(2);

12.27 The Company is permitted to indemnify an Executive or Director thereof retroactively (hereinafter - an indemnification permit).

12.28 The Company may engage in a contract to insure the liability of an Executive and Director of the Company due to a liability imposed thereon following an action performed by virtue of being an Executive or Director therein, in any of the following: (1) A breach of the duty of care to the Company or to any other person; (2) A breach of a fiduciary duty vis-à-vis the Company, provided that the Executive or Director acted in good faith and had a reasonable basis to believe that the action would not harm the interests of the Company; (3) Financial liability imposed on him in favor of another.

12.29(a) The Company may exempt, in advance, an Executive or Director, from his responsibility, either in whole or in part, due to damage deriving from the breach of duty of care owed towards the Company.

(b) Notwithstanding the provisions of Article 12.29(a), the Company is not entitled to exempt, in advance or otherwise, a Director from his responsibility towards the Company deriving from the breach of duty of care in distribution, as stipulated in Article 20.15 hereunder.

12.30 Neither the provisions of Article 12.28 abovementioned permitting the Company to enter into a contract to insure the liability of an Executive and Director, the provisions of Articles 12.25-12.27 abovementioned, a resolution of the Board of Directors permitting the indemnification of an Executive and Director, or any provision in these articles exempting a Director or Officer of his responsibility towards the Company, shall be valid, where such insurance, indemnification or exemption relates to one of the following:

- (1) Breach of fiduciary duty, other than as provided in Article 12.28(2);
- (2) Breach of a duty of care that took place intentionally or recklessly, excluding if performed with negligence alone;
- (3) An action with the intent to generate unlawful personal profit;
- (4) Penalty, civil penalty, financial sanction or fine imposed thereon.

12.31 (a) A provision in these articles of association or in a contract or stipulated in any other manner purporting to contract out of the provisions of Articles 12.24-12.31, directly or indirectly, shall be invalid; (b) An undertaking to indemnify or to insure the liability of an Executive or Director due to the breach of a fiduciary duty towards the Company shall not be valid, excluding a breach of a fiduciary duty as stated in Article 12.28(2), and an Executive and Director shall not accept, directly or indirectly, such an undertaking; accepting such an undertaking shall constitute a breach of fiduciary duty.

12.32(a) The Company is not entitled to exempt an Executive or Director from his responsibility due to breach of his fiduciary duty towards the Company. (b) The Company is entitled to exempt an Executive or Director from his responsibility due to breach of his duty of care towards the Company only in accordance with the provisions of Articles 12.29 to 12.32.

### **Board of Directors. Duties. Decision making process.**

#### **Artikel 12. Artikel 13.**

~~12.1~~13.1 Subject to the restrictions imposed by these Articles of Association, the Board of Directors shall be charged with the management of the Company.

~~12.2~~13.2 A Director shall *inter alia* act in the best interest of the Company and with the standard of proficiency with which a reasonable director, in the same position and in the same circumstances, would act; this shall include taking reasonable steps, in view of the circumstances of the case, to obtain information regarding the business profitability of an act submitted for his approval or of an act done by him by virtue of his position, and to obtain all other pertinent information regarding such acts.

~~12.3~~13.3 The Board of Directors shall meet regularly and in all events whenever the Chairman of the Board, or two (2) other members of the Board of Directors deems such necessary.

~~12.4~~13.4 All resolutions of the Board of Directors shall be adopted by more than half of the votes cast.

~~12.5~~13.5 In meetings of the Board of Directors each Director shall be entitled to cast one (1) vote.

~~12.6~~13.6 Save as provided otherwise by these Articles of Association,

resolutions of the Board of Directors shall only be valid if taken at meetings of Board of Directors in which at least the majority of the Directors are present or represented.

~~12.7~~13.7 Directors may only be represented in meetings of the Board of Directors by other members of the Board of Directors pursuant to a written power of attorney.

~~12.8~~13.8 Meetings of the Board of Directors may be held by means of an assembly of its members in person in a formal meeting or by conference call, video conference or by any other means of communication, provided that all members of the Board of Directors participating in such meeting are able to communicate with each other simultaneously. Participation in a meeting held in any of the above ways shall constitute presence at such meeting.

~~12.9~~13.9 Resolutions of the Board of Directors may also be adopted without holding a formal meeting, in writing or otherwise, provided that the proposal concerned is submitted to all Directors then in office and none of them objects to the proposed manner of adopting resolutions. A report with respect to a resolution other than in writing shall be prepared by a Director. The report shall be signed by such Director and shall be presented to the Board for its information in the next meeting of the Board of Directors. Adoption of resolutions in writing shall be effected by written statement from all Directors then in office (and able to perform their duties).

~~12.10~~13.10 The Board of Directors may establish further regulations pertaining *inter alia* to the decision making process by the Board of Directors. The regulations thus adopted shall not conflict with the provisions of these Articles of Association.

~~12.11~~13.11 Appointment of Directors possessing Professional Qualifications or Accounting and Financial Expertise shall not constitute an allocation of tasks and shall therefore as such not affect such Director's liability, or the liability of the other Directors, under applicable law.

13.12 No person shall be appointed as a Director of the Company unless the following is disclosed to the General Meeting of the Company in the form of a written declaration (the "**Declaration**") :

13.12.1 whether the Person has been convicted by a Judgment of an offense stated in Article 13.13(a) where the period has not yet passed in which the person is prevented from being appointed as a director under Article 13.13(a);

13.12.2 whether the Person has been convicted by a Judgment of an offense as stated in Article 13.13(b), where the period determined by the court under the same Article 13.13(b) has not yet passed;



13.12.3 whether the Administrative Enforcement Committee imposed Enforcement Measures which prohibit the Person from serving as a director of any company which has offered securities to the public in Israel and those are held by the Public in Israel and the period determined by the Administrative Enforcement Committee as stated has not yet passed under Article 13.13(c); and

13.12.4 the Declaration shall be kept at the registered office of the Company.

13.13 (a) A person convicted by a Judgment of one of the following offenses shall not hold office as a director in the Company unless five years have passed since the date on which the Judgment by which he was convicted was given: (i) Offenses of: (1) bribery , (2) theft of company property by a manager of the Company, (3) obtaining anything by deceit, (4) forgery, (5) use of a forged document, (6) inducement by deceit, (7) false registration in documents of a company,(8) offenses by managers or employees of a company, (9) failure to disclose information and misleading publication by an officer of a company, (10) deceit and breach of trust in a company, (11) deceitful concealment (12) blackmail with use of force, (13) blackmail by threats, (14) use of information by an insider, (15) use of inside information the source of which is an insider, (16) offer and sale of securities to the public in Israel not in accordance to a prospectus or a draft prospectus, (17) causing a misleading item to be included in a draft prospectus or in a prospectus, (18) causing a misleading item to be included in information presented at a meeting of the Company's employees, (19) issuing an opinion, report or certification which is subsequently included or referred to in a prospectus, report, notice or purchase offer specification, knowing that the opinion, report or certification contained a misleading item, (20) causing a report, notice, registration document or purchase offer specification, submitted to Israel Securities Authority or TASE to contain a misleading item, (21) including a misleading item in one of its reports, publications or in other information provided by it (22) fraud in connection with securities; or - (ii) Conviction by a court anywhere in the world of the offenses of bribery, deceit, offenses by managers of a corporate body or offenses involving misuse of inside information. (b) A person convicted by a Judgment which is not listed in Article 13.13(a) above shall not hold office as a director in the Company, if a court has determined that by virtue of the substance, severity or circumstances, the Person is not permitted to serve as a director of any company which has offered securities to the public in Israel and those are held by the Public in Israel for a period determined by that court which shall not exceed five

years from the date on which the Judgment was given. (c) Where the Administrative Enforcement Committee has imposed a means of enforcement on a Person preventing the said Person from serving as a director of a any company which has offered securities to the public in Israel and those are held by the Public in Israel, the same person shall not be appointed as Director of the Company in which the person is prohibited from serving as a Director based on the same decision. (d) A minor, a legally incompetent, or a person who was declared bankrupt shall not be appointed as a Director, as long as he has not been discharged, nor a corporation that resolved on voluntary liquidation or against which a liquidation order was issued. (e) If the content of subsection (d) applies to a candidate for the office of a Director, he shall disclose that to the appointer.

13.14 A Director with respect of whom a condition required under these Articles for his office as a Director is no longer complied with or with respect of whom there is a ground for the termination of his office as a Director shall immediately inform the Company accordingly and his office shall terminate on the notice delivery date.

13.15 Without derogating from the provisions of any Israeli and/or Dutch law, in each of the following cases, a Director's term of office shall be terminated before the end of the period for which he was appointed: (1) He resigned or was dismissed as stated in Articles 13.16 and 13.17; (2) On the date of rendering a conviction notice, as stated in Article 13.18; (3) On the date of rendering a notice of imposing measures of enforcement, as stated in Article 13.19; (4) He was declared bankrupt, and if he is a corporation – he decided on voluntary liquidation or a liquidation order was issued against him; (5) On the date of rendering a notice under Article 13.14 or 12.16;

13.16 A Director may resign his office by giving written notice of his resignation either to the Board of Directors, or to the Chairman of the Board of Directors or to the Company and the resignation has effect either from the date the notice has been received or from such later date as may be specified in the notice. The Director shall give the reasons for his resignation. When a notice of a Director's resignation is received, the resignation and the reasons given for it shall be brought before the Board of Directors and recorded in the minutes of the first Board of Directors' meeting convened after the resignation.

13.17 If the Board of Directors becomes aware that a Director was appointed contrary to the provisions of either Article 13.13(a), 13.13(b), 13.13(c) or 13.13(d), or that a Director has breached the provisions of either Article 13.12, 13.13(e), or 13.18 the General Meeting shall terminate the office of such Director in the manner described in Article 12.22, above, if it finds that the said conditions are fulfilled, and such office shall expire on the date of such resolution.

Additional requirements for the removal of an External Director are outlined in Article 12.15;

13.18 If after his appointment as a director of the Company, a Director has been convicted of an offense provided in Article 13.13(a)(i) or 13.13(b), the Person shall inform the Company as soon as is reasonably practicable and the Person's office shall be terminated by the General Meeting of the Company in accordance with Article 12.22, and it shall not be possible to reappoint the said person as a Director unless the time period during which the Person is prohibited from serving as a Director, as provided in Article 13.13, has passed;

13.19 If after his appointment as a director of the Company, the Administrative Enforcement Committee has resolved to impose means of enforcement on a Person preventing the Person from being appointed as a director in any company which has offered securities to the public in Israel and those are held by the Public in Israel or in the company in which the person is serving as such, the said Person shall notify the Board of Directors as soon as is reasonably practicable thereof and the Person's office shall be terminated by the General Meeting of the Company in accordance with Article 12.22, and the Person will not be permitted to be reappointed as a Director in the Company in which the said prohibition applies, unless the prohibition period as stated by the Administrative Enforcement Committee has passed;

13.20 If a Director breached his duty of disclosure under Articles 13.12, 13.14, 13.13(d), 13.18, 13.19 or 12.16 he shall be deemed to have breached his fiduciary duty to the Company.

#### **Board of Directors. Representation. Absence or inability to act.**

##### ~~Artikel 13.~~**Artikel 14.**

~~13.1~~14.1 The Company shall be represented by the Board of Directors. The Company may also be represented by two Non-External Directors, acting jointly.

~~13.2~~14.2 The Board of Directors may appoint Executives, with general or limited power to represent the Company and it may revoke or change subject appointment at any time. Each Executive shall be competent to represent the Company, subject to the restrictions imposed on him upon his appointment or thereafter (i.e. also individually in the case and to the extent provided upon his appointment and/or by the power of attorney granted).

~~13.3~~14.3 Also a General Manager may appoint Executives, with general or limited power to represent the Company and may revoke or change subject appointment at any time. The General Manager cannot grant more powers to Executives than the ones he has. Each Executive shall be competent to represent the Company, subject to the restrictions imposed on him upon his appointment or thereafter (that is ("i.e.-"))

also individually in the case and to the extent provided upon his appointment and/or by the power of attorney granted).

~~13.4~~14.4 The Board of Directors shall grant the title General Manager to one or more Executives.

The Board of Directors shall from its midst appoint a Chairman of the Board of Directors.

The Chairman of the Board of Directors shall not serve at the same time as General Manager. The Chairman of the Board of Directors shall not be a Relative of the General Manager. The Chairman of the Board of Directors shall not serve at the same time as an executive who is subordinate – either directly or indirectly - to the General Manager.

Neither the Chairman of the Board of Directors nor his Relative will be granted with the powers of general manager. The Chairman of the Board of Directors will not be granted the powers of an executive who is subordinate – either directly or indirectly - to the General Manager. The Chairman of the Board of Directors will not serve in another position in either the Company or its subsidiary, yet he is entitled to serve either as chairman of the board of directors or as director in a subsidiary of the Company.

The General Manager(s) shall have the authority to grant the title Chief Financial Officer (CFO) and Chief Operating Officer (COO) to an Executive appointed by him (on behalf of the Company); however he could never grant more authority to an Executive than he has himself.

~~13.5~~14.5 If a seat is vacant on the Board of Directors (*ontstentenis*) or a Director is unable to perform his duties (*belet*), the remaining Directors shall be temporarily entrusted with the management of the Company, provided that at least two Non-External Directors are in office and able to perform their duties. If all seats are vacant on the Board of Directors or all Directors are unable to perform their duties, or if less than two (2) Non-External Directors are in office and able to perform their duties, the management of the Company shall be temporarily entrusted to one or more persons designated for that purpose by the General Meeting.

**Explicit resolutions of the Board of Directors and special approvals.  
Conflict of Interests.**

~~Artikel 14.~~Artikel 15.

~~14.1~~15.1 A Transaction referred to in Article 15.2 shall only be entered into by the Company if such Transaction does not prejudice the Company's interests, to be determined by the Board of Directors.

~~14.2~~15.2 The following Transactions shall require the explicit resolutions and/or approvals as set out in this Article 15 and provided that the Transaction would benefit the Company:

- a. a Transaction by the Company with either an Executive or a Director, and a Transaction of the Company with another Person in

which either an Executive or a Director has a Personal Interest; however an Executive or Director who also serves either as an Executive or as a Director of a Subsidiary wholly owned by the Company shall not be considered as having a Personal Interest in a Transaction between the Company and such Subsidiary solely for the reason of him being an Executive or Director of both companies or for the reason of him being an owner of Shares or securities convertible into Company Shares;

- b. a Transaction by the Company with an Executive in regards to the of his Office and Employment;
- c. engagement in a contract by the Company with a Director as to the Terms of his Office and Employment, and the engagement of a contract by the Company with a Director thereof as to the terms of his employment in other positions – if he is so employed;
- d. an Extraordinary Transaction with a Controlling Shareholder, or an Extraordinary Transaction with another Person in which the Controlling Shareholder has a Personal Interest, including a Private Placement regarding which the Controlling Shareholder has a Personal Interest; as well as the engagement by the Company with a Controlling Shareholder or with his Relative, either directly or indirectly, including through an entity controlled by him, in regards to services to be provided by him to the Company and - if such Person is also either an Executive or Director of the Company – as to his Terms of Office and Employment, and if he is an employee of the Company but neither an Executive nor a Director thereof – as to his employment by the Company.

~~14.3~~15.3 A Transaction by the Company as described in Article 15.2 sub a. and which is not an Extraordinary Transaction, shall be resolved upon in accordance with article 15.16 and require an explicit resolution of the Board of Directors.

~~14.4~~15.4 A Transaction by the Company as described in Article 15.2 sub a. and which is an Extraordinary Transaction, shall be resolved upon in accordance with article 15.16 and require an explicit resolution of the Board of Directors with an affirmative vote of the majority of the members of the Board of Directors who are members of the Audit Committee.

~~14.5~~15.5 A Transaction of the Company as described in Article 15.2 sub b and a Transaction by the Company as described in Article 15.2 sub c. shall be approved in accordance to the provisions of Article 35.6-35.13 herewith.

~~14.6~~15.6(A) A Transaction by the Company as described in Article 15.2 sub d. shall require an explicit resolution of the Remuneration Committee (if the transaction is in regards to Terms of Office and Employment) followed by the Board of Directors with an

affirmative vote of the majority of the members of the Board of Directors who are members of the Audit Committee, as well as with the approval of the General Meeting, provided that one of the following conditions are met (the "**Special Majority**"):

- (i) the majority of votes at the General Meeting includes at least a majority of all of the votes of those Shareholders that are neither controlling shareholders in the Company, nor (if the controlling shareholder or his relative are either Executives or Directors) do they have a Personal Interest in the approval of the Remuneration Policy, nor do they have a Personal Interest in the approval of the Transaction, who are participating in the vote (in the count of all votes, abstentions shall not be taken into account);
  - (ii) the total of opposition votes amongst the Shareholders referred to under (i) above shall not be greater than two percent (2%) of all the voting rights in the Company.
- (B) A Transaction by the Company as described in Article 15.2 sub d for a period which is longer than three years is subject to the approval procedures as described in Article 15.6 sub A above, every three years.
- (C) In spite of what is stated in Article 15.6 Sub B above, a Transaction by the Company as described in the first part only of Article 15.2 sub d, may be approved for a period which is longer than three years, if the Audit Committee has approved that a transaction for that period is reasonable considering the circumstances of the matter.

~~14.7~~15.7 Approval of the Remuneration Committee and the Board of Directors in regards to Article 15.6(A), of a Transaction which involves Terms of Office and Employment, shall be in accordance with the Remuneration Policy. However, The Remuneration Committee followed by the Board of Directors may, in unique cases, approve a transaction as stated in the same paragraph which is not in accordance with the Remuneration Policy provided that the provisions of Article 35.8 are fulfilled.

~~14.8~~15.8 In the event of a Transaction with a Controlling Shareholder, the Company shall submit an immediate report and, to the extent required by Israeli Companies Law, the Board of Directors shall convene a General Meeting, in the form and manner set out in the Israeli legislation applicable to Israeli companies, provided that the applicable provisions of Dutch law or the Articles of Association with respect to the convening and holding of a General Meeting are also abided.

To the fullest extent permitted by Dutch law, a Shareholder participating in a vote under this Article 15.7 shall notify the Chairman of the Board of Directors (or in his absence another Director) prior to

the vote in the General Meeting, or, if the vote is by way of a Proxy Card, on the Proxy Card, whether or not he has a Personal Interest in the approval of the Transaction; where a Shareholder does not so notify, he shall not vote and his vote shall not be counted.

~~14.9~~15.9 Where the conditions prescribed for more than one of the alternatives in Article 15.2 apply in respect of a Transaction, the Transaction shall require explicit resolutions and approvals in accordance with the provisions applying to each and every alternative.

~~14.10~~15.10 A Director who has a Personal Interest in the approval of a Transaction, other than a Transaction as referred to in Article 15.3, that is brought before the Board of Directors for an explicit resolution, shall not be present during the deliberations (in the Board of Directors and the Audit Committee, if applicable) and shall not take part in the voting at the Board of Directors.

~~14.11~~15.11 Notwithstanding the provisions of Article 15.10, a Director may be present during the deliberations of the Board of Directors (and the Audit Committee, if applicable) and may take part in the voting, if the majority of the Directors of the Company (or the majority of the members of the Audit Committee, if applicable) has a Personal Interest in the approval of the Transaction.

~~14.12~~15.12 Where the majority of the Directors has a Personal Interest in the approval of a Transaction as aforesaid in Article 15.10, the Transaction shall also require the approval of the General Meeting.

~~14.13~~15.13 Any Executive or Director who knows that he has, directly or indirectly, a Personal Interest in an existing or proposed Transaction of the Company and any third party, will advise the Chairman of the Board of Directors (and in his absence any other Director) of its Personal Interest as well as any relevant fact or document, immediately and no later than the time the Board of Directors first reviews the said Transaction.

In the event the Personal Interest of the Executive or Director is formed or becomes known to him after the said date, he shall reveal his Personal Interest immediately and no later than the first meeting of the Board of Directors held after the said Personal Interest was formed or became known to him.

The provisions of this Article 15.13 shall not apply where a Personal Interest derives only from the Personal Interest of a Relative in a Transaction which is not an Extraordinary Transaction.

~~14.14~~15.14 A Controlling Shareholder who is aware that he has, directly or indirectly, a Personal Interest in an existing or proposed Transaction of the Company will advise the Chairman of the Board of Directors (and in his absence any other Director) of its Personal Interest as well as any relevant fact or document, immediately and no later than the time the Board of Directors first reviews the said Transaction.

~~14.15~~15.15 As part of the duties of the Board of Directors, each Director shall *inter alia*:

- (i) refrain from any act involving a conflict of interest between the fulfilment of his role in the Company and the fulfilment of any other role or his own personal affairs;
- (ii) refrain from any act involving competition with the business of the Company;
- (iii) refrain from taking advantage of a business opportunity of the Company with the aim of obtaining a benefit for himself or for any other person;
- (iv) disclose to the Company all information and shall provide it with all documents relating to its interest, which reaches his possession by virtue of his position in the Company.

~~14.16~~15.16 When according to this Article 15 an explicit resolution of the Board of Directors is required with an affirmative vote of the majority of the members of the Board of Directors that are also members of the Audit Committee, prior to the meeting of the Board of Directors, or the adoption of a written resolution of the Board of Directors, as applicable, the Audit Committee shall hold a meeting in which the proposal will be discussed. When in accordance with this Article 15 also a resolution of the General Meeting is required, the meeting in which such approval will be discussed, shall be held after adoption of the resolution of the Board of Directors.

~~14.17~~15.17 The absence of any explicit resolution or any approval by the General Meeting of a resolution as referred to in this Article 15 shall not affect the authority of the Board of Directors or its members to represent the Company.

~~14.18~~15.18 A Director shall not participate in the board meeting and the decision making process if he has a direct or indirect interest (including a Personal Interest) to a resolution which is contrary to the interest of the Company and the enterprise(s) belonging thereto. If as a result of this, a resolution of the Board of Directors cannot be adopted, the Board of Directors shall have the power to resolve on the matter.

15A(1) The Company may - by Board of Directors - approve any of the acts listed in Article 15.15, provided that i) all the following conditions apply and ii) there is no conflict of interest as determined by Dutch law:

- (a) The Director or Executive is acting in good faith and neither the act nor the approval of the act prejudices the good of the Company;
- (b) The Director or Executive has disclosed the essence of his Personal Interest in the act, including any substantial fact or document to the all members of the Board of Directors, a



reasonable time before the date for discussion of the approval;

(c) The Company's approval for acts that are not substantial acts shall be given in accordance with the provisions of Article 15 herewith regarding the approval on transactions which are not Extraordinary and the Company's approval for acts that are substantial acts shall be given in accordance with the provisions of Article 15 regarding the approval of Extraordinary Transactions.

15A(2) (a) A Director and an Executive owe a duty of care to the Company as provided hereunder - If a director does some act which in the circumstances a reasonable prudent director would not do, or fails to do some act which in the circumstances such a director would do, or fails to use such skill or to take such care in the exercise of his office as a reasonable prudent director qualified to exercise such office would in the circumstances use or take, then such act or failure constitutes carelessness; and a director's carelessness as aforesaid in relation to the Company to which he owes a duty in the circumstances not to act as he did constitutes negligence. Any director who causes damage to the Company by his negligence commits a civil wrong. For the purpose of this regulation, every director owes a duty to the Company which, a reasonable director ought in the circumstances to have contemplated as likely in the usual course of things to be affected by an act, or failure to do an act, envisaged by this regulation. (b) The provisions of subsection (a) shall not preclude a duty of care being owed by a Director and an Executive to another person. (c) A Director and Executive shall act with the standard of proficiency with which a reasonable Director or Executive, in the same position and in the same circumstances, would act; this shall include taking reasonable steps, in view of the circumstances of the case, to obtain information regarding the business expedience of an act submitted for his approval or of an act done by him by virtue of his position, and to obtain all other pertinent information regarding such acts.

15.A(3) (a) A violation of a fiduciary duty by a Director or an Executive vis-a-vis the Company will be, inter alia, subject to the Dutch laws applicable to breach of contract, mutatis mutandis. (b) Without derogating from the generality of the provisions of subsection (a), a Director or an Executive in breach of a fiduciary duty towards the company shall be considered as a person in breach of his contract with the company.

15A(4)(a) The provisions of Article 15.5 will apply also in regards to Executives; (b)The provisions of Article 15.5 shall not preclude a fiduciary duty being owed by a Director and an Executive to another person. **Approval of resolutions of the Board of Directors.**

~~Artikel 15.~~ **Artikel 16.**

~~15.1~~ **16.1** Without prejudice to any restrictions of the management authority of the Board of Directors included in these Articles of Association or Dutch law, the Board of Directors shall require the prior approval of the General Meeting for resolutions relating to an important change of the identity or the character of the Company or enterprises, at least including:

- (i) the transfer of the enterprise, or the transfer of practically the entire enterprise of the Company to a third party;
- (ii) the entering into or the termination of a lasting co-operation of the Company or a Subsidiary with another Entity or as fully liable partner in a limited partnership (*commanditaire vennootschap*) or general partnership (*vennootschap onder firma*), if such co-operation or termination is of fundamental importance to the Company;
- (iii) acquiring or disposing of a participation in the capital of an Entity by the Company or a Subsidiary of the Company amounting to at least one third of the amount of the assets according to the Company's consolidated balance sheet plus explanatory notes as laid down in the latest adopted Financial Statements of the Company.

~~15.2~~ **16.2** The General Meeting may also require other resolutions of the Board of Directors to be subject to its approval. The Board of Directors shall be notified in writing of such resolutions, which shall be clearly specified.

~~15.3~~ **16.3** The absence of any resolution or approval by the General Meeting of a resolution as referred to in this Article 16 shall not affect the authority of the Board of Directors or its members to represent the Company.

**Audit Committee**

~~Artikel 16.~~ **Artikel 17.**

~~16.1~~ **17.1** The Board of Directors will appoint an audit committee from amongst its members, consisting of at least three (3) members (the "**Audit Committee**"), provided however, that all the External Directors shall be *qualitate qua* members of the Audit Committee and the majority of the Audit Committee's members shall be Independent Directors.

~~16.2~~ **17.2** The Chairman of the Board of Directors, a Controlling Shareholder or his Relative, and any Director who: (i) is employed by the Company or employed by either the Controlling Shareholder or an entity

controlled by the Controlling Shareholder; (ii) provides on a regular basis services either to the Company, to the Controlling Shareholder or to an entity controlled by the Controlling Shareholder, and (iii) the most of his livelihood is dependant on the Controlling Shareholder - as per a declaration of the nominee -, may not be a member of such Audit Committee.

~~16.3~~ 17.3 The Internal Auditor shall be given notice of Audit Committee meetings, and he shall be entitled to participate in such meetings. The Internal Auditor shall be entitled to request the chairman of the Audit Committee to convene the Audit Committee in order to discuss a matter which he specified in his request, and the chairman of the Audit Committee shall convene a meeting within a reasonable time, if he finds reason to do so.

~~16.4~~ 17.4 Notice of Audit Committee meetings, in which a matter related to the audit of the Company's financial statements is to be raised, shall be delivered to the Company's External Accountant, who shall be entitled to participate in such meetings.

~~16.5~~ 17.5 The Audit Committee's duties will be: **(a)** to investigate and reveal any deficiency in the management and review any defect in the Company's business administration, *inter alia* in consultation with the Company's Internal Auditor or with the Company's External Accountant and to suggest to the Board of Directors means for their removal or correction. If the Audit Committee has found a certain defect or deficiency which is material, it shall hold at least one meeting to discuss the said defect, with the presence of either the Company's Internal Auditor or the Company's External Accountant, accordingly, and without the presence of any of the Company's Executives or Directors who are not Audit Committee members. In spite of the above-mentioned in this clause (a), Either an Executive or a Director may be present in the meeting for the purpose of presenting a position in regards to a certain issue which is under his responsibility. **(b)** To decide, based on reasons to be specified, in regard to actions as stated in Section 225 of the Israeli Companies Law, whether these are material actions or immaterial actions and in regards to Transactions as stated in Sections 270(1) and 270(4) of the Israeli Companies Law whether these are Extraordinary Transactions or ordinary Transactions, for the purpose of approving them pursuant to the Israeli Companies Law, and the Audit Committee may decide as aforesaid in regards to a certain type of actions or Transactions, in accordance to criteria to be determined by the Audit Committee once a year in advance; **(b1)** To determine, regarding Transactions as stated in Sections 270(4) or (4a) of the Israeli Companies Law, even if they are not Extraordinary Transactions, that a competitive process must be maintained under the supervision of the Audit Committee or entity determined for this

purpose and under the criteria to be determined, or it must be determined that other proceedings, as determined by the Audit Committee, will be held prior to the engagement in such Transactions – all pursuant to the Transaction type, and criteria may also be determined, in this regard, once a year, in advance; **(c)** To decide whether to approve actions and Transactions requiring the approval of the Audit Committee pursuant to Sections 255 and 268 to 275 of the Israeli Companies Law; **(c1)** To determine the manner of approval of Non-Negligible Transactions, including to determine types of Transactions as stated which require the approval of the Audit Committee; in this regard, a "Non-Negligible Transaction" - a Transaction as stated in the first part of Section 270(4) or the first part of Section 270(4a) of the Israeli Companies Law, which the Audit Committee has determined, under the provisions of Article 17.5(b1) abovementioned, that it is not an Extraordinary Transaction and has classified it as a Non-Negligible Transaction, and the Audit Committee may decide regarding classification as stated of a type of transactions based on criteria to be determined once a year, in advance; **(d)** If the work program of the Company's Internal Auditor is approved by the Board of Directors pursuant to Section 149 of the Israeli Companies Law – to examine the work plan prior to submitting it for the approval of the Board of Directors and propose changes thereto; **(e)** To examine the ~~company's~~Company's internal audit system and the function of the Internal Auditor as well as whether he is in disposal of the resources and tools required for the purpose of fulfilling his role, paying attention, *inter alia*, to the ~~company's~~Company's special needs and size; **(f)** To examine the Company's External Accountant's scope of work and wage and to present its recommendations to the organ determining his wage pursuant to Sections 155 and 165 of the Israeli Companies Law; **(g)** To determine arrangements as to the way of handling complaints of the Company's employees regarding deficiency in the management of its business and as to the protection provided to the employees so complaining;

~~16.6~~17.6 The provisions of these Articles of Association regarding (a) the convening of meetings of the Board of Directors, (b) the manner in which meetings of the Board of Directors are conducted (including regarding the manner of participation and adoption of resolutions in writing without convening), (c) quorum at meetings of the Board of Directors and (d) voting rules and procedures at meetings of the Board of Directors, shall all apply, *mutatis mutandis*, to any committee established by the Board of Directors (including, but not limited to, the Audit Committee). Without derogating from the abovementioned, in case of any contradiction whatsoever, the specific procedures detailed in sections 17.8-17.10 hereunder shall prevail.

~~16.7~~17.7 The Board of Directors may - in consultation with the Audit Committee - adopt further regulations pertaining *inter alia* to the decision making process and the procedure of the Audit Committee.

~~16.8~~17.8 The Chairman of the Audit Committee shall be an External Director.

~~16.9~~17.9 Any Individual who is not entitled to be appointed as a member of the Audit Committee shall not be present in the Audit Committee's meetings during the discussion and adoption of resolutions, unless the Chairman of the Audit Committee determined that the Individual is required for presentation of a certain issue. However: (i) A Company employee who is not the Controlling Shareholder or relative of the Controlling Shareholder, may be present in the Audit Committee's meetings during discussions, provided that adoption of resolutions takes place without his presence; (ii) Without derogating from clause (i) above, the Company's legal advisor and the Company's secretary, who are not the Controlling Shareholder or relative of the Controlling Shareholder, may be present in the Audit Committee's meetings during discussions and during adoption of resolutions, if the Audit Committee has requested that.

~~16.10~~17.10 The legal quorum for discussion and adoption of resolutions in the Audit Committee is the majority of the Audit Committee's members, provided that the majority of the members present in the meeting are Independent Directors, and at least one of them is an External Director.

#### **Internal Auditor**

#### ~~Artikel 17.~~Artikel 18.

~~17.1~~18.1 The Board of Directors shall appoint an internal auditor, which shall be appointed in accordance with the proposal of the Audit Committee (the "**Internal Auditor**"). A Person who is an Interested Party, who is either an Executive or a Director or is a Relative of any of these, as well as the External Accountant of the Company or a Subsidiary of the Company, or any Person acting on his behalf, shall not act as Internal Auditor.

~~17.2~~18.2 The Internal Auditor shall be responsible to the Chairman of the Board of Directors or to the General Manager(s), as determined by the Board of Directors.

~~17.3~~18.3 The Internal Auditor shall submit a proposal for an annual or periodical work program for the approval of the Board of Directors, or for the approval of the Audit Committee, as prescribed by the Board of Directors, and the Board of Directors or the Audit Committee, as the case may be, shall approve it, with such amendments as they see fit.

~~17.4~~18.4 The Chairman of the Board of Directors or the chairman of the Audit Committee may require the Internal Auditor to perform an internal audit, in addition to the work program, regarding matters

requiring urgent examination.

~~17.5~~18.5 The Internal Auditor shall examine, inter alia, the propriety of acts of the Company regarding compliance with the law and proper business administration.

~~17.6~~18.6 The Internal Auditor shall submit a report of his findings to the Chairman of the Board of Directors, to the General Manager and to the chairman of the Audit Committee; a report relating to matters audited pursuant to Article 18.4, shall be provided to the Chairman of the Board of Directors or the chairman of the Audit Committee, as the matter may be.

~~17.7~~18.7 The office of an Internal Auditor shall not be terminated without his consent, nor shall he be suspended from his position, unless the Board of Directors has so resolved after hearing the view of the Audit Committee and after giving the Internal Auditor a reasonable opportunity to present his case to the Board of Directors and to the Audit Committee.

~~17.8~~18.8 Notwithstanding any provisions to the contrary in these Articles of Association and solely for the purposes of Article 18.7, the quorum required to open a meeting of the Board of Directors shall be no less than a majority of the Directors.

#### **Financial year. Financial Statements.**

##### ~~Artikel 18.~~Artikel 19.

~~18.1~~19.1 The Company's financial year shall be the calendar year.

~~18.2~~19.2 Annually, not later than five months after the end of the financial year, unless by reason of special circumstances this period is extended by the General Meeting by not more than ~~six~~five months, the Board of Directors shall prepare annual accounts and deposit the same for inspection by the Shareholders at the Company's office.

~~18.3~~19.3 Within the same period, the Board of Directors shall also deposit the annual report for inspection by the Shareholders, unless Section 2:396, paragraph 6, or Section 2:403 of the Dutch Civil Code applies to the Company.

~~18.4~~19.4 The annual accounts shall consist of a balance sheet, a profit and loss account and explanatory notes.

~~18.5~~19.5 The annual accounts shall be signed by the Directors. If the signature of one or more of them is missing, this shall be stated and reasons for this omission shall be given.

~~18.6~~19.6 The Company may, and if the law so requires shall, appoint an Accountant to audit the annual accounts. Such appointment shall be made by the General Meeting.

~~18.7~~19.7 The General Meeting shall adopt the annual accounts.

~~18.8~~19.8 The General Meeting may grant full or limited discharge to the Directors for the management pursued.

#### **Profits and Distributions.**

~~Artikel 19.~~ **Artikel 20.**

~~19.1~~ 20.1 The allocation of profits accrued in a financial year shall be determined by the General Meeting. If the General Meeting does not adopt a resolution regarding the allocation of the profits prior to or at latest immediately after the adoption of the annual accounts, the profits will be reserved.

~~19.2~~ 20.2 Distribution of profits shall be made after adoption of the annual accounts if permissible under the law given the contents of the annual accounts.

~~19.3~~ 20.3 Without prejudice to Article 20.5, the General Meeting may resolve to make interim distributions on Shares and/or to make distributions on Shares at the expense of the freely distributable reserves of the Company. In addition, the Board of Directors may decide to make interim-distributions on Shares.

~~19.4~~ 20.4 Distributions on Shares shall be made payable immediately after the resolution to make the distribution, unless another date of payment has been determined in the resolution.

~~19.5~~ 20.5 Distributions may be made only up to an amount which does not exceed the amount of the Distributable Equity and, if it concerns an interim distribution, the compliance with this requirement is evidenced by an interim statement of assets and liabilities as referred to in Section 2:105, paragraph 4, of the Dutch Civil Code. The Company shall deposit the statement of assets and liabilities at the office of the commercial register within eight days after the day on which the resolution to distribute is published.

~~19.6~~ 20.6 The General Meeting may resolve that a distribution of dividend on Shares shall not be paid in whole or in part in cash but in Shares.

20.7 In addition to the above mentioned in Articles 20.1-20.6 in regards to profits and distributions, and subject to the forgoing provisions and for the fullest extent permitted under Dutch law, as long as the Company's securities are held by the public in Israel - any dividend/distribution by the Company will be executed in compliance with the following provisions 20.8 to 20.15 as described below:

20.8 Either the Board of Directors or the General Meeting may undertake in a contract with third parties - such as creditors of the Company - that it will not make distributions within additional limitations to the provisions of these sections 20.8 to 20.15. A distribution in contradiction to the provisions of these sections 20.8 to 20.15 is a Prohibited Distribution. Prior to the execution of any distribution, the Board of Directors shall be provided with adequate opportunity to determine that the certain distribution is not a Prohibited Distribution.

20.9(a) Either the Board of Directors or the General Meeting may make a distribution out of its profits (hereafter: "**the Profit Test**"), provided that there is no reasonable suspicion that the distribution will prevent

the Company from paying its existing and expected liabilities as they fall due (hereafter: "**the Solvency Test**"); (b) In this section - "Profits", for purposes of the Profit Test – the larger of retained profits or profits accrued in the last two years, all according to the last adjusted audited or reviewed financial statements prepared by the Company, subtracting previous distributions if they were not already subtracted from surpluses, provided that the date for which the financial statements were prepared is not more than six months earlier than the distribution date; "Adjusted Financial Statements" – financial statements adjusted to the index or the financial statements that take or will take their place, all in accordance with accepted accounting principles; "Surpluses" – amounts included in the Company's equity, which stem from its net profit as determined according to accepted accounting principles.

20.10 (a)The Israeli court may, on application by the Company, approve it to make a distribution that does not comply with the Profit Test, provided that it is satisfied that it meets the Solvency Test. (b) The Company shall inform its creditors that it filed an application with the Israeli court as stated in subsection (a). (c) A creditor may apply to the Israeli Court and object to the Company's application for permission to make a distribution. (d) After the Israeli Court has given objecting creditors an opportunity to state their arguments, it may approve the Company's application, in whole or in part, reject it or make its approval subject to conditions. Article 20.5 must be applied.

20.11 If the Company acquired securities that can be converted into or exercised as shares of the Company, it may cancel them; if the Company did not cancel said securities, the Company may resell them or convert them into or exercise them as shares; shares converted or exercised as aforesaid shall be Treasury Shares as long as they are owned by the Company.

20.12 (a) A subsidiary or any other corporation under the Company's control (in this section: "**the Acquiring Corporation**") may acquire shares of the Company or securities that can be converted into or exercised as shares of the Company to the extent to which the Company is allowed to make a distribution, provided that the subsidiary's Board of Directors or managers of the Acquiring Corporation determined that if the acquisition of the shares or securities that can be converted into or exercised as shares had been made by the Company, the acquisition would have been a permitted distribution. (b) If a Prohibited Distribution was in contradiction of sections 20.8 to 20.15 made, the refund stated in Section 20.15 shall be made to the subsidiary or to the Acquiring Corporation and the provisions of Section 20.15 shall apply, mutatis mutandis, to the directors of the subsidiary and to the managers of the Acquiring



Corporation; however, if the Company's Board of Directors determined that the distribution is permitted, the liability shall be with the Company's Directors, as stated in Section 20.15. (c) Notwithstanding the provisions of subsection (a), acquisition by a subsidiary or by an Acquiring Corporation that is not wholly owned by the Company constitutes a distribution in an amount equal to the amount of the acquisition, multiplied by the rate of rights in the subsidiary's capital or in the capital of the Acquiring Corporation held by the Company.

20.13 The acquisition of securities that can be converted into shares, at the amount that was presented as a short- or long- term liability in the last Adjusted Financial Statements due to said securities, shall not be deemed a distribution.

20.14 If the Company made a Prohibited Distribution the shareholders shall return to the Company whatever they received, unless they did not know and should not have known that the distribution carried out was prohibited.

20.15 If the Company carried out a Prohibited Distribution, every person who was a Director at the time of the distribution shall be treated like a person who thereby breached his duties to the Company under Articles 13.11, 15.15, 15.20 and 15.21, as applicable, unless he proved one of the following: (i) That he opposed to the Prohibited Distribution and took all the reasonable measures to prevent it; (ii) That he has, in good faith, exercised reasonable reliance on information under which, had it not been misleading, the distribution would have been permitted; (iii) That under the circumstances, he did not know and should not have known of the distribution.

#### **General Meetings of Shareholders.**

##### **~~Artikel 20.~~ Artikel 21.**

~~20.1~~ **21.1** Annually, within six (6) months after the end of the financial year, an annual general meeting (an "**Annual General Meeting**") shall be held, in which – inter alia – the following items shall be brought forward:

- a. the discussion of the annual report;
- b. the discussion and adoption of the Financial Statements;
- c. discharge of the Directors for their management;
- d. reservation and distribution policy (the height and destination of the reservation, the height and form of the dividend), if any;
- e. appropriation of profits;
- f. any substantial change in the corporate governance structure of the Company;
- g. the (re-)appointment of the External Accountant and, in as far as applicable, another expert appointed thereto by virtue of the law;
- h. possible other proposals brought forward by the Board of Directors with due observance of additional relevant provisions of the law

and the Articles of Association;

- i. the appointment of Non-External Directors for an additional term;
- j. if applicable, the appointment of External Directors (whether or not for an additional term of three (3) years).

~~20.2~~21.2 The Board of Directors shall give the General Meeting the opportunity to ask questions and ask for information.

All reasonable questions will be answered and all reasonable requests for information will be fulfilled subject to the decision of the chairman of the General Meeting.

~~20.3~~21.3 Unless this would be contrary to an overriding interest (*zwaarwichtig belang*) of the Company, the Board of Directors shall provide the General Meeting with all information requested by the General Meeting, including but not limited to (as applicable):

- minutes of General Meetings;
- an extract of the Company's register of shareholders (*aandeelhoudersregister*);
- any document held by the Company regarding an act or Transaction requiring the approval of the General Meeting under the provisions of Article 15;
- the Company's Articles of Association and its Financial Statements, as well as the Company's financial statements drawn up in accordance with Israeli law;
- any document which the Company is required to file under any applicable law with the Israeli Companies Registrar and/or the Dutch Companies registrar and/or the Israeli Securities Authority, available for public inspection at the Israeli Companies Registrar and/or the Dutch Companies registrar and/or the Israeli Securities Authority, as the case may be.

#### **Extraordinary General Meetings.**

##### ~~Artikel 21~~Artikel 22.

~~21.1~~22.1 Extraordinary General Meetings shall be called for and held as often as deemed necessary by the Board of Directors and shall be held at the request of Shareholders, representing at least five percent (5%) of the issued share capital of the Company, or at the request of two (2) Directors.

~~21.2~~22.2 The request referred to in Article 22.1:

- a. must be in writing;
- b. must state any resolution, and the wording of any resolution, proposed to be put on the agenda for, and to be adopted at, the General Meeting;
- c. must be signed by the Shareholder(s) making the request; and
- d. must be given to the Company.

~~21.3~~22.3 General Meetings as requested pursuant to Article 22.1 must be called within twenty-one (21) days after the request is given to the

Board of Directors. The meeting is to be held not later than two (2) months after the request is given to the Company with the notice convening such General Meeting to be given in accordance with the other provisions of these Articles of Association.

~~21.4~~22.4 If the Board of Directors does not convene a General Meeting within the twenty-one (21) day period referred to in Article 22.3, the two relevant Directors or Shareholders who represent fifty percent (50%) of the votes of all of the Persons who made, or were so represented in respect of, the request under Article 22.1, may call, and arrange to hold, a General Meeting, to be held within three (3) months of the request given under Article 22.1, at the cost of the Company, including the reasonable expenses of the Shareholders. The notice convening such General Meeting must be given in accordance with the other provisions of these Articles of Association.

#### **Place and notice of General Meetings.**

##### ~~Artikel 22.~~Artikel 23.

~~22.1~~23.1 General Meetings shall be held at Amsterdam, Haarlemmermeer (Schiphol Airport), Rotterdam, or The Hague, the Netherlands, and at the time and location stated in the notice convening such General Meeting.

~~22.2~~23.2 Without prejudice to Article 22.4, any notice convening a General Meeting shall be given by the Board of Directors.

~~22.3~~23.3 Any notice of a General Meeting shall exclusively be given:

- a. with due observance of the provisions of Article 24 and Article 30, and shall state the location and time of, and in case the General Meeting may be attended and addressed by way of telephone or video conferencing pursuant to Article 26.2, the details for such conferencing, and agenda (and possible other information) for, the General Meeting;
- b. to every Shareholder and other persons entitled to receive notices of meetings and notifications pursuant to Article 30.2; and
- c. to the auditor to the Company.

~~22.4~~23.4 Written requests as referred to in Article 22.1 and Article 24.3 may be submitted electronically and such written requests shall comply with conditions stipulated by the Board of Directors, which conditions may be posted on the Company's website.

#### **Notice period. Agenda.**

##### ~~Artikel 23.~~Artikel 24.

~~23.1~~24.1 The notice convening a General Meeting shall be sent no later than on the ~~fifteenth (15<sup>th</sup>)~~ thirty fifth (35<sup>th</sup>) day prior to the meeting-, unless an earlier date is required due to the shares of the Company being admitted to trading on a regulated market as referred to in section 1: 1 of the Act on Financial Supervision (Wet op het financieel toezicht). The notice shall always contain or be accompanied by the agenda for the

meeting, the place and ~~contact details~~ time of the meeting, the procedure for the purpose of receiving participation in the general meeting by written proxy appointments and the address of the website of the Company, unless additional items are required to be included in this notice due to the shares of the Company being admitted to trading on a regulated market.

~~23.2~~24.2 The agenda of the General Meeting shall contain such subjects to be considered at the General Meeting as the person(s) convening the meeting shall decide. No valid resolutions can be adopted at a General Meeting in respect of subjects that are not mentioned on the agenda.

~~23.3~~24.3 Without prejudice to the provisions of Article 22, holders of Shares who alone, or in the aggregate (i) represent at least one percent (1%) of the issued capital, or (ii), as long as the Shares of the Company are admitted to official quotation on TASE or another stock exchange as referred to in article 1.1 of the Act on Financial Supervision (*Wet op het financieel toezicht*), that is under the supervision of the government or of an authority or organization recognized by the government, representing a value of at least fifty million euro (EUR 50,000,000) according to the official price list of the stock exchange concerned, can request the Board of Directors to place a matter on the agenda, provided such request is duly motivated and that the Company has received such request at least sixty (60) days prior to the date of the General Meeting concerned and provided that it is not in violation of the principles of reasonableness and fairness (*redelijkheid en billijkheid*).

#### **Chair of General Meetings. Minutes.**

##### ~~Artikel 24.~~Artikel 25.

~~24.1~~25.1 General Meetings shall be presided by the Chairman of the Board of Directors. In case of absence of the Chairman of the Board of Directors, the meeting shall be presided by any other individual nominated by Board of Directors. The chair of the General Meeting shall appoint the secretary of that meeting.

~~24.2~~25.2 The secretary of the meeting shall keep the minutes of the business transacted at the General Meeting. Minutes shall be adopted and in evidence of such adoption be signed by the chair and the secretary of the General Meeting.

~~24.3~~25.3 A certificate signed by the chairman and the secretary of the meeting confirming that the General Meeting has adopted a particular resolution, shall constitute evidence of such resolution vis-à-vis third parties.

~~24.4~~25.4 The ~~chair~~chairman of the General Meeting may request a civil law notary (*notaris*) to include the minutes of the meeting in a notarial official record (*notarieel proces-verbaal*).

#### **Attendance of General Meetings.**

~~Artikel 25.~~ **Artikel 26.**

~~25.1~~ **26.1** All Shareholders are entitled to attend the General Meetings, to address the General Meeting and to vote, provided that, and if so required as set out in the notice convening the meeting, such Person has notified the Board of Directors in writing of such person's intention to be present at the General Meeting or to be represented not later than the time specified in the notice convening the meeting.

~~25.2~~ **26.2** If so determined by the Board of Directors, General Meetings may also be attended and addressed (but no voting may so be established) by means of telephone or video conference, provided each Person entitled to attend and address the General Meeting pursuant to Article 26.1 ~~can hear and be heard at the same time~~, can be identified via electronic means communication, can hear and be heard at the same time. The Board of Directors may impose further conditions on the use of electronic means of communication, provided that they are reasonable and necessary for the identification of the shareholder and the reliability and security of communications.

~~25.3~~ **26.3** Without regard to any other provision of this Article 26, for as long as the Company's Shares are listed on TASE, any Shareholder shall be entitled, through the presentation of a written "certificate of ownership" that shall be given by a Member of TASE, to participate in the General Meeting and also to vote through the Shares that are held by a Nominee Company and are registered with a Member of TASE.

~~25.4~~ **26.4** The Board of Directors may determine that the persons who are entitled to attend the General Meeting are (i) Shareholders as at a certain date, determined by the Board of Directors (the "**Record Date**") and (ii) who are as such registered in a register (one or more parts thereof) designated thereto by the Board of Directors, regardless whether they are a Shareholder or Person otherwise entitled to attend the General Meeting at the time of the General Meeting.

~~25.5~~ **26.5** The Record Date cannot be earlier than the date permitted by Dutch law and the Listing Rules. The notice (*oproeping*) of the General Meeting shall contain the Record Date, the procedure for registration, and the procedure for registration lodgement of valid proxies.

~~25.6~~ **26.6** To the extent that the Board of Directors makes use of its right as referred to in Article 26.4, the Board of Directors may decide that persons entitled to attend General Meetings and vote thereat may, within a period prior to the General Meeting to be set by the Board of Directors, which period cannot begin prior to the Record Date, cast their votes electronically in a manner to be decided by the Board of Directors. Votes cast in accordance with the previous sentence are equal to votes cast at the meeting.

~~25.7~~ **26.7** The Board of Directors may decide that each Person entitled to attend General Meetings and vote thereat may, either in person or by

written proxy, vote at that meeting by electronic means of communication, provided that such Person can be identified via the electronic means of communication and furthermore provided that such Person can directly take note of the business transacted at the General Meeting concerned. The Board of Directors may attach conditions to the use of the electronic means of communication, which conditions shall be announced at the convocation of the General Meeting and may be posted on the Company's website.

**Proxies.**

~~Artikel 26.~~ **Artikel 27.**

~~26.1~~ 27.1 Shareholders may be represented by proxies duly authorised in writing and provided notice and proxy appointments are given in the form approved by the Board of Directors with due observance of this Article 27. Such proxies shall be admitted to the General Meeting.

~~26.2~~ 27.2 The instrument appointing the proxy given in accordance with Article 27.1, and any power of attorney or other authority (if any) under which the instrument is signed, must be deposited not less than forty-eight (48) hours before the start of the General Meeting or adjourned General Meeting (or such lesser time as set out in the notice convening the General Meeting), at the office address of the Company or at such other place as is specified for that purpose in the notice convening the General Meeting.

~~26.3~~ 27.3 The Company shall procure that Shareholders may vote at a General Meeting by means of a proxy card ("**Proxy Card**") in the form and wording as published by the Company prior to the General Meeting, in which a Shareholder indicates its vote with respect to the subject matter on the agenda of the General Meeting.

~~26.4~~ 27.4 A template Proxy Card shall be published by the Company through the filling website of the ISA (Magna); a Shareholder may indicate its vote on the Proxy Card and send it to the Company.

A Proxy Card on which a Shareholder has indicated his vote and which has reached the Company no later than on the last day prescribed for such delivery shall be considered as presence at the meeting for the purposes of any quorum requirement (in respect of the Shares for which it is issued).

~~26.5~~ 27.5 A duly executed Proxy Card received by the Company as provided in this Article 27 regarding a particular matter in respect of which no vote was held at the General Meeting shall be considered abstained (in respect of the Shares for which it is issued) in the vote at such General Meeting in respect of a resolution to hold an adjourned meeting, and shall be counted at such adjourned meeting.

~~26.6~~ 27.6 All matters regarding the admittance to the General Meeting, the exercise of voting rights and the outcome of the votes, as well as any other matters regarding the proceedings at the General Meeting shall

be decided upon by the chair of that meeting, with due observance of the provisions of Section 2:13 of the Dutch Civil Code.

**Adoption of resolutions. Quorum. Adjournments.**

~~Artikel 27.~~ **Artikel 28.**

~~27.1~~ **28.1** Resolutions in the general meeting shall be adopted by a cast of votes, in a manner that each Share shall confer the right to cast one vote. If there is a tie of votes in a vote, the proposal is thus rejected. Save as provided otherwise by Dutch law or these Articles of Association, resolutions at a General Meeting shall be validly adopted if adopted by more than half of the votes cast. Votes that attach to Shares in respect of which the Shareholder has not taken part in the vote or has abstained or, if applicable, has returned a blank or spoilt ballot paper shall not be counted.

~~27.2~~ **28.2** Any resolution to be considered at a General Meeting shall be decided on in the manner described in the notice of the meeting. If the notice of the meeting does not describe the manner of voting, the manner of voting shall be decided by the chair of the meeting.

~~27.3~~ **28.3** The ~~chair~~ **chairman** shall determine any dispute as to the admission or rejection of a vote and such determination made in good faith shall be final and conclusive, subject to any judicial examination by any competent court. An objection to the qualification of a Person to vote raised before or at the General Meeting shall be decided upon by the chair of the meeting, whose decision shall be final, subject to any judicial examination by any competent court.

~~27.4~~ **28.4** If the voting concerns the appointment of an individual and more than one individual has been nominated for appointment, then votes shall be taken until one of the nominees has obtained an absolute majority of the votes cast. The further votes may, at the chair's discretion, be taken at a subsequent General Meeting.

**Voting right per Share.**

~~Artikel 28.~~ **Artikel 29.**

A Shareholder may vote in a different manner on each Share held by him.

**Notices.**

~~Artikel 29.~~ **Artikel 30.**

~~29.1~~ **30.1** Notices of meetings and notifications which by Dutch law or pursuant to these Articles of Association must be made to Shareholders shall made by announcement in a Dutch nationally distributed newspaper.

~~29.2~~ **30.2** Notices of meetings and notifications which by Dutch law or pursuant to these Articles of Association must be made to Shareholders and to any other Persons entitled by Dutch law to attend a General Meeting, shall also be given, provided the Shares are listed on TASE, to any other Person to whom the Company is required to give notice under the Listing Rules, with such notices and notifications to be

written in the Hebrew language and any other language determined by Listing Rules or the Board of Directors.

~~29.3~~30.3 Without prejudice to the provisions of Article 30.1, for as long as the Company's Shares are listed on TASE, the notices referred to in Article 30.2 shall also be given by means of announcement in at least two (2) nationwide daily newspapers in Israel and an immediate report as referred to in the ISL, all in the Hebrew language.

The obligation to convoke by notice in at least two (2) nationwide daily newspapers in Israel and an immediate report as referred to in the ISL shall no longer exist, if and to the extent the obligation thereto does no longer exist pursuant to Israeli Companies Law ~~and~~ the ISL (or any law or regulation replacing those).

~~29.4~~30.4 Unless provided otherwise in these Articles of Association, where a period of notice is required to be given, the day on which the notice is deemed to be served will, but the day of doing the act or other thing will not be included in the number of days or other period.

~~29.5~~30.5 Notifications which by Dutch law or under these Articles of Association, are to be addressed to the General Meeting may take place by including the same in the notice of the General Meeting or in a document which has been made available for inspection at the offices of the Company, provided this is mentioned in the notice of the meeting.

~~29.6~~30.6 Notifications of Shareholders and other notifications to be addressed to the Board of Directors shall be sent by letter to the office of the Company or to the addresses of all members of the Board of Directors.

#### **General Meeting. Listing Rules.**

##### ~~Artikel 30.~~Artikel 31.

~~30.1~~31.1 For as long as the Company's Shares are listed on TASE, any notice as referred to in Article 30.1 through Article 30.3, will be given with due observance of the Listing Rules and Dutch law.

~~30.2~~31.2 For as long as the Company's Shares are listed on TASE, to the fullest extent permitted by Dutch law, all Listing Rules shall apply to the convening and holding of a General Meeting. For the avoidance of doubt, this shall also include the rights of any Person for whose benefit a Share is registered with a Member of TASE and consequently qualifies, pursuant to and in accordance with Article ~~4.3,~~4.5, as holder of such Share.

#### **Amendment of the Articles of Association and Dissolution.**

##### ~~Artikel 31.~~Artikel 32.

~~31.1~~32.1 A resolution to amend the Articles of Association or to dissolve the Company may only be adopted in a General Meeting, in which at least half of the issued capital is represented and - save as provided in Article 32.2 - exclusively at (i) the proposal of the Board of Directors,



or (ii) at the proposal of one or more Shareholders representing more than half of the issued capital.

~~31.2~~32.2 A resolution as referred to in Article 32.3 shall only be adopted at the proposal of the Board of Directors.

~~31.3~~32.3 A proposal of the Board of Directors referred to in Article 32.2, to amend the Articles of Association in such way that one or more of the provisions of Article 15 or this Article 32.3 shall be amended, shall require an explicit resolution of the Board of Directors with an affirmative vote of the majority of the members of the Board of Directors who are members of the Audit Committee, as well as with the approval of the General Meeting with a Special Majority, all in accordance with Article 15.16.

~~31.4~~32.4 When a proposal to amend the Articles of Association is to be made to the General Meeting, such shall be stated in the convocation, whereas at the same time a copy of the proposal stating the proposed amendment verbatim, shall be deposited at the offices of the Company for inspection by each Shareholder until the conclusion of the General Meeting.

~~31.5~~32.5 When the required issued capital is not represented at a meeting, a second meeting shall be held within four (4) weeks after the first General Meeting, in which a resolution as referred to in Article 32.1 may be adopted, regardless the capital represented at such meeting, but at a proposal as mentioned in Article 32.1. The convocation for subject General Meeting may first be issued after the date on which the initial General Meeting was held and shall furthermore be made in accordance with Article 30.

### **Liquidation**

#### ~~Artikel 32.~~Artikel 33.

~~32.1~~33.1 In the event of the dissolution of the Company by virtue of a resolution of the General Meeting, the Directors shall be charged with the liquidation, unless the General Meeting should charge a special committee with the liquidation.

~~32.2~~33.2 In its resolution to dissolve the Company, the General Meeting shall also determine the remuneration of the liquidators.

~~32.3~~33.3 The liquidation shall otherwise be subject to the relevant statutory provisions.

### **Remuneration Committee**

#### ~~Artikel 33.~~Artikel 34.

~~33.1~~34.1 The Board of Directors shall appoint a Remuneration Committee.

~~33.2~~34.2 There shall be not less than three (3) Persons on the Remuneration Committee. The members of the Remuneration Committee shall be chosen from Board of Directors and shall at all times comprise of all appointed External Directors. The majority of members of the Remuneration Committee shall be External Directors

and the rest of the members shall be Directors whose Terms of office and employment are pursuant to the provisions set forth under Article 12.21 (in regards to External Directors).

~~33.3~~34.3 The chairman of the Remuneration Committee shall be an External Director.

~~33.4~~34.4 The provisions of Articles 17.2, 17.8 and 17.9 shall apply to the Remuneration Committee, *mutatis mutandis*.

~~33.5~~34.5 The duties of the Remuneration Committee are:

- (a) to provide a recommendation to the Board of Directors regarding the Remuneration Policy for Executives, as defined in Article 35.1, and to provide a recommendation thereto, every three years, regarding the approval of the continued validity of the Remuneration Policy determined for a period exceeding three years, as provided in Article 35.2;
- (b) to provide a recommendation to the Board of Directors regarding the update, from time to time, of the Remuneration Policy and to review the implementation thereof;
- (c) to determine whether to approve Transactions regarding the Terms of office and employment of Executives and/or directors requiring the approval of the Remuneration Committee under Articles 35.6 and 15.5(A);
- (d) to exempt a Transaction from General meeting approval in accordance to Article 35.11.

34.6 An Audit Committee which meets the conditions included in Articles 34.2 and 34.3 may also serve as a Remuneration Committee.

#### **Remuneration Policy for Executives and Approval of Transactions**

##### ~~Artikel 34.~~**Artikel 35.**

~~34.1~~35.1 (A) The Board of Directors shall determine the Remuneration Policy after considering the recommendations of the Remuneration Committee submitted thereto under Article 34.5. The Remuneration Policy must be approved by the General meeting.

(B) the approval of the General Meeting, in accordance to Article 35.1(A) herewith, will include at least one of the following conditions:

- (i) the majority of votes at the General Meeting includes at least a majority of all of the votes of those Shareholders that are neither controlling shareholders in the Company or not do they have a Personal Interest in the approval of the Remuneration Policy, who are participating in the vote (in the count of all votes, abstentions shall not be taken into account);
- (ii) the total of opposition votes amongst the Shareholders

referred to under (i) above shall not be greater than two percent (2%) of all the voting rights in the Company.

(C) in spite of the above-mentioned in Articles 35.1(A) and 35.1(B), the Board of Directors is entitled to determine the Remuneration Policy even though the General Meeting opposed its approval, only if the Remuneration Committee followed by the Board of Directors have decided, based on detailed reasons and after re discussion of the Remuneration Policy, that the approval of the Remuneration Policy, despite the opposition of the General Meeting, is for the benefit of the Company. This Article 35.1(C) will not apply in regards to the Directors' Remuneration Policy.

~~34.2~~ 35.2 A Remuneration Policy for a period exceeding three years requires approval once every three years. Approval pursuant to this Article shall be given in the manner with which the Remuneration Policy was determined either under Articles 35.1(A)-35.1(C) above or (only in regards to Directors' Remuneration Policy) just Articles 35.1(A)-35.1(B).

~~34.3~~ 35.3 The Board of Directors will review, from time to time, the Remuneration Policy as well as the need to adapt it to the provisions of Article 35.4 below, if a material change applies to the circumstances previously existing when it was determined or for other reasons.

~~34.4~~ 35.4 The Remuneration Policy will be determined, inter alia, based on the following considerations: (i) promoting the purposes of the Company, its work plan and its policies on a long-term basis; (ii) creating proper incentives for Executives of the Company, considering, inter alia, the risk management policy of the Company; (iii) the size of the Company and its manner of operation; (iv) regarding the Terms of office and employment which include variable components – the contribution of the Executive in achieving the Company's targets and its profits, all on a long term basis and in accordance with the position of the Executive.

~~34.5~~ 35.5(A) The Remuneration Policy shall include, inter alia, reference to the following matters:

- i. the education, skills, expertise, professional experience and achievements of the Executive;
- ii. the function of the Executive, his scope of responsibility and previous salary agreements signed therewith;
- iii. the relationship between the Terms of office and employment of the Executive to the salary of other Company employees and of employees of contractors employed with the Company, specifically the relationship between the average salary and the median salary of employees as stated and the impact of the gaps between them on the work relationships in the Company;
- iv. if the Terms of office and employment include variable components – the option of reducing the variable components at the discretion

- of the Board of Directors, and the option of determining a ceiling of the exercise value of the capital variable components which are not paid in cash;
- v. if the Terms of office and employment included Termination of employment benefits – the term of office or employment of the Executive, the terms of his office and employment in this term, the performance of the company in the said term, the contribution of the Executive in achieving the company's targets and for maximizing its profits and the circumstances of termination.
- (B) The Remuneration Policy will set forth, inter alia, the following provisions:
- i. Regarding variable components in the Terms of office and employment:
    - a. The components shall be based on performance with a long-term perspective, based on measureable criteria. However, the Company may determine that an insubstantial part of the said components will be granted based on criteria that cannot be measured considering the Officer's contribution to the Company; and
    - b. The relationship between the variable components and the fixed components, and the ceiling for the value of variable components at the time of payment. However, regarding capital variable components which are not paid in cash – a ceiling of their value on the grant date.
  - ii. A condition according to which the Executive will return to the Company, under the terms determined in the Remuneration Policy, amounts paid thereto as part of the terms of tenure and employment, if paid thereto on the basis of data which was found to be mistaken and which was restated in the financial statement of the Company.
  - iii. The holding period or minimum vesting of the capital variable components in the terms of tenure and employment, with reference to appropriate incentives on a long term basis.
  - iv. The limit for Termination of employment benefits.

~~34.6~~35.6 The following Transactions of the Company require approval as set out in Articles 35.7-35.13 below and provided that the Transaction would benefit the Company:

- (a) a Transaction of the Company with an Executive regarding the Terms of his office and employment;
- (b) a Transaction of the Company with a Director regarding the Terms of his office and employment, regarding his office as a Director, and regarding his employment in other positions – if so employed.

~~34.7~~35.7 A Transaction of the Company as detailed in Article 35.6(a) excluding a Transaction with the general manager of the Company as stated

in Article 35.9-, requires the approval of the Remuneration Committee and thereafter approval of the Board of Directors.

~~34.8~~ 35.8 Approval of the Remuneration Committee and the Board of Directors in regards to Article 35.7 shall be in accordance with the Remuneration Policy. The Remuneration Committee and thereafter the Board of Directors may, in unique cases, approve a Transaction as stated in the same paragraph which is not in accordance with the Remuneration Policy upon the occurrence of two of the following: (a) The Remuneration Committee and thereafter the Board of Directors have approved the Transaction, inter alia, based on the considerations listed in Article 35.4 above, while addressing the matters listed in Article 35.5(A) and provided that the Transaction, inter alia, includes the provisions as stated in Article 35.5(B); (b) The General Meeting has approved the Transaction in accordance either to Article 35.1(B)(i) or to Article 35.1(B)(ii).

In spite of the above-mentioned in Article 35.8, the Remuneration Committee followed by the Board of Directors are entitled, in unique cases, to approve such a Transaction, even though the General Meeting opposed its approval, provided that the Remuneration Committee followed by the Board of Directors, decided on this, based on detailed reasons, after re discussion of the Transaction, and after reviewing in this discussion, inter alia, the opposition of the General Meeting.

~~34.9~~ 35.9 A Transaction of the Company, with the general manager of the Company, for which the provisions of Article 35.6(a) above applies, requires the approval of the following, in the following order:

- (A) The Remuneration Committee;
- (B) The Board of Directors;
- (C) The General Meeting, in accordance to Article 35.1(B)(i) or to Article 35.1(B)(ii). In regards to the approval of the General Meeting, Article 35.8 shall apply;

~~34.10~~ 35.10 Approval of the Remuneration Committee and approval of the Board of Directors as stated in Article 35.9 shall be pursuant to the Remuneration Policy. However, the Remuneration Committee followed by the Board of Directors may, in unique cases, approve the Transaction in a manner different from the said policy, provided that the provisions of Article 35.8 are met. Nothing in this Article derogates what is stated in Article 35.9(C) above.

~~34.11~~ 35.11 Notwithstanding the provisions of Article 35.9(c) above, the Remuneration Committee may exempt from the approval of the General Meeting a Transaction with a nominee for office as general manager of the Company who meets the requirements stated in Articles 12.7(iii), 12.7(iv) and 12.8 above, if the committee has found that, based on detailed reasons, presenting the Transaction to the General Meeting for its approval will jeopardize the Transaction, and provided that the Transaction is in line with the Remuneration Policy.

~~34.12~~ 35.12 Notwithstanding the provisions of Articles 35.7 and 35.9 above, a Transaction of the Company, which complies with the provisions of Article 35.6(a) and is a change of an existing Transaction, shall be subject only to the approval of the Remuneration Committee, if the said committee has confirmed that the change in the terms of employment isn't material in comparison to the existing Transaction.

~~34.13~~ 35.13 (a) A Transaction of the Company, which complies with the provisions of Regulation 35.6(b), requires the approval of the Remuneration Committee, followed by the approval of the Board of Directors and thereafter the approval of the General Meeting; (b) Approval of the Remuneration Committee and approval of the Board of Directors as stated in this Article 35.13(a), shall be pursuant to the Directors' Remuneration Policy, however, the Remuneration Committee followed by the Board of Directors may, in unique circumstances, approve the Transaction other than pursuant to the said policy, provided that the provisions of Article 35.8 are fulfilled and the approval of the General Meeting is either in accordance to Article 35.1(B)(i) or Article 35.1(B)(ii).

## **Financial Statements Committee**

### **Artikel 36**

The Board of Directors shall by resolution appoint a Financial Statements Committee.

The Financial Statements Committee will discuss in its meetings and finalize a conclusion for the Board of Directors regarding all the following:

- (a) The evaluations and estimates made in connection with the financial statements.
- (b) The internal controls relating to financial reporting.
- (c) The wholeness and adequacy of disclosure in the financial statements.
- (d) The accounting policy adopted and accounting treatment implemented in the Company's material matters.
- (e) Valuations, including the assumptions and estimates underlying them, on which data in the financial statements rely.

The External Accountant will be invited to all the meetings of the Financial Statements Committee and the Internal Auditor will receive notices of the Committee's meetings and may participate thereat.

The Financial Statements Committee will have forwarded its recommendations regarding approval of the financial statements to the Board of Directors a reasonable time prior to the meeting of the Board of Directors' and report to it of any defect or problem found during the review.

The Board of Directors will discuss the recommendations of the Financial Statements Committee.

The Financial Statements Committee will meet all the following:

- (1) The number of its members will not be less than three and they meet all the conditions prescribed in Article 17.2 above;
- (2) The chairman of the Committee will be an External Director;
- (3) All its members are Directors and the majority are Independent Directors;
- (4) All its members have the ability to read and understand financial statements and at least one of the Independent Directors has Accounting and Financial Expertise.
- (5) The Committee's members gave a Statement prior to their appointment;
- (6) The quorum for discussing and making decisions on the Committee will be the majority of its members provided however that the majority of the present members are Independent Directors including at least one External Director.

„Statement“ - one of the following:

- (1) The statement of a candidate for membership in the Financial Statements Committee based on his ability to read and understand financial statements;
- (2) With respect of a candidate to serve as a Director with Accounting and Financial Expertise in the Financial Statements Committee, a Declaration as prescribed in Article 12.13 above;

An Audit Committee which meets the conditions included in Article 17 may also serve as a Financial Statements Committee.

### **Material Private Placement**

#### **Artikel 37**

37.1 A Private Placement which establishes one of the following:

- (1) An offer awarding twenty percent or more of the total voting rights in the Company in practice prior to the issue whereby the consideration, in entirety or in part, is not in cash or securities registered for trade on TASE or which is not on market terms, and whereby as a result of which a Substantial Shareholder's holdings shall increase in the Company's holdings, or as a result of which an Individual shall become a Substantial Shareholder following the issue (in this Article - an Interested Party);
- (2) As a result of which an Individual shall become a Controlling Shareholder in the company;

37.2 In the matter of this paragraph all the private placements that shall establish one of the following shall be considered as one private placement: (1) They were executed during a period of 12 consecutive months for that same offeree or his representative, his family member, to a corporation under his control or the control of his family member, and when the offeree is a corporation - also to the holders of a controlling interest in the offeree, to the family

member of a holder of a controlling interest and to a corporation under the control of a holder of a controlling interest or under the control of his family member;(2) They were executed during a period of twelve (12) consecutive months and a consideration was determined in them for the same asset and various securities of one company will be considered the same asset;(3) They constitute a part of one transaction or they are conditional upon each other;

37.3 In the matter of the market terms pursuant to this paragraph, the offer shall be considered as an offer on market terms if the board of directors has determined, based on detailed grounds, that the offer is on market terms, unless it has been proven otherwise, and in regards to holding of Company securities pursuant to paragraph 37.1 above , securities convertible into shares, that the same individual holds or that shall be issued to him pursuant to the private placement, shall be considered to have been converted by him.

37.4 Material Private Placement requires the approval of the Board of Directors followed by the approval of the General Meeting.

### **Creditors' Arrangement**

#### **Artikel 38**

As long as the Company's securities held by the public in Israel and to the fullest extent permitted by Dutch law, the following will apply -

38.1 Where a compromise or arrangement is proposed between the Company and its creditors, or any class of them, the court may, on the application of the Company, a creditor or a liquidator, order a meeting of the creditors or class of creditors to be summoned in such manner as the Court directs.

38.2 If a majority in number representing seventy-five percent (75%) in value of the creditors or class of creditors, as the case may be, present and voting either in person or by proxy at the meeting, agree to any compromise or arrangement, the compromise or arrangement, if sanctioned by the court (and, if applicable, provided the order of the court is filed with the Dutch trade register or at the address of the Company and annexed to every copy of the Articles of Association issued after the order is made), is binding on all the creditors or class or creditors, as the case may be, and also on the Company or, in the case the Company is in liquidation, on the liquidator and on every person liable to contribute to the assets of the Company in the event of its liquidation.

38.3 The court that approved the compromise or arrangement will be qualified to discuss the differences revealed regarding the interpretation of



the compromise or arrangement relating to their application or approval.**Jurisdiction**

**Artikel 39**

39.1 As long as the Company's securities held by the public in Israel, any and all matters deriving from the implementation of the Israeli Companies Law (1999) in accordance to the Israeli Securities Act (1968), to the extent permitted by Dutch law, will be governed by Israeli Law and the exclusive jurisdiction of the courts of Israel, including, inter alia and without derogating from the generality of the abovementioned, the substantial Israeli Law in regards to Derivative Actions and Administrative Enforcement Measures imposed by ISA;

39.2 As long as the Company's securities held by the public in Israel and to the fullest extent permitted by Dutch law, it may enter into agreements, obligations and arrangements with others (including, inter alia, its creditors) governed by Israeli law and in Israeli courts and can submit disputes deriving from these agreements, obligations and settlements (all governed by Israeli law as stated above) to the exclusive jurisdiction of the courts of Israel.

**Final statement.**

The appearer finally declared:

- that the proceedings of the above mentioned general meeting appear from the minutes of that meeting of which minutes a copy will be attached to this deed (**Annex**);
- that the following is proposed and agreed upon during the General Meeting of the Company: as the Company's shares were initially offered to the public in Israel and are registered for trade on the TASE, in accordance with Israeli law, the provisions of Section 39A of the Israeli Securities Law 5728-1968 apply in regards to the Company, and hence certain provisions of the Israeli Companies Law and those provisions apply in addition to the articles of association of the Company and Dutch Law. The laws that apply to the Company as a result of the aforementioned legislation need to be integrated in full in the articles of association of the Company, mutatis mutandis, to the extent possible. Therefore, to endeavor that all steps necessary under Israeli law and Dutch law have been taken in order to be in compliance with both legislative regimes, as applicable from time to time, the Shareholders have approved the amendment of the articles of association of the Company in accordance with the draft deed of amendment dated ++, which draft deed is prepared by the Dutch civil-law notaries office Notariskantoor Spier & Hazenberg in Amsterdam and made available for inspection through the website of the Company and at the offices of the Company. The draft deed provides amongst others for the integration of the applicable Israeli legislation and regulations provided

by Israeli Companies Law .

**End deed.**

The appearer is known to me, civil law notary, and the identity of the appearer has been checked by me, civil law notary, by the for that purpose intended document.

OF WHICH THIS DEED was executed in Amsterdam on the date mentioned in the preamble of this deed. After the text of this deed had been stated and explained in substance of the appearer, he declared to have taken cognisance beforehand of the contents thereof and not to require it to be read out in full.

This deed was subsequently signed by the appearer and me, civil law notary, after limited reading-out.