YEHUDA HOTELS LTD.

Long Term Lease Agreement
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Long Term Lease Agreement

This Agreement is made and entered into in Jerusalem on the ____________ day of ________, 1998, with full force and effect as of the first day of January, 1998, by and between

Yehuda Hotels Ltd.
of 47 King George Street
Jerusalem
Israel

(hereinafter called the "Company")
of the one part

and

Ester Rosenberg
Mrs. Erida Rosenberg

of Casa del Sire 305
P.O. Box 55 14543
Nassau, Bahamas

(hereinafter called the "Lessee")
of the other part

RECITALS

WHEREAS, the Company is incorporated and existing pursuant to, and governed by, the laws of the State of Israel (public Company # 52-28952), and is registered in the Land Registry Office of the State of Israel, as the owner of that parcel of land known as Block 30037, Parcel 140 (book no. 1015, page 6004), (the "Parcel"); and

WHEREAS, there is situated upon the Parcel a building constructed by the Company and owned and operated by it as a deluxe hotel called the "Jerusalem Sheraton Plaza Hotel" (the "Building" and the "Hotel", respectively); and

WHEREAS, the Building is comprised of 180 hotel rooms which are made available, for remuneration, to transient, commercial clients of the Hotel in the normal course of the Company's hotel business (the "Hotel Rooms" and the "Hotel Guests," respectively), and a total of 71 (seventy one) residential apartments (the "Residential Apartments"), including the Apartment, as defined below, which will be governed by this Long Term Lease Agreement (the "Agreement") and certain public areas, storage areas, catering halls, offices and ancillary facilities; and
WHEREAS, prior to the execution of this Agreement and to the amendment of the Company's Articles of Association, the Lessee had been a shareholder of the Company, being the unencumbered owner of 5732 "B" class shares of the Company numbered to (both inclusive) (the "Shares" or "Class B Shares"); and

WHEREAS, as a holder of Class B Shares, Lessee had certain rights to use Residential Apartment # but had no property rights in the Residential Apartment associated with his Class B Shares and the Company owned all of the Residential Apartments; and

WHEREAS, pursuant to the Company's Articles of Association, prior to amendment, the holders of Class B Shares (the "Class B Shareholders"), in effect, participated in the Hotel business and accordingly had certain responsibilities with respect to the expense of the maintenance of the Building and the operation of the Hotel, as set forth in the Company's prior Articles of Association, and also shared to an extent in the revenues of the Company; and

WHEREAS, the Class B Shareholders requested to terminate their relationship with the Company as holders of Class B Shares and to enter into a long term lease with the Company, as set forth herein, which lease shall provide for the integration of the Lessee's Apartment into the overall operation of the Building, the Hotel, and any other business, commercial or residential use of the Building which the Company may determine from time to time (the "Business") as set forth herein; and

WHEREAS, detailed discussions and negotiations to determine the nature, form and scope of the long term lease agreement were conducted with representatives of, and legal counsel for, the Class B Shareholders which execute a long term lease agreement with the Company; and

WHEREAS, as a result of such discussions and negotiations the Company and its shareholders have agreed to restructure the Company so as to cancel the Class B Shares and the Company desires to provide the former Class B Shareholders certain real property rights in the Residential Apartments previously associated with their Class B Shares, as set forth below, while retaining full and absolute title and control over the Building and the operation of the Business and retaining more limited control over the Residential Apartments as provided herein; and

WHEREAS, the Lessee desires to take a long-term lease of the Residential Apartment previously associated with his Class B Shares, and the Company has agreed to grant a long-term lease of such Apartment to the Lessee; and

WHEREAS, to provide for the proper implementation of the agreements between the parties, the Company will register the Building as a Cooperative House (Bait Meshulat) pursuant to the Land Law 5729-1969 (the "Land Law") and the Lessee will not be an "Apartment Owner" (Baal Dira) as defined in Section 52 of the Land Law for purposes of Chapter 6 of the Land Law; and

WHEREAS, the Lessee acknowledges the Hotel is currently operated as a deluxe hotel servicing among others, an Orthodox Jewish clientele and accordingly, the rights of Lessee in the Apartment will be restricted as set forth herein; and
WHEREAS, the Company's reorganization, including this Agreement, pursuant to which all or substantially all of the Class B Shares were canceled, has been approved by over 75% of all of the Class B Shareholders, and the holders of the Company's Class A Shares, and by the District Court of Jerusalem File No. 192/98, as required by law.

NOW, THEREFORE, in consideration of the mutual covenants and obligations herein contained, the parties hereby covenant and agree as follows:

1. **Preamble and Appendices**

   The Preamble and all Appendices to this Agreement constitute integral and binding parts hereof.

2. **Grant of Lease**

   (a) Subject to the payment of the Lease Fee (as hereinafter defined), the Company hereby grants to the Lessee, and the Lessee hereby accepts from the Company, a long term lease (Chachira L'dorot) of that specific apartment (the "Lease") known as apartment _, and situated on floor _ within the Building and the dimensions and specifications of which are more specifically described and set forth in Appendix 2(a) hereto (the "Apartment").

   (b) The Lessee shall have the right to use and enjoy the furniture, fixtures, fittings, equipment and accessories located in the Apartment from time to time (the "Furnishings") which are owned by the Company. The Company shall have the right, but not the obligation to change, replace and substitute the Furnishings as it deems appropriate. The Lessee shall be entitled, subject to the provisions of Section 10 hereof, to provide his own Furnishings as he deems appropriate. All Company Furnishings not used by the Lessee shall be returned by Lessee to the Company.

3. **Absence of Protected Tenancy**

   It is hereby specifically declared that the Lessee has not paid, and shall not pay, any key money for this Lease, and that no statutory relationship of protected tenancy is intended or created hereby, and that the provisions of the Protected Tenants Law (New Version) 5732-1972 or any amendment which may be made thereto or any law which may supplement or replace it, shall not apply to this Lease or to the parties hereto.

4. **Term**

   The term of the Lease shall, subject to the provisions for termination hereinafter contained, be 999 (nine hundred and ninety nine) years, commencing as of January 1, 1998. The Agreement shall terminate on December 31, 2997 (the "Term").
5. **Lease Fee**

The lease fee payable by the Lessee to the Company in consideration for the grant of the Lease and ancillary rights hereby made (the "Lease Fee") shall be U.S. $1.00 (one United States dollar) for each year of the Lease, making a total of U.S. $999.00 (nine hundred and ninety nine United States dollars), plus applicable Israeli Value Added Tax ("VAT") payable in full, in advance, upon execution of this Agreement. The due and full payment of the Lease Fee by the Lessee to the Company is a condition precedent to the entering into effect of this Agreement. The Lease Fee shall, under no circumstances whatsoever (including without limitation, the termination or expiration of this Agreement or the Lease, or the destruction of the Hotel), be refundable to the Lessee.

6. **State of the Apartment, the Hotel and the Building**

The Lessee hereby represents and warrants that he has inspected and is fully familiar with the Apartment, and that the Apartment, Furnishings, Hotel and the Building and all of the facilities contained therein are provided "AS IS" without any representation or warranty, express or implied, from the Company with respect thereto. The Lessee hereby waives in advance any claims or demands with respect to any defects or deficiencies of whatever nature or description, and whether presently existing or which may be discovered in the future, in the Apartment, the Hotel, the Building, or any of the facilities contained therein. To the reasonable knowledge of the Company there are no material structural defects in the Building. For purposes of this Section the reasonable knowledge of the Company shall mean the actual knowledge of the Maintenance Manager of the Hotel, without any special inquiry or review.

7. **Representations by the Company**

The Company hereby represents and warrants to the Lessee as follows:

(a) It is a company duly incorporated and existing in accordance with Israeli law.

(b) It is the owner, and the registered proprietor in the Land Registry Office of the State of Israel, of the Parcel.

(c) The Building and Residential Apartments are currently subject to a mortgage in favor of the Israel General Bank Ltd. The Company shall promptly arrange for the release of the Apartment from such mortgage.

(d) The Company shall promptly arrange for the release of the Apartment from any lien or mortgage in favor of The Israel Corporation Ltd., The Financing and Offering Corporation Ltd., Ludwig Jesselson, Herman Merkin, Morris L. Green and any other party.

(e) The Company shall use its best efforts to release the Apartment from the liens and mortgages set forth in subsections (c) and (d) above within 6 months from the later of (i) the date the Term commences and (ii) the date the Company’s reorganization and this Agreement receive the requisite court approval.
(f) Until the liens and mortgages set forth in subsections (c) and (d) above are released, the Company shall place the Lease Fee and the amount paid pursuant to Section 13(a) in escrow with the Ephraim Abramson & Co. Trust Company Ltd. (the "Trustee"). Upon release of such liens and mortgages, the Trustee shall release all trust funds, including any interest thereon, to the Company. If such liens and mortgages are not released by the Company after all reasonable efforts, then the monies held in escrow and the interest accrued thereon shall be refunded to the Lessee.

8. **Representations by the Lessee**

The Lessee hereby represents and warrants to the Company as follows:

(a) The Lessee is the unencumbered owner of the Shares, and, contemporaneous with the registration of his parcel in the Israel Lands Registry Office, will have surrendered all of his right, title and interest in the Shares to the Company and shall no longer be a shareholder of the Company or the holder of any other legal or equitable interest, whether direct or indirect, of whatever description, in the share capital of the Company, and shall have no right whatsoever in the Building, except as expressly set forth herein (other than as a holder of Class A Shares of the Company, to the extent applicable), and that all of his rights and interest in respect of the Apartment are set forth entirely and exclusively in this Agreement.

(b) All of the personal information and material provided by the Lessee to the Company prior to the execution hereof, including, without limitation, the information and material provided by the Lessee to the Company as set forth in Appendix 8 (b), attached hereto, are true and correct in every detail and, on the basis thereof, the Lessee is a suitable person or entity to be a lessee of a Residential Apartment in the Hotel.

(c) Lessee is aware that the Hotel is currently operated as a deluxe hotel which caters to, among others, an Orthodox Jewish clientele, and that his leasehold interest in, and use of, the Apartment are to be conducted strictly in keeping with the Building's status and operating policies, as determined by the Company from time to time. The Company shall provide the services set forth in Section 9(a) (i) through (iv) to Lessee in a manner equivalent to the manner in which such services are provided to Hotel Guests, from time to time.

(d) Lessee has read carefully all of the terms and conditions of this Agreement and understands that this Agreement and the long term lease embodied herein constitute a substantial and material change from the prior relationship between Lessee, as a Class B Shareholder, and the Company, and the financial results of such change will be material. The Lessee understands and agrees that he is not a Class B Shareholder of the Company.

9. **Rights, Limitations and Restrictions**

(a) **Rights to the Apartment.** Subject to the performance by the Lessee of all of his obligations hereunder, the Company shall use its reasonable efforts to provide to the Lessee and his Permitted Guests, as defined below, who are actually occupying the Apartment at any given time, during their period of Occupancy defined
below), for the Term of this Agreement and in consideration of the payment by the Lessee of the Use Fees provided for in Section 11 hereof, the following:

(i) **Use**

The full use and enjoyment of the Apartment with such restrictions as are necessary or reasonably deemed appropriate by the Company from time to time to operate the Building and the Hotel.

(ii) **Electricity**

A reasonable, full time supply of electricity for residential use of the Apartment.

(iii) **Hot and Cold Water**

A reasonable, full time supply of hot and cold water for residential use of the Apartment.

(iv) **Heating and Air Conditioning**

Reasonable, full time heating and air conditioning, depending upon the season, for residential use of the Apartment.

(v) **Use and benefit of the Common Areas of the Hotel**

Access to and throughout the Common Areas of the Hotel, as defined below, as are generally enjoyed by Hotel Guests in accordance with the then current operating procedures of the Hotel, as in effect from time to time and as determined in the sole discretion of the Company; provided, however, that the Lessee shall at least be entitled to access to and throughout and use of at any time the entrance, hallways, elevators, stairs (all as regularly provided to Hotel Guests) and, in addition, an area for public usage which shall extend to not less than the end of the wall immediately following the end of the elevator banks as set forth in Appendix 9(a) attached hereto. For purposes of this Agreement, the "Common Areas" or "Common Areas of the Hotel" shall mean, only, the entrance lobby, hallways, elevators, stairs, shopping arcade, restaurants, public toilets, and swimming pool of the Hotel. Without derogating from the foregoing, the Common Areas of the Hotel shall specifically not include the Hotel Rooms, the Residential Apartments, the Hotel offices and staff areas (which are colloquially referred to as the "back of the house") or any other areas of the Hotel to which Hotel Guests are not, in the ordinary course of the operation of the Hotel, as determined by the Company from time to time, entitled to have access.

(vi) **Insurance**

The Company will insure the Building, and will keep it insured, for its full replacement value, upon such terms and conditions as are common in the Hotel industry as it may be advised from time to time by its insurance advisors.
(vii) Non-discrimination

The Company shall provide the services set forth in Section 9(a)(i) through (v) to Lessee in a manner equivalent to the manner in which such services are provided to Hotel Guests, from time to time.

(b) Ancillary Services Subject to the performance by the Lessee of all of his obligations hereunder, including Section 11 hereof, the Company may, as it deems appropriate, provide the following ancillary services (the "Ancillary Services") to the Lessee and his Permitted Guests, who are actually occupying the Apartment at any given time, during this period of Occupancy.

(i) Parking

To the extent available, on a first-come first-serve basis, the use of 1 (one) car parking space within the Hotel's car park, on an equal basis with Hotel Guests, subject to and in accordance with the terms, conditions and operating procedures of the Hotel as in effect from time to time, as determined by the Company. Notwithstanding the above, any special arrangement with respect to parking in effect immediately prior to the effectiveness of this Agreement shall continue in full force and effect, provided that such arrangement shall be personal to the respective party to such arrangement and shall not be transferable, including through inheritance or intestacy.

(ii) Bellboy and Reception Services

Bellboy and reception services as are normally made available, from time to time, by the Company to Hotel Guests in accordance with the then current operating procedures of the Hotel as in effect from time to time and as determined by the Company.

(iii) Security

Reasonable security services as are normally made available, from time to time, by the Company to Hotel Guests in accordance with the then current operating procedures of the Hotel as in effect from time to time and as determined by the Company. The Company shall not bear any liability for any injury, theft or damage to any person or property, including as a result of providing this service, except as required by applicable law. Lessee shall have the right to install, at his own expense and risk, additional security systems subject, however, to prior written approval of and coordination with the Company, which approval and coordination shall not be unreasonably withheld.

(iv) Swimming Pool

Use of the Hotel swimming pool as is normally made available, from time to time, by the Company to Hotel Guests in accordance with the then current operating procedures of the Hotel as in effect from time to time and as determined by the Company; provided, however, that no fee shall be charged for use of the Hotel pool.
(c) Limitations and Restrictions

(i) Only the Lessee, and such persons who are specifically designated by him in an Occupancy Notice or Supplementary Notice (both as hereinafter defined) (the “Permitted Guests”) shall be entitled to use the Apartment. The Lessee shall not receive, directly or indirectly, any compensation or benefit from any third party in consideration for use of the Apartment. No pets shall be maintained in, or at any time brought into, the Apartment.

(ii) The Lessee shall not use, or permit the use of the Apartment, for any commercial, business or professional use or for any purpose other than as a residence.

(iii) The Lessee shall not, directly or indirectly, sub-lease the Apartment, or any part thereof, to any person, or transfer, sell, mortgage, assign or otherwise alienate the Apartment, or his interest therein, or the possession thereof, or any part thereof, to any person or entity without the prior written consent of the Company (which consent may not be unreasonably withheld or subject to unreasonable conditions). If the Lessee is a corporation, partnership or other entity then it shall not allow the direct or indirect transfer of any of its ownership interests without the Company’s prior written consent, which may not be unreasonably withheld.

(iv) The Lessee shall not, without the prior written consent of the Company (which consent may be granted, withheld or granted upon such terms and conditions as the Company may, in its discretion, determine), make, permit or suffer to be made, any alterations, of whatever nature, in or to the external facade or parts of the Apartment or to the structural and/or electro mechanical systems of or serving the Apartment. For the purposes of this Subsection, the “external facade or parts of the Apartment” shall mean and include any and all external parts of the Apartment which are or may be accessible or visible in any manner whatsoever, from the exterior of the Apartment (whether from inside or outside of the Hotel) and shall include, without limitation, the front door, the balcony, windows and the external walls of the Apartment and the "structural and/or electro mechanical systems of or servicing, the Apartment" shall mean and include any and all electrical, plumbing, sewerage, mechanical or technical systems, of whatever nature or description which are intended to provide or facilitate utilities and services such as (but not limited to) electricity, water, air-conditioning and heating to the Apartment or any other portion of the Building and all structural aspects of the apartment, the alteration, modification, addition or removal of which may affect the structure of the Apartment, any other portion of the Building or any other Hotel Room or Residential Apartment.

(v) The Lessee shall at all times use the Apartment in a reasonable manner and in a manner befitting the Apartment’s then current status. Currently, the Hotel is a deluxe Hotel which caters to, among others, an Orthodox Jewish clientele. Lessee shall not do or permit or suffer to be done, either inside or outside the Apartment or the Hotel, any act, matter or thing such as would or might interfere with the proper operation of the Hotel by the Company, the enjoyment of the Hotel facilities by Hotel Guests and/or the reasonable use rights of the lessees of the other Residential Apartments within the Hotel.

(vi) The Lessee shall at all times comply with the provisions of any house rules or similar instructions or guidelines which may be issued from time to time by the Company relating to the operation of the Hotel and/or to the behavior of
persons living, staying or located therein, including rules or guidelines which may extend to behavioral standards or other matters within or affecting the Apartment, which behavioral guidelines shall be no stricter than those applicable to Hotel Guests, as in effect from time to time. Attached hereto as Appendix 9(c)(vi) are the current House rules. Subject to the provisions of this Agreement, the House Rules may be reviewed and amended or replaced from time to time by a committee to be comprised of between 3 to 5 persons, all of which shall be appointed by the Company, except that the Residential Apartment lessees shall collectively have the right to appoint one representative to participate in such committee. Such representative shall be elected, removed and replaced by the affirmative vote of over 50% of the Residential Apartment lessees or a committee appointed by over 50% of the Residential Apartment lessees.

(d) It is acknowledged and agreed by and between the parties that the provision by the Company of all of the services referred to in this Section 9 shall be subject to and conditional upon, inter-alia, the ability of the Company to supply such services to the Lessee. In the event that, for any reason whatsoever, the Company is unauthorized, or is unable, having reasonable regard to the circumstances giving rise to such inability (such as, but not limited to, electrical short-circuits, breakdowns and breakages, shortages of supplies, etc.) to supply such services to the Lessee, then it shall, for so long as such situation continues (but without derogating from the provisions of Section 32 hereof - force majeure), be fully and absolutely released from such obligation, and in such event neither the Lessee nor any Permitted Guests or any other person or entity claiming, or purporting to claim, through the Lessee, shall have any cause of action, suit or claim against the Company, nor shall the Company be liable in any way whatsoever, on account of, or incidental to, the non-provision of such services and benefits by the Company, except to the extent the Company is liable under applicable Israeli law solely as a result of its negligence.

(e) The Lessee shall, at all times when in the Common Areas, behave in a manner befitting the Hotel's then current status. The Hotel is currently operated as a deluxe Hotel which caters to, among others, an Orthodox Jewish clientele. The Lessee shall never behave in a manner such as would or might cause inconvenience to Hotel Guests, to the owners of other Residential Apartments within the Hotel or to members of the public who may be within the Hotel premises. The Company shall maintain the Common Areas in accordance with the then current operating procedures of the Hotel.

(f) Notwithstanding any other provision of this Agreement, but subject to such Section (i) below, the Company shall have the exclusive and absolute right to operate, and from time to time change the manner of operation of the Hotel, and shall be entitled to terminate its Hotel Business and to operate the Building other than floors 5 through 22, as it deems appropriate, including as offices and stores, and/or make such modifications in or alterations to the Building and/or the Common Areas as the Company may see fit, which the Lessee acknowledges may include substantial construction, and the Lessee hereby waives any and all claims which it has, may have had, or may have in the future, against the Company or any other person, arising out of or in respect of any such change and any resulting limitation, loss or disturbance of the services referred to in this Section 5 provided to the Lessee or to any other person and agrees not to take any action to or institute any court proceeding to stop, delay or enjoin any such modification, alteration or construction, provided, however, that the Company shall not permanently restrict the services provided pursuant to Section 9(a) above. Furthermore, the Company
shall use its best efforts to limit water and power outages to no more than short service interruptions.

(i) Notwithstanding the above, with respect to floors 5 through 22, the Company shall have the unrestricted right to operate such area as a hotel, residential hotel, time sharing, condominium, cooperative apartment, residential apartment building or for any other residential apartment use and terminate its Hotel Business. In addition the Company shall have the right to use such floors for uses such as conference rooms, business meetings, reasonable storage for equipment used in the day to day operation of the Hotel, and Hotel back office which are not inconsistent with standard hotel industry practice, as in effect from time to time. All such uses shall be referred to as “Residential Use.” In the event the Company elects to operate such area as a condominium or cooperative apartment (other than as currently operated) then the Company shall require any such lessees or purchasers to participate in the Fixed Asset Capital Expenditures, as defined below, on the same basis as the Lessee.

(ii) The Company shall be entitled to operate floors 5 through 22 for any use other than Residential Use it deems appropriate subject to the prior consent of over 50% of the Residential Apartment lessees who actually participate in a special meeting called by the Company to vote on such issues. Such vote shall also address the effect, if any, of the proposed change to Non-Residential Use on the Use Fee, scope of services to be provided by the Company and any other relevant aspect of this Agreement. Residential Apartment lessees may participate in such meeting either in person or through a written proxy. In the event such proposed change of use affects less than all Residential Apartment floors of the Building then, in addition to the above consent, the consent of over 50% of the Residential Apartment lessees of the affected floors shall also be required.

For purposes of this Agreement the percentage of Residential Apartment lessees voting or taking any action shall be determined based upon the gross square percentage meterage of each Residential Apartment.

(g) The Lessee shall not be entitled to any benefits, entitlements, discounts or other advantages whatsoever, or to receive any facilities or services in respect of the Apartment or the Hotel, provided, however, that the Lessee shall be entitled to a 15% discount from the Hotel's regular published billing rate with respect to the following: (i) Hotel Rooms (discount from published rack rate), (ii) laundry service, (iii) food and beverage service, including Sabbath and Jewish holidays but excluding banquets and catering of affairs and (iv) telephone charges. The above discounts shall only apply to the Lessee and the Lessee's spouse and children. With respect to Residential Apartment lessees which are legal entities, such discounts shall only apply to up to two named officers or directors thereof and their spouses and children.

(h) The rights of, and restrictions imposed upon, the Lessee in respect of the Apartment and the Common Areas of the Hotel, shall be as specified in this Section 9 and, save as specifically provided herein, the Lessee shall have no other rights whatsoever in respect of the Apartment and/or the Hotel; provided however, that within the Apartment the Lessee shall be entitled to make such use thereof as he deems appropriate except to the extent prohibited or restricted pursuant to this Agreement or by applicable law.
(i) Lessee shall not interfere, either directly or indirectly, with the operation of the Hotel or the formation and implementation of the Company's management policies and procedures as in effect from time to time. The Company shall have full authority to modify its management policies and procedures as it in its sole and absolute discretion deems appropriate. Provided, however, with respect to the services provided pursuant to Section 9(a)(i) through (v) the Company shall provide such services to Lessee in a manner equivalent to the manner in which such services are provided to Hotel Guests, from time to time.

(j) The Company shall use its reasonable efforts to provide all reasonable repair and maintenance services to the Lessee as may be necessary to ensure the continued provision of the Services set forth in Section 9(a).

(k) Lessee shall purchase and maintain in effect insurance and shall provide the Company with the representation letter set forth on Appendix 9(k). Lessee may obtain additional insurance as it deems appropriate, including insurance for the contents of the Apartment. Whether or not Lessee purchases such additional insurance, Lessee hereby waives any and all claims, demands and rights, including the right to subrogation that it or any insurer may make, as against the Company and against the other Residential Apartment lessees and shall hold the Company and such other Residential Apartment lessees harmless against any claim or demand for losses sustained by Lessee's failure to acquire adequate insurance for the Apartment contents.

10. Rent-Back of the Apartment to the Company

10.1. The Parties hereby agree that the Apartment shall, in accordance with the provisions of this Section 10, participate at all times in the Company's rent-back program whereby during such period the Company shall have the exclusive right to use the Apartment, and to make it available to Hotel Guests for remuneration or otherwise in the normal course of the conduct of Business by the Company (collectively "Rent-Back"). The Lessee may exclude the Apartment from participating in Rent-Back as Lessee, in its sole and absolute discretion, deems appropriate, in accordance with the provisions of this Section 10.

The following capitalized words and expressions shall have the meanings assigned to them.

(a) "Standard Rooms" shall mean (i) with respect to each A and B Apartment the two standard design rooms which adjoin the basic suite and which may be separated or joined to the basic suite by means of locking the common door; (ii) with respect to each C Apartment each of the two bedrooms adjoining the basic Suite; and (iii) with respect to each D Apartment the bedroom adjoining the basic Suite.

(b) "Suite" shall mean (i) with respect to each A and B Apartment the basic suite portion consisting of a living room, dining room, kitchen, bathroom and bedroom; and (ii) with respect to each C and D Apartment the basic suite portion consisting of a living room, kitchen and bathroom.
(c) "Sale" "Sell" or "Sold" shall mean the making available of Hotel Rooms and Residential Apartments by the Company to Hotel Guests on a commercial basis for consideration in the normal course of the conduct of the Business by the Company.

(d) "Calendar Year" shall mean a calendar year commencing January 1 and ending December 31.

10.2. Occupancy

The Apartment shall cease to be available to the Company, and shall become exclusively available to the Lessee for his own use in accordance with the provisions hereof ("Occupancy"), pursuant to the service by the Lessee upon the Company of not less than 45 (forty-five) days prior written notice, substantially in the form set forth in Appendix 10.2 hereto, and otherwise complying with the provisions of this Section 10 (an "Occupancy Notice"), all upon and subject to, and in accordance with, the following:

(a) The Lessee and his Permitted Guests shall have the right to use the Apartment, for the period specified in the Occupancy Notice (the "Occupancy Period"), commencing upon the date for such commencement specified therein (the "Commencement Date") and concluding upon the date for such conclusion specified therein (the "Conclusion Date"). Each Occupancy Period must be for a period of at least 4 consecutive days.

(b) Any Occupancy Notice which specifies a Commencement Date which is less than 45 (forty-five) days from the date of service thereof upon the Company, and/or any purported Occupancy Notice which does not provide the information required in Appendix 10(2) including, without limitation, one which fails to specify the Commencement Date, Conclusion Date, and which rooms and suites are covered by such notice shall be null and void and of no effect. For the purposes of calculating the period between the service of an Occupancy Notice upon the Company and the Commencement Date specified therein, account shall not be taken of the day on which the Company receives the Occupancy Notice. The Commencement Date shall be deemed to start as of 2:00 PM on such date and the Conclusion Date shall be effective as of 12:00 AM on such date. By way of example, if the Occupancy Notice specifies that the Occupancy Period shall be from June 22 to July 15, then the Apartment will be available to the Lessee from 2:00 PM on June 22 through 12:00 AM on July 15th. In addition, not less than four (4) days prior to the Commencement Date Lessee shall notify the Company as to the name of the intended Occupant during the Occupancy Period (a "Supplementary Notice").

(c) For the removal of doubt, it is hereby clarified that during the period from the service of a valid Occupancy Notice upon the Company until the Commencement Date specified therein (the "Notice Period") the Apartment shall continue to be and remain available to the Company.
(d) In the event that the Lessee serves notice upon the Company canceling the Occupancy Notice or shortening the Occupancy Period specified therein, the Lessee shall pay a cancellation fee as follows:

10 - 45 days prior to Commencement Date - U.S. $50 plus VAT

10 days or less prior to Commencement Date or during Occupancy Period - U.S. $200 plus VAT

(e) The Lessee and his Permitted Guests shall observe all check-in and departure procedures applicable to Hotel Guest as may be in effect from time to time, as determined by the Company in its sole discretion. Lessee and Permitted Guests shall pay all bills for food and services purchased from the Hotel during the Occupancy Period prior to checking out of the Hotel.

(f) All Occupancy Notices shall be in writing, including via facsimile and/or E-mail. Notice in any other format shall be invalid and of no effect.

(g) Set forth on Appendix 10.2(g) is a list of those individuals who are authorized to issue Occupancy Notices on behalf of Lessee. Lessee may amend such list of authorized persons by written notice to the Company; provided, however, that there shall be no more than 3 such authorized persons at any one time.

(h) Lessee shall, to the Company's reasonable satisfaction, close the kitchen area of the Apartment during any period it is available for Rent-Back.

(i) Notwithstanding any other provision of this Agreement, in the event the Lessee fails to pay the Use Fee or any other amount due to the Company for a period of more than 30 days, then upon 30 days prior written notice all Occupancy Notices from Lessee with respect to Occupancy Periods which have not yet commenced shall be deemed void until all such required payments are made.

10.3. Rental Income

(a) The remuneration payable to the Lessee by the Company in consideration for the Rent-Back of the Apartment to the Company (the "Rental Income"), shall be governed by and in accordance with the following provisions of this Subsection 10.3.

(i) Subject generally to the provisions of this Agreement concerning the fulfillment of the Lessee's obligations hereunder, and subject, specifically, to the provisions concerning ineligibility of the Apartment for Rent-Back as set forth in Subsection 10.4 hereof, the Lessee shall be entitled to receive Rental Income in respect of the period during which the Apartment is available for Rent-Back to the Company, such Rental Income to be calculated in accordance with the provisions of Subsection 10.3(a)(ii) hereof.
(ii) The Rental Income payable to the Lessee in respect of the Rent-Back of the Apartment shall be calculated by multiplying the applicable rate set forth below by the number of days the Suite or Standard Room was available for Rent-Back during such period.

<table>
<thead>
<tr>
<th>Portion of Apartment Available for Rent - Back</th>
<th>Period During Calendar Year Available for Rent - Back</th>
<th>Rate Per Day (in $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Apartment</td>
<td>Full year</td>
<td>23.00</td>
</tr>
<tr>
<td></td>
<td>Less than full year</td>
<td>11.00</td>
</tr>
<tr>
<td>Standard Room (each)</td>
<td>Full year</td>
<td>5.50</td>
</tr>
<tr>
<td></td>
<td>301-365 days</td>
<td>3.50</td>
</tr>
<tr>
<td></td>
<td>Less than 301 days</td>
<td>3.00</td>
</tr>
<tr>
<td>B Apartment</td>
<td>Full year</td>
<td>23.00</td>
</tr>
<tr>
<td></td>
<td>Less than full year</td>
<td>11.00</td>
</tr>
<tr>
<td>Standard Room (each)</td>
<td>Full year</td>
<td>5.50</td>
</tr>
<tr>
<td></td>
<td>301-365 days</td>
<td>3.50</td>
</tr>
<tr>
<td></td>
<td>Less than 301 days</td>
<td>3.00</td>
</tr>
<tr>
<td>C Apartment</td>
<td>Full year</td>
<td>13.50</td>
</tr>
<tr>
<td></td>
<td>Less than full year</td>
<td>7.00</td>
</tr>
<tr>
<td>Standard Room (each)</td>
<td>Full year</td>
<td>5.50</td>
</tr>
<tr>
<td></td>
<td>301-365 days</td>
<td>3.50</td>
</tr>
<tr>
<td></td>
<td>Less than 301 days</td>
<td>3.00</td>
</tr>
<tr>
<td>D Apartment</td>
<td>Full year</td>
<td>13.50</td>
</tr>
<tr>
<td></td>
<td>Less than full year</td>
<td>7.00</td>
</tr>
<tr>
<td>Standard Room (each)</td>
<td>Full year</td>
<td>5.50</td>
</tr>
<tr>
<td></td>
<td>301-365 days</td>
<td>3.50</td>
</tr>
<tr>
<td></td>
<td>Less than 301 days</td>
<td>3.00</td>
</tr>
</tbody>
</table>

(b) The Rental Income shall be due from the Company to the Lessee on a semi-annual basis in respect of the immediately preceding six month period from January 1 to June 30, or from July 1 to December 31 (as the case may be).

(i) During January and July of each year the Company shall prepare and issue to the Lessee a statement setting forth the amount of Rental Income due to Lessee for the prior six month period and the detailed calculation thereof, and the amount of Use Fee due from Lessee for the following six month period pursuant to Section 11, and the detailed calculation thereof. The date of such statement shall be the "Statement Date." The Company shall set-off against the Rental Income or any other payment due to the Lessee, the amount of Use Fee due to the Company and
any other amounts which may be due to the Company from the Lessee. The net of such amounts shall be paid to or received from the Lessee within 30 days of date of issuance of such statement.

(ii) In the event such net amount shall be due from the Company to the Lessee then the Company shall pay such amount by bank transfer, in accordance with the instructions of the Lessee. All amounts shall be paid by the Company in New Israeli Shekels ("NIS"), unless the Lessee requests payment in a different currency and provides the Company with all permits as may be required by law authorizing payment in a foreign currency. The rate of exchange shall be the representative rate of exchange for the U.S. dollar and for such other additional currencies as may be relevant, all as established by the Bank of Israel as in effect on the Statement Date. All bank fees and charges imposed on NIS bank transfers to Israeli banks shall be borne by the Company and all charges imposed on any other transfer or exchange shall be borne by the Lessee. Unless otherwise notified by Lessee, all sums shall be paid according to wire instructions set forth on Appendix 10.3(b).

(iii) In the event such net amount shall be due from the Lessee to the Company then the Lessee shall pay such amount to the Company, by automatic bank transfer ("Hora'at Keva"), or such other method as the Company may determine from time to time, in accordance with the instruction of the Company. All amounts shall be paid in U.S. Dollars or in the New Israeli Shekels equivalent thereof determined based upon the representative rate of exchange as established by the Bank of Israel as in effect on the Statement Date. All bank fees and charges imposed on such exchange shall be borne by the Lessee.

(iv) The calculation of the Rental Income and Use Fee shall be determined based on the conversion of such amounts to NIS at the representative rate of exchange for the U.S. dollar as announced by the Bank of Israel and in effect on January 1, 1998. The Rental Income and Use Fee as determined in NIS shall be increased or decreased, as the case may be, semi annually to reflect the increase or decrease of the Israeli Consumer Price Index (the "CPI") in the intervening period. The first such adjustment shall reflect the differential in the CPI as known on January 1, 1998 and as known on the next following Statement Date. In each subsequent year the increase or decrease shall reflect the increase or decrease in the CPI from the Statement Date to the next following Statement Date. Notwithstanding the above, the Rental Income and Use Fee shall not be less than the U.S. dollar amount of such Rental Income or Use Fee as set forth in this Agreement determined based upon the representative rate of exchange for the U.S. dollar as announced by the Bank of Israel and in effect on the relevant Statement Date.

(v) Such statement shall constitute presumptive evidence of the correctness of the calculation of all items set forth therein except for manifest arithmetical errors.

(vi) Lessee agrees that it shall not be entitled to review or audit any of the books and records of the Company, its agents, advisors, managers or employees. All books, records and financial information of the Company, its agents, advisors, managers or employees constitute confidential commercial information which is the exclusive property of the Company.
(vii) The Company shall be entitled to withhold any pay over to any governmental authority all amounts required to discharge any withholding or other tax liability of Lessee.

(viii) Late payments of such net amount shall be linked to the prime rate for the NIS as established by the Israel General Bank from time to time plus 5% per annum.

(c) The Company shall not use the Apartment, or any portion thereof, during any period the Apartment or such portion thereof is not participating in Rent-Back.

10.4. Ineligibility of the Apartment for Rent-Back

(a) Notwithstanding any other provision of this Agreement, the Apartment, or any room or portion thereof, shall be deemed to be ineligible for Rent-Back to the Company and the Company may but shall not be bound to, in its sole and absolute discretion, accept the Apartment, or any room or portion thereof, for Rent-Back if, and for so long as, in the sole and absolute discretion the Company:

(i) The Apartment, or any room or portion thereof, has been altered or modified in such manner so as to render it unfit for Sale to Hotel Guests.

(ii) The Apartment, or any room or portion thereof, has deteriorated so as to become unfit for Sale to Hotel Guests.

(iii) The Apartment, or any room or portion thereof, requires refurbishment or upgrading to render it fit for Sale to Hotel Guests. Lessee agrees that the Company shall determine in accordance with the Hotel Standard or Hotel Upgrade Standard when and if refurbishment or upgrading of the Apartment, or any room or portion thereof, is required. For purposes of this Agreement Hotel Standard and Hotel Upgrade Standard shall mean the quality, decor, comfort and fashion of the Hotel Rooms and Residential Apartments as in effect from time to time and as may be upgraded from time to time, all as determined by the Company in its sole discretion; and/or

(iv) The Lessee is in breach of any of his obligations pursuant to the provisions of this Agreement.

(b) The Company shall have the right to inspect the Apartment at any time, so long as such inspection does not unreasonably interfere with the use and enjoyment of the Lessee or Permitted Guest actually occupying the Apartment; at that time to ascertain whether or not, in its opinion, the Apartment is unfit or ineligible for Sale pursuant to this Section 10.4. If the Apartment, or any room or portion thereof, is unfit or ineligible for Sale, then the Company shall notify the Lessee accordingly. In that event:

(i) If the Apartment, or any room or portion thereof, is unfit or ineligible for Sale pursuant to Section 10.4(i) through (iii), then the Company may, but shall not be bound to, offer to the Lessee, and at the Company’s expense, to restore or upgrade the Apartment, or any room or portion thereof, to a state which, in the opinion of the Company, will make it fit for Sale to Hotel Guests eligible for Rent-Back (an “Upgrading”). Such Upgrading shall be upon such terms and conditions as may
be set by the Company. The Company shall upon the completion thereof, so notify the Lessee. During Upgrading the Apartment shall not be available for Rent-Back. The Company shall use reasonable efforts to ensure that any Upgrading is completed within 90 days. Upon the completion of such Upgrading, the Apartment shall be available to the Company for Rent-Back, and any subsequent Occupancy by the Lessee may be effected only by the service of an Occupancy Notice upon the Company in accordance with the provisions of this Section 10. As a condition to any substantial Upgrading or Upgradings with a cost in the aggregate in excess of $3,000 the Lessee shall not be eligible to exercise the right to occupy the Apartment, or any portion thereof, for a period of periods exceeding, in the aggregate, 180 (one hundred and eighty) days in the 3 (three) year period following the completion of such Upgrading. Any Occupancy Notice which, if honored by the Company, would result in the aggregate Occupancy Period during such 3 (three) year period exceeding 180 (one hundred and eighty) days, shall be null and void and of no effect. Lessee may elect to pay the Company the amount set by the Company for such Upgrade and in such case shall not be subject to the above restriction on period of usage.

(ii) In the circumstances envisaged in Subsection 10.4(a)(iv) hereof, the Company may, but shall be under no obligation whatsoever to, accept the Apartment from the Lessee for Rent-Back until such time (if any) as such breach is cured by the Lessee.

(iii) If the Apartment participated in the Company's rental pool within the 12 months prior to the date hereof, then the Apartment shall be deemed eligible for Rent-Back for a period of one year from the date hereof. So long as the Apartment complies with the provisions of this Section 10.4, then the Company shall be required to include the Apartment in Rent-Back.

(c) Maintenance by the Company

(i) The Company shall, during such times as it is available for the Company's use in accordance with the foregoing provisions of this Section 10, be responsible to repair and maintain the Apartment, at the same standard at which it was at the time that it was at the expiration of the most recent Occupancy Period, save and except for wear and tear as would reasonably be expected to occur from the Sale of the Apartment to Hotel Guests on a commercial basis.

(ii) Except as set forth above, for as long as required by the Company, all repairs, maintenance and cleaning of the Apartment shall be performed only through the Company at arms length market rates at Lessee's expense, other than repairs and maintenance pursuant to Section 9(j) which shall be provided at no additional cost; provided, however, that Lessee shall be entitled to provide other arrangements for cleaning the Apartment at Lessee's responsibility and expense.

(iii) The Company shall have the right to change, without Lessee's consent, all or a portion of the Apartment Furnishings, as it deems appropriate while the Apartment is available for Rent-Back; provided, however, that in the event the Apartment was converted to non-residential use by the Company then the Company shall, at its own expense, convert the Apartment to residential use when it ceases to be available for Rent-Back. The provisions of this section 10.4(c)(iii) shall not be deemed to impose any Apartment upgrade obligations upon the Company.
(iv) Upon each completion of the Apartment’s participation in Rent-Bank, the Company shall return the Apartment to Lessee at the same standard as it was at the time the Apartment commenced participation in Rent Back, save and except for wear and tear as would reasonably be expected to occur from the Sale of the Apartment to Hotel Guests on a commercial basis, provided, however, that the Parties may agree to allow all or a portion of any changes, modifications or alterations to the Apartment or its furnishings made by the Company during Rent Back to remain "as is" upon completion of Rent Back.

10.5 Administration and Accounting

The Company shall provide the administrative, bookkeeping and accounting services necessary for the proper administration, bookkeeping and accounting for the arrangements contemplated by this Agreement. The books and records maintained by the Company shall be deemed conclusive and binding upon the parties.

11. Use Fees

The Lessee shall pay to the Company a fee intended to cover, inter alia, the costs and expenses of the provision by the Company to the Lessee of such services and benefits as are provided by the Hotel to the Lessee from time to time (the "Use Fee"). The terms and conditions governing the calculation and payment of the Use Fee shall be as set forth below:

(a) The Use Fee payable by the Lessee in respect of the Apartment shall, subject to the provisions for increase thereof as hereinafter provided, be as follows:

<table>
<thead>
<tr>
<th>Type of Apartment</th>
<th>Amount Per Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Apartment/B Apartment</td>
<td>$2,050</td>
</tr>
<tr>
<td>C Apartment</td>
<td>$1,353</td>
</tr>
<tr>
<td>D Apartment</td>
<td>$998</td>
</tr>
</tbody>
</table>

Such amount shall be due from Lessee on a semiannual basis, in advance, during the term of the Lease with respect to the following six month period. The Use Fee shall be paid in accordance with Section 10.3(b) above.

(b) Lessee shall add and pay to the Company Israeli VAT to all Use Fee Payments.
(c) During the period all or a portion of the Apartment is available for Rent-Back, such portion shall be exempt from a pro rata portion of the Use Fee as follows:

<table>
<thead>
<tr>
<th>Participation in Rent-Back</th>
<th>% Exemption</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Apartment</td>
<td></td>
</tr>
<tr>
<td>Suite</td>
<td>65.4%</td>
</tr>
<tr>
<td>Standard Room (each)</td>
<td>17.3%</td>
</tr>
<tr>
<td>Entire Apartment</td>
<td>100%</td>
</tr>
<tr>
<td>B Apartment</td>
<td></td>
</tr>
<tr>
<td>Suite</td>
<td>65.4%</td>
</tr>
<tr>
<td>Standard Room (each)</td>
<td>17.3%</td>
</tr>
<tr>
<td>Entire Apartment</td>
<td>100%</td>
</tr>
<tr>
<td>C Apartment</td>
<td></td>
</tr>
<tr>
<td>Suite</td>
<td>47.6%</td>
</tr>
<tr>
<td>Standard Room (each)</td>
<td>26.2%</td>
</tr>
<tr>
<td>Entire Apartment</td>
<td>100%</td>
</tr>
<tr>
<td>D Apartment</td>
<td></td>
</tr>
<tr>
<td>Suite</td>
<td>64.4%</td>
</tr>
<tr>
<td>Standard Room (each)</td>
<td>35.6%</td>
</tr>
<tr>
<td>Entire Apartment</td>
<td>100%</td>
</tr>
</tbody>
</table>

12. Payment of Utilities

All Municipal taxes (Amona), property taxes, taxes, levies and other fees charged by or payable to the Municipality of the City of Jerusalem (the "Municipality") in respect of the Apartment from and after the date hereof, shall be borne and paid by the Lessee directly. In the event that the Municipality has not, prior to the execution of this Agreement, issued a separate Amona account for the Apartment, and until such time as it does so, the Lessee shall pay an amount determined as set forth in Appendix 12 based upon the amount of Amona required by the Municipality.

13. Past Assessments and Participation in the Fixed Asset Capital Expenditures of the Hotel

(a) In consideration of the structural repairs and investments in Building made by the Company in the past for which the Class B Shareholders were liable pursuant to Section 9 of Annex B of the Company's Articles of Association (prior to amendment) and in consideration of maintenance and other fees owed by the Class B Shareholders to the Company prior to the date hereof, Lessee shall concurrently with the execution of this Agreement pay the following sum (plus VAT):
<table>
<thead>
<tr>
<th>Type of Apartment</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Apartment</td>
<td>$40,000</td>
</tr>
<tr>
<td>B Apartment</td>
<td>$40,000</td>
</tr>
<tr>
<td>C Apartment</td>
<td>$26,405</td>
</tr>
<tr>
<td>D Apartment</td>
<td>$19,346</td>
</tr>
</tbody>
</table>

Payment of such amount shall constitute the full amount owing to the Company on account of such structural repairs and investments and such maintenance and other fees due for periods prior to the commencement of this Agreement.

(b) The Lessee undertakes and agrees to participate in the fixed asset capital expenditures ("Fixed Asset Capital Expenditures") incurred by the Company from time to time in the repair, refurbishment, and investment in the residential tower of the Building, which includes the Hotel lobby, lounge area, elevators, stairs, Building floors five through twenty-two, all structural aspects of the Building both internal and external which benefit the Residential Apartments and/or Hotel Rooms, directly or indirectly, including aesthetically, all equipment, machinery and switchboards, which services the Hotel Rooms and Residential Apartments and all other areas such as the swimming pool, parking lot and gardens, (the "Tower") in an amount equal to their pro rata share of such costs and expenses determined, based upon floor space of the Residential Apartments as set forth in Appendix 13(b) attached hereto. Lessee shall pay such amounts to the Company within thirty (30) days of written request therefor by the Company. The calculation of such amount shall be certified by the Company's accountants and shall constitute presumptive evidence of the correctness of all such costs. Such certified calculation of such amount shall be provided to Lessee once a year. The nature, amount and timing of Fixed Asset Capital Expenditures shall be determined by a committee of 3 to 5 persons all of which shall be appointed by the Company, except that the Residential Apartment lessees shall collectively have the right to appoint representative to participate in such committee. Such representative must be elected by over 50% of Residential Apartment lessees. The parties acknowledge that the Fixed Asset Capital Expenditures are intended to maintain the Hotel Standard and implement the Hotel Upgrade Standard or such other standard or purpose as the Company may determine from time to time. Fixed Asset Capital Expenditures incurred solely with respect to the conversion, renovation, or refurbishment of all or a portion of the Building to uses not generally associated with Hotel usage, in accordance with Section 9(f), shall be borne solely by the Company.

14. Inspection and Repairs

(a) The Company shall be entitled at any and all reasonable times during this Agreement (including during any Occupancy Periods), without the need for any coordination with the Lessee, to enter into and inspect and repair the Apartment, including pipes, wires and structural components and for any reasonable purpose including, without limitation, to perform any obligations incumbent upon it pursuant to the terms of this Agreement or otherwise, to ensure the compliance by the Lessee with all of the terms and conditions on his part to be performed pursuant to the terms
of this Agreement, and to make repairs and modifications necessary, or desirable for
the Apartment or the Building.

(b) The Company shall be entitled (but not obliged save as specifically
provided for in this Agreement) at any and at all times during this Agreement, and
without the need for any coordination with the Lessee, to enter into the Apartment and
perform any urgent or emergency services which it is obligated to perform, either
pursuant to the terms of this Agreement or otherwise, or which, in its absolute
discretion, is deemed necessary for the safety of any person or property, whether real
or personal, either within or outside the Hotel. In such event the Company shall notify
the Lessee as to the work or services performed within a reasonable time thereafter.
Should such services be required to be performed on behalf of a Hotel Room or
Residential Apartment other than the Apartment and as a result thereof the
Apartment is unfit for use by the Lessee then the Lessee shall be entitled to an
alternative Hotel Room on an as available basis or if no such room is available then
other comparable hotel accommodations in Jerusalem.

15. Taxes

(a) The parties specifically acknowledge, agree and undertake that each of
them shall bear and pay all taxes, levies, duties and other payments incurred by them
pursuant to, or arising out of, this Agreement, and, without derogating from the
foregoing, the Lessee specifically acknowledges that it shall bear and pay its own
income tax liability pursuant to, or arising out of, this Agreement, whether relating to
the Rental Income or otherwise, and whether known or unknown at the time of
execution of this Agreement, and that the Company may be required, and shall be
entitled, to deduct at source all taxes (if any) as may be required from time to time by
any taxation authority having jurisdiction so to demand (provided that the Lessee may
provide the Company with such exemption certificates as may be required by law)
and the Lessee shall have no claim whatsoever against the Company on account
thereof.

(b) The Lessee acknowledges having been informed by the Company that it
has been advised by the responsible authority that such authority proposes to charge
Acquisition Tax (Mas Rechisha) and an additional 1% amount of the transaction
contemplated by this Agreement, namely, the transfer of the proprietory leasehold
rights in respect of the Apartment to the Lessee, as provided in the Tax Ruling, as
defined below. Attached hereto as Appendix 15 (b) is a translation of the Income Tax
Authority ruling ("Tax Ruling") received by the Company as to the application of Mas
Rechisha to the transactions contemplated by this Agreement. It is acknowledged
and agreed that any such Mas Rechisha which may be charged by the responsible
authority shall be borne and paid in full by the Lessee.

(c) In the event the amount of Israeli tax actually assessed by the relevant
authorities on the Lessee or the Company as a condition to the registration of the
Lessee's rights hereunder or on the cancellation of the B Shares previously held by
the Lessee as contemplated by this Agreement is materially greater than the amount
which would be due pursuant to the Tax Ruling, then within 15 days from the date (i)
a party receives such notice from the relevant authorities assessing such higher
Israeli tax, or (ii) Lessee receives a notice from the Company stating that such an
assessment has or will be made, such party shall have the right to terminate this
Agreement. In addition, in the event any Residential Apartment lessee elects to
terminate its long term lease agreement with the Company, as a result of such tax,
then the Company shall have the right to terminate all Residential Apartment long-term lease agreements, including this Agreement. Upon termination of this Agreement pursuant to this subsection (b) the Parties shall execute all documents, make all filings and take all action necessary or desirable to reinstate and reestablish the relationship between the Parties as in effect immediately prior to the Company's restructuring and this Agreement so that the Lessee shall be a Class B Shareholder of the Company. In such event, all releases and waivers hereunder shall be null and void and of no effect and without limiting the generality of the foregoing the provisions of Section 42 shall also be null and void.

(d) Any stamp duty arising or to be paid in connection with this Agreement, the Lease, and/or any of the transactions contemplated hereby shall be borne equally between the Parties.

(e) The Company makes no representation whatsoever as to the current or future Israeli or foreign tax consequences to the Lessee of the transactions contemplated by this Agreement. The Company shall not be liable for any taxes, Land Betterment tax, levies, assessments or duties which may be imposed on Lessee or the Apartment as result of the transactions contemplated by this Agreement or on any transaction thereafter.

(f) The Company shall make all required payments in respect of the Building, other than the Residential Apartments, necessary to allow the registration of this Agreement in the Land Registry.

16. **Common Areas**

Subject to Section 9(a)(v), the Company shall have the sole right, at any time, and from time to time, to alter, amend, enlarge, reduce, replace, demolish and/or, in any other way affect, any and all areas of the Hotel, including, without limitation, the Common Areas of the Hotel and/or any and all areas which are presently, or may in the future be, available to Hotel Guests, and/or to the Lessee pursuant to the Agreement.

17. **Cooperative House**

(a) The parties agree that the Company shall have the right at any time to register the Building and Parcel as a Cooperative House (Bait Meshutaf) within the meaning of the Land Law.

(b) The Lessee agrees and acknowledges that it and all Residential Apartment lessees shall not be deemed "Apartment Owners" (Baalay Dirot) as defined in Section 52 of the Land Law for purposes of Chapter 6 of the Land Law and the relationship between the Company and Lessee shall not be governed by the rules applicable to Apartment Owners in a Cooperative House (Bait Meshutaf). The Company shall be the sole "Apartment Owner" (Baal Dira) for purposes of Section 52 and Chapter 6 of the Land Law.

(c) All areas which may be designated as Communal Property (Rechush HaMesutaf), as defined in Section 52 of the Land Law ("Communal Property") from time to time, shall be designated Communal Property and be annexed (Tzamud) to
the Hotel Rooms, other than the Residential Apartments, as the Company may decide in its sole discretion, from time to time. Provided, however, that such annexation (Hatzmuda) shall not affect the service to be provided pursuant to Section 9 (a) above.

(d) Any and all additional building rights with respect to the Parcel and Building shall be the sole property of the Company.

18. Transfer of Apartment Lease

(a) The parties acknowledge and agree that all of the provisions relating to the assignment, transfer, encumbrance or other alienation of the rights of the Lessee are and shall be exclusively as set forth in this Section 18. Save as provided herein, the Lessee shall not transfer, assign, encumber or otherwise alienate, directly or indirectly, in any manner whatsoever, his rights and obligations under this Agreement. If the Lessee is a corporation, partnership or other entity then it shall not allow the direct or indirect transfer of any of its ownership interests. Provided, however, that Lessee shall be entitled to mortgage the Apartment pursuant to a standard bank mortgage.

(b) The Lessee shall be entitled to transfer, assign, encumber or otherwise alienate the Lease, or this Agreement, or allow the transfer of an ownership interest in Lessee (a "Transfer") only upon and subject to the following terms and conditions:

(i) The proposed transferee of the Lessee's interest in the Lease, this Agreement or an ownership interest in Lessee (the "Proposed Transferee") shall be approved by the board of directors of the Company or a committee appointed by it. It is acknowledged and agreed by and between the parties that the Company may not unreasonably withhold its approval for the Proposed Transferee or subject it to unreasonable conditions, and that, in making a determination in this regard, it shall be entitled to take into account factors such as the nature and character of the Proposed Transferee and his suitability to be an Apartment Lessee having regard, inter alia, to the nature and character of the Hotel.

(ii) Notwithstanding the foregoing, no such approval shall be required for any testate or intestate Transfer. In addition, the Company shall not be entitled to refuse to grant its consent to the proposed Assignment on the grounds that the Proposed Assignee is unsuitable to be an Apartment lessee, if the Proposed Assignee is the spouse or child (or children) of the Lessee.

(iii) It shall be a condition precedent of the Company's consent to any Transfer that the Lessee shall have discharged and paid, in full, any and all amounts which are or may be owing by him to the Company, and that the Proposed Transferee shall, if so required by the Company, execute an undertaking, in a form reasonably acceptable to the Company, that he will continue to fulfill all of the obligations of the Lessee in respect of the Apartment pursuant to this Agreement, as well as such other documentation in respect of the Transfer as the Company may reasonably require, from time to time. In addition, Lessee shall execute all documentation reasonably required by Company.
(iv) It shall be a further condition precedent of the Company's consent to any Transfer that the Lessee and/or the Proposed Transferee shall be subject to the payment to the Company of an aggregate fee of 0.5% (plus Israeli VAT) of the consideration for the Assignment to such Proposed Transferee of all of the Lessee’s rights and interests pursuant to this Agreement.

(v) The Transfer shall relate only to the entire Apartment and to all the rights and obligations of the Lessee pursuant to the Lease and to this Agreement. Any purported Transfer of only part of the rights and obligations of the Lessee pursuant hereto shall be null and void ab initio, and of no effect. Lessee hereby agrees that the Company may register a "Cautionary Notice" (Heseket Azhara) with the Land Registry Office, in such form as may be required by the Land Registry Office from time to time and containing, to the extent practicable, at least the information set forth in Appendix 18(b) attached hereto, with respect to the restrictions on transfer contained herein.

(vi) Lessee shall promptly notify the Company of any proposed direct or indirect Transfer.

(vii) Any proposed transfer without the prior written approval of the Company pursuant to this Section 18(b) shall be null and void and of no effect.

(c) The provisions of this Agreement shall be binding upon and enure to the benefit of, the parties hereto and their respective heirs, successors, assigns and Transferees including any person, corporation or entity with which, or into which, the Company may be merged or which may succeed to its assets or business and/or any person, corporation or entity to whom the Company may or shall assign or transfer its rights and obligations pursuant to this Agreement.

(c) Lessee agrees that the Company shall be entitled to sell, transfer and assign all or a portion of its rights and obligations hereunder, subject to the terms of this Agreement, without the consent of the Lessee. For the removal of doubt, any such sale, transfer or assignment should not affect the provisions of this Agreement.

19. Management and Operation of the Hotel

(a) Notwithstanding any other provisions of this Agreement, it is specifically agreed and understood between the parties that the Company shall be solely and exclusively entitled, either directly or indirectly, to administer, manage and operate the Hotel and the Business as it deems appropriate, that the Lessee shall have no rights or say therein and that, save and except as may be specifically provided for in this Agreement, the Lessee shall have no rights whatsoever in relation to the affairs of the Company including, without limitation, the Hotel, the Building and/or the Business.

(b) In the event the Company elects to cease to operate the Building as a Hotel and ceases to carry on the business of a Hotel then the Apartment shall, notwithstanding any other provision of this Agreement be subject to the following:

(i) The Rent-Back provisions of Section 10 shall cease to apply and the Company shall return the Apartment to Lessee at the same standard as it was at the time the Apartment commenced participation in Rent-Back, save and except for wear
and tear as would reasonably be expected to occur from the Sale of the Apartment to Hotel Guests on a commercial basis:

(ii) Lessee shall be entitled to freely sublease the Apartment, including for consideration; and

(iii) For the removal of doubt, the Use Fee and the provisions of Section 9(a) shall continue to apply and the term ‘Hotel Guest’ shall mean such other owners, lessees or users of the space which previously served as Hotel Rooms.

20. Registrations in Land Registry Office and Legal Fees

(a) It is agreed and declared by the parties that the rights of the Lessee in respect of the Apartment as vested by virtue of the long term leasehold rights granted pursuant hereto, shall be registered, as soon as practicable, by the Company in the Israel Lands Registry Office in Jerusalem. Contemporaneous with the registration of such land rights, all of Lessee’s right, title and interest in the Shares shall be automatically terminated, and the Company shall take all necessary actions to remove any such rights associated with the Shares.

(b) The registration described in (a) above shall be performed by Ephraim Abramson & Co. Law Offices (the “Attorney”). In consideration for such services and for their service in connection with the execution of this transaction the Lessee shall, concurrent with the execution of this Agreement, pay to the Attorney an amount equal to 1% of the value of the Apartment, as determined for purposes of Acquisition Tax (Mas Rechisha), plus Israeli VAT. The parties acknowledge that the Attorney is a third party beneficiary of this Agreement.

21. Confidentiality

All information provided by the Company, or which otherwise becomes available to the Lessee in anticipation of or pursuant to this Agreement, whether relating to the Company, the Hotel or the Business (the “Confidential Information”) shall be considered confidential, and shall be held by the Lessee in secrecy and strict confidence, and shall not be used, disclosed, or transmitted to any other party, without the express prior written permission of the Company unless required by any governmental authority or by a court of competent jurisdiction. Lessee shall not use any Confidential Information for any purpose other than for the purposes of this Agreement or in conjunction with a court or arbitration proceeding between the Parties. Lessee’s duty of confidentiality shall survive the expiration or termination of this Agreement for a period of 5 years.

22. Breaches

22.1 The Lessee acknowledges and agrees that the proper operation of the Hotel and the Business by the Company is dependent upon the due performance by the Lessee of all of his obligations hereunder, and that the failure by the Lessee and/or by any Permitted Guests duly, properly and completely to fulfill any or all of the obligations of the Lessee pursuant to this Agreement may cause loss and damage to the Company.
22.2 In the event of a breach of this Agreement by the Company then the non-breaching party shall be entitled to any and all remedies to which it is entitled by law.

22.3 In the event that the breach of this Agreement by Lessee or by any permitted Guest may, in the opinion of the Company, give rise to any type of emergency situation or to any imminent danger to any person or property or to the Business of the Company within or proximate to the Hotel, then the Company shall be entitled to act with such dispatch in such manner, as it may, in its absolute and unfettered discretion, see fit to remedy such breach and/or otherwise to deal with such situation, at the sole expense of the Lessee.

22.4 (a) Without limiting the generality of the foregoing and in addition to any other legal rights and remedies the Company may have, in the event of any breach of this Agreement by Lessee or by any Permitted Guest the Company may serve a notice upon the Lessee that the Lessee is in default of this Agreement (a "Default Notice"), specifying the nature of such breach and setting a reasonable date by which the breach is to be remedied (if the breach is capable of remedy).

(b) Upon receipt of a Default Notice the Lessee shall promptly remedy the specified breach.

(c) Should the Lessee continue to fail within the time specified in the Default Notice to remedy the specified breach, then at the Company's option:

(i) the Company may (but shall not be bound to) take such steps, and with such dispatch, in such manner, as it may, in its absolute and unfettered discretion, see fit to remedy the breach by the Lessee, and the Lessee shall be liable for all the costs and expense, of whatever nature or description which may be incurred by the Company in respect of, or incidental to, the remedying of such breach;

(ii) the Company shall have the right to apply, in addition to any other sanctions provided for elsewhere in this Agreement or which may be available to the Company by law or equity, all or a portion of the following sanctions:

(iii) Retain and hold back all or a portion of Rent; income otherwise due to Lessee as compensation for expenses, damages and losses incurred by the Company;

(iv) Exclude all or a portion of the Apartment from being eligible to participate in Rent-Back to the Company;

(v) Invalidate all or a portion of an Occupancy Notice upon 30 days prior written notice; and/or

(vi) Reduce services provided to Lessee in respect of the Apartment.

23. Termination

In the event Lessee materially breaches this Agreement and the Company has issued a Default Notice to the Lessee and applied such sanctions as the Company deems appropriate and such breach has not been cured, then the Company shall have the right to issue a notice (a "Termination Notice") to the Lessee that if such
breach is not cured with in forty-five (45) days then Company shall have the right to commence an action in court for the termination of the Lease and this Agreement. The Lease and this Agreement may only be terminated upon a court order.

24. **Indemnity**

The Lessee agrees to protect, defend, indemnify and hold the Company harmless from and against any and all loss, damage, liability or expense, of whatever nature or description, which may be incurred by the Company caused by the Lessee's act or omission or by the act or omission of such persons who are authorized by the Lessee to enter or occupy the Apartment, including, without limitation, any act or omission which is in breach of the Lessee's obligations pursuant to this Agreement. The Company agrees to protect, defend, indemnify and hold the Lessee harmless from and against any and all loss, damage, liability, or expense, of whatever nature or description, which may be incurred by Lessee and caused by the Company's act or omission which is in breach of the Company's obligations pursuant to this Agreement. The Company shall be liable to the extent provided under applicable Israeli Law for any damage caused to the Apartment by an employee of the Company solely due to his negligence unless such employee was performing services other than those required to be provided pursuant to the Agreement.

25. **Destruction of Apartment or Hotel**

If, at any time, the Building or the Apartment shall be destroyed or damaged, then, without in any way limiting or derogating from the generality of the provisions of Section 19 hereof, then the Lessee and the Company shall settle all insurance proceeds received by them, on account of such destruction or damage, less the actual cost, fees and expenses, if any, incurred in connection with adjustment of the loss, to pay or reimburse the Company for the payment of, the cost of such repairs, replacement, restoration or rebuilding, including the cost of temporary repairs or for the protection of property pending the completion of permanent repairs, replacement, restoration or rebuilding (collectively the "Repairs"). If such insurance proceeds shall be insufficient to pay the entire cost of such Repairs -- despite the Company having fulfilled its obligation to insure the Building in accordance with industry standards as provided in section 9(a)(iv), above -- then the parties shall discuss in good faith whether and to what extent any such Repairs should be made and Lessee shall pay his portion of the cost of such Repairs in excess of the insurance proceeds. Any dispute as to valuation shall be settled by an independent third party appraiser to be agreed to by the parties. Notwithstanding the above, the Company shall have the right to make such temporary Repairs to the Building and Apartment as it deems necessary for the protection of other Company property and to allow continued normal operation of the Hotel. The cost of such Temporary Repairs shall be paid from the insurance proceeds received by the Lessee and the Company. Each party shall pay an amount equal to the proportion that its insurance proceeds bears to the total insurance proceeds received by the parties on account of such damage or destruction.
Independent Entities

Nothing in this Agreement will be construed as constituting either party, or any employee of either of them, as an employee, agent or representative of the other party for any purpose whatsoever, or as granting either party or any employee thereof any right or authority to make, on the other party’s behalf, any representation whatsoever, to create or assume any obligation or responsibility, express or implied, on that other party’s behalf and/or in its name and/or to bind it in any manner whatsoever.

Further Coordination and Implementation

(a) The parties hereby agree and undertake to use their best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, desirable and/or advisable under applicable laws and regulations to consummate the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, the parties undertake to execute and deliver such documents, certificates and agreements, and take such other actions as may be necessary or desirable to consummate the transactions contemplated hereby and to give full force and effect to the intentions of the parties as evident herein, and not to take any actions inconsistent herewith or therewith. In addition, all Transferees shall use their best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, desirable and/or advisable under applicable laws and regulations to effect any Transfer pursuant to Section 18 hereof.

(b) Lessee shall, concurrent with the execution of this Agreement execute and deliver to the Company an irrevocable power of attorney in the form attached hereto as Appendix 27(b) appointing the Company as its lawful attorney in fact to do and cause to be done in Lessee’s name and on his behalf all actions as may be necessary or desirable from time to time to implement this Agreement including making filings and registrations with government entities and agencies to register the rights of the parties hereunder, including, but not limited to, Section 17 hereof.

Vicarious Responsibility

The Lessee acknowledges and agrees that he shall be responsible to the Company, for the due fulfillment by any and all Permitted Guests and any and all other persons who may enter the Apartment with the Lessee’s permission of all of the obligations imposed upon the Lessee pursuant to this Agreement; and that the Company shall be entitled to seek redress in respect of any breaches of any such obligations against both the Lessee and any such persons. Notwithstanding the foregoing, it is specifically agreed and declared by and between the parties that wherever in this Agreement provision is made for the undertaking of any obligation, or for the responsibility for any act or omission on the part of the Lessee, such responsibility shall, where the context so requires, devolve also upon the Permitted Guests and any and all other persons who may enter the Apartment with the Lessee’s permission. The Company shall be responsible to Lessee for the actions of its employees and contractors while in the Apartment at the Company’s request and for damage which may be caused by Hotel Guests during the Apartment’s participation in Rent-Back.
29. Release

Subject to section 13(a), each party hereby irrevocably releases the other party, its shareholders, officers, directors, and employees, from any and all claims and causes of action which it may have had or may have against the other party, its shareholders, officers, directors, and employees, arising out of or relating to the prior relationship between the Lessee as a Class B Shareholder in the Company, including in respect of past assessments against the Apartment, prior agreements and any court decisions and judgments, except as specifically set forth herein.

30. Fees and Expenses

Subject to Section 20(b), each of the parties hereto shall bear its own fees and expenses incurred by it or on its behalf with respect to this Agreement and the transactions contemplated hereby.

31. Brokers or Finders

Each of the parties represents, as to itself, its subsidiaries and its affiliates, that no agent, broker, investment banker or other firm or person is or will be entitled to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement. Each of the parties respectively agrees to indemnify and hold harmless the other from and against any and all claims, liabilities or obligations with respect to any other fees, commissions or expenses asserted by any person on the basis of any act or statement alleged to have been made by such party or its affiliate.

32. Force Majeure

Neither party will be held responsible for any delay or failure to perform (except for the payment of money, unless such failure was due to bank strike) by reason of fire, strike, civil unrest, embargo, governmental restrictions, inability to obtain labor, materials or parts from usual sources, shipping delay, war, Acts of God or other causes which are reasonably beyond the defaulting party's control.

33. Compliance with Laws

(a) The parties shall comply with the applicable laws, regulations and other requirements of the State of Israel, as amended from time to time including the provision of all required reports to all governmental authorities. If after the date of this Agreement, there is any change in the applicable law, which significantly increases or decreases the costs or expenses incurred by the Company with respect to the Lessee's rights in the Apartment or the receipt of fees by the Company from the Lessee, then the Company shall provide notice thereof to the Lessee, together with a calculation as to the effect of such changes certified by the Company's accountant. The Use Fees payable by the Lessee in accordance with the provisions of Section 11 hereof shall be increased or decreased accordingly.

(b) Lessee shall add to and pay Israeli VAT on all payments to the Company hereunder. The Company shall add to and pay Israeli VAT on the Rental Income due to Lessee.
34. **Notices**

   (a) All notices hereunder will be in writing, mailed, by registered or certified mail, postage pre-paid, addressed to the parties at their respective addresses as set out in this Agreement, or transmitted by cable, telex or facsimile or other reliable method of transmission.

   (b) Notices will be deemed received by the receiving party within fourteen (14) days of mailing, if mailed, when actually delivered by hand, if so delivered, and on the first business day (at the receiving end) following transmission, if transmitted by cable, telex or facsimile.

   (c) For the removal of doubt, it is hereby clarified that each party hereto shall be under a positive obligation to notify the other party of any change of its address for the service of notices hereunder, and that unless and until such notification of a change of address is served in accordance with the provisions hereof, all notices delivered by either party to the other at such other party's then record address for the service of notices, shall be deemed duly and properly served upon such other party.

35. **Waiver**

   No term or condition contained herein will be deemed waived and no breach excused, unless such waiver or consent is in writing and signed by the party to be charged. No excuse or waiver, whether express or implied, will constitute a waiver or consent to any preceding, subsequent or continuing breach of the same or any other provision of this Agreement.

36. **Third Party Beneficiaries**

   Save as specifically provided for herein, this Agreement shall not confer upon any person other than the parties hereto any rights or remedies hereunder and no such person is intended to be a beneficiary hereof.

37. **Severability**

   Should any provision contained herein be declared invalid, illegal or unenforceable by a competent arbitrator or court, such provision will be severed and all remaining provisions will continue in full force and effect. In addition, in the event any provision is declared invalid, illegal or unenforceable by a competent arbitrator or court due to its extent, time period or other such limitations, such provision will be enforceable to the maximum extent permitted under applicable law, which shall not exceed the extent or time period set forth herein.

38. **Governing Law**

   (a) This Agreement shall be governed by the laws of the State of Israel (other than its conflict of law rules) and the competent courts of Jerusalem, Israel shall have exclusive jurisdiction over any disputes arising hereunder and therefor the Parties shall not refer any dispute to, or file any claim with, the Supervisor of Cooperative Houses (Mefakeach al HaBalim HaMeshuatim). The Lessee hereby consents to and grants any such court jurisdiction over the Lessee and over the subject matter of any
such dispute and agrees that mailing of process or other papers in connection with
any such action or proceeding in the manner provided in Section 34, or in such other
manner as may be permitted by law, and by certified mail shall be valid and sufficient
service thereof. Lessee agrees that it shall maintain an address in Israel which shall
be its address for purposes of service of process. The Lessee's current address in
Israel for service of process is set forth in Appendix 38 attached hereto. The
Company shall, in addition, send a notice of such service to the Lessee at its address
outside of Israel, if any, as set forth in the Agreement or as the Lessee may provide in
writing to the Company from time to time.

(b) All interest which may be provided for in this Agreement shall be in
accordance with and governed by the Heter Iska attached hereto as Appendix 38(b).

39. **Counterparts**

This Agreement may be signed in any number of counterparts, each of which
shall be deemed an original, with the same effect as if the signatures thereto and
hereto were upon the same instrument.

40. **Headings and Capitalized Terms**

Section headings and capitalized terms herein are for convenience and ease of
reference only and shall in no way affect or be deemed to effect the construction or
interpretation of any provision hereof.

41. **Use of Transliterated Expressions**

Wherever in this Agreement reference is made to an expression in the English
language which is transliterated into Hebrew immediately thereafter, by being placed
in parenthesis, it is acknowledged and clarified that the English translation is provided
for the convenience of the parties only, and, for the removal of doubt, that only the
original Hebrew nomenclature, in the Hebrew language, shall apply and shall bind the
parties.

42. **Survival**

The provisions of Sections 21, 24, 28, and 29 shall survive the termination of
this Agreement.

43. **Entire Agreement and Amendment**

(a) This Agreement constitutes the entire agreement between the parties with
respect to the subject matter hereof and contains all of the promises, undertakings
and other representations made by the parties to each other prior to its execution, all
of which are merged herein.

(b) This Agreement supersedes and shall prevail over any prior agreement,
understanding, promise or undertaking of the parties, whether written or oral, with
respect to the subject matter hereof including, without limitation, the relationships
previously subsisting between the parties which were governed by and pursuant to
the articles of association of the Company, all of which are merged herein. No
subsequent amendment to this Agreement will be of any effect unless executed in
writing and signed by the parties hereto. Notwithstanding the above, the Agreement
and the long term lease agreement of all Residential Apartment lessees may be
amended from time to time upon the written consent of the Company and by the
affirmative vote of not less than 75% of the Residential Apartment lessees. Provided,
however, that no amendment shall be valid as to Lessee or a Residential Apartment
lessee if the Lessee or such Residential Apartment lessee is treated differently in any
material respect from any other Residential Apartment lessee, unless the Lessee or
such Residential Apartment lessee, as the case may be, consents in writing thereto.

IN WITNESS WHEREOF the parties have executed this Agreement on the date
first above written.

Yehuda Hotels Ltd.  Lessee

By: ____________________________  By: ____________________________
Witness: ____________________________  Witness: ____________________________
Print: ____________________________  Print: ____________________________
**Appendix 8(b)**

**Personal Information Sheet**

1. Name: ________________________________

2. Address: ________________________________

3. Telephone/Fax: _____________________________

4. Nationality: _____________________________

5. Religion: ________________________________

6. References: ________________________________

7. Bank Reference: _____________________________

8. Other: ___________________________________

9. Additional Information Requested by the Company: _____________________________
Appendix 9(c)(vi)

YEHUDA HOTELS, LTD.

SHERATON JERUSALEM PLAZA HOTEL

House Rules

1. Preamble

These House Rules set forth guidelines for the use and occupancy of each Hotel Room and Residential Apartment or portion thereof (each a "Room" and collectively the "Rooms") at the Sheraton Jerusalem Plaza Hotel (the "Hotel").

2. Definitions

All capitalized terms used herein, and not otherwise defined shall have the meanings assigned to them in the Long Term Lease Agreement with Yehuda Hotels Ltd. (the "Agreement").

3. Use by Occupants

(a) The Lessee and his Permitted Guests shall have the right to use the Apartment, for the period specified in the Occupancy Notice (the "Occupancy Period"), commencing upon the date for such commencement specified therein (the "Commencement Date") and concluding upon the date for such conclusion specified therein (the "Conclusion Date"). Each Occupancy Period must be for a period of at least 4 consecutive days.

(b) Any Occupancy Notice which specifies a Commencement Date which is less than 45 (forty-five) days from the date of service thereof upon the Hotel, and/or any purported Occupancy Notice which does not provide the information required in Schedule 1 attached hereto, including, without limitation, one which fails to specify the Commencement Date, Conclusion Date, and which rooms and suites are covered by such notice shall be null and void and of no effect. For the purposes of calculating the period between the service of an Occupancy Notice upon the Hotel and the Commencement Date specified therein, account shall not be taken of the day on which the Hotel receives the Occupancy Notice. The Commencement Date shall be deemed to start as of 2:00 PM on such date and the Conclusion Date shall be effective as of 12:00 AM on such date (including on the Sabbath and Jewish holidays). By way of example, if the Occupancy Notice specifies that the Occupancy Period shall be from June 22 to July 15, then the Apartment will be available to the Lessee from 2:00 PM on June 22 through 12:00 AM on July 15th. In addition, not less than four (4) days prior to the Commencement Date, Lessee shall notify the Hotel as to the name of the intended Occupant during the Occupancy Period (a "Supplementary Notice").

(c) All Proposed Occupants must be in possession of a passport or other official identification identifying them as the party set forth in the Occupancy Notice. Any person not set forth in the Occupancy Notice shall not be allowed to enter an Apartment as an Occupant. A list of persons (not more than 3) entitled to provide
Occupancy Notices is attached hereto as Schedule 2. Such list may be amended from time to time by written notice to the Hotel. "Occupant" shall mean each Lessee, each guest authorized by the Lessee actually occupying a Room and each temporary user occupying a Room on a transient basis.

4. Extended Stay

In the event an Occupant delays his departure from a Room until after the originally scheduled Conclusion Date, then such Occupant shall be obligated to pay the full, non-discounted rate applicable to the Room for each day of delay (or portion thereof). The Company shall have the right to reject any such request. For the removal of doubt, any extension request provided to the Company 45 days or more in advance of the originally scheduled Conclusion Date shall not be deemed an extension subject to the provisions of this Section 4.

5. Reception

(a) Each Occupant must register upon arrival at the Hotel, in the same manner as transient Hotel guests. Upon registration each Occupant must confirm the number of guests occupying the Room and the time and date of departure. In addition, the Occupant shall provide the Hotel with a valid credit card number to charge all expenses incurred during the Occupancy Period.

(b) In the event an Occupant departs prior to the scheduled Conclusion Date, such Occupant shall notify the Hotel 48 hours in advance of his actual departure. This notification is intended to allow the Hotel to inspect the Room for damage which may have been caused by an Occupant.

6. Accounts

An Occupant must pay all charges and expenses incurred on his account on or before his departure, in the same manner as transient Hotel guests. Any requests for credit, other than the normal credit extended to transient Hotel guests, must be arranged with the credit manager of the Hotel prior to the Commencement Date. Any amounts not paid prior to the departure of an Occupant shall be charged to the credit card account provided to the Hotel pursuant to Section 5(a) above.

7. Safety Deposit Boxes

An Occupant shall be entitled to use a hotel safety deposit box, free of charge, for the duration of his Occupancy only. The keys to the box must be returned on or before departure. A fee determined by the Hotel will be charged if a key is not returned. There shall be a charge of one hundred United States dollars (U.S. $100) per month for the continued use of a safety deposit box after departure of an Occupant. The Company shall not be liable for any loss or theft of valuables held in a safety deposit box.

8. Storage

The Hotel shall not supply an Occupant with any storage space other than those specified in these Rules. An Occupant may store personal belongings in the kitchen of the Apartment, at its own risk. The Hotel shall not be liable for the loss, damage or theft of any personal belongings left in the kitchen including as a result of
improper handling, or acts of God. Under no circumstances are valuables to be left in
the kitchen or in a Room. In case of any repairs carried out in the kitchen, the
Company shall not be liable for any damage caused by removing such belongings
stored in the kitchen.

9. Cleaning of Apartment During Occupancy

(a) Any cleaning services requested by an Occupant must be ordered at the
time an Apartment is reserved pursuant to Section 3 hereof. The charge for such
services shall be determined by the Hotel from time to time. For illustrative purposes,
the current charges for such services are set forth in Schedule 3 attached hereto.

(b) Cleaning service shall include the provision of such items as linen, towels,
soap, toilet tissue and all other items normally supplied by the Hotel to transient
guests.

(c) Upon arrival, an Occupant who requires regular cleaning services for the
entire duration of Occupancy should confirm arrangements ordered under (a) above
with the Hotel Housekeeping Department concerning the days, times and nature of
cleaning services required.

(d) The Company reserves the right to refuse a request for cleaning services
for any particular day if sufficient advance notice was not received or
pre-arrangements were not established.

(e) If an Occupant chooses to use cleaning services other than those of the
Hotel, Occupant’s selection of the service provider is subject to the prior reasonable
approval of the Hotel. Such approval shall be exercised in the Hotel’s unrestricted
discretion. An Occupant shall supply the Hotel and Hotel Security with all details
requested with respect to such service provider. Any worker supplying such services
shall report to the Hotel timekeeper each time he enters the Hotel and shall sign any
log required by the Hotel timekeeper. If an Occupant does not use the Hotel cleaning
service then no linens will be provided.

(f) Although an Occupant may elect not to use the Hotel’s cleaning services,
an Occupant must utilize the Hotel’s services with respect to any linen and towels
provided by the Hotel. Under no circumstances will the Hotel supply an Occupant
with linen and towels in excess of those regularly provided to transient Hotel guests.
Additional linen may be purchased from the Hotel Housekeeping Department.

(g) In any event, each Apartment must be cleaned not less than 3 times a
week.

(h) Prior to return of an Apartment to Rent Back, it shall be cleaned by the
Hotel at the standard rate for departure cleaning. The cost of the departure cleaning
shall be borne by the Lessee.
10. Maintenance and Repairs

(a) An Occupant shall not, without the prior written consent of the Company (which consent may be granted, withheld or granted upon such terms and conditions as the Company may, in its discretion, determine), make, permit or suffer to be made, any alterations of whatever nature, in or to the external façade or parts of the Rooms or to the structural and/or electro mechanical systems of or serving the Rooms. For the purposes of this Subsection, the "external façade or parts of the Rooms" shall mean and include any and all external parts of the Rooms which are or may be accessible or visible in any manner whatsoever, from the exterior of the Rooms (whether from inside or outside of the Hotel) and shall include, without limitation, the front door, the balcony, windows and the external walls of the Apartment; and the "structural and/or electro mechanical systems of or servicing the Rooms" shall mean and include any and all electrical, plumbing, sewerage, mechanical or technical systems, of whatever nature or description which are intended to provide or facilitate utilities and services such as (but not limited to) electricity, water, air-conditioning and heating to the Apartment or any other portion of the Building and all structural aspects of the apartment, the alteration, modification, addition or removal of which may affect the structure of the Rooms, or any other portion of the Building.

(b) The Company shall be entitled at any and all reasonable times, including during any Occupancy Periods, without the need for any coordination with the Occupant, to enter into and inspect and repair the Room, including pipes, wires and structural components and for any reasonable purpose including, without limitation, to perform any obligations incumbent upon it pursuant to the terms of the Agreement or otherwise, to ensure the compliance by the Lessee with all of the terms and conditions on his part to be performed pursuant to the terms of the Agreement, and to make repairs and modifications necessary or desirable for the Rooms or the Building.

(c) The Company shall be entitled (but not obliged save as specifically provided for in the Agreement) at any and all times, and without the need for any coordination with the Occupant, to enter into the Rooms and perform any urgent or emergency services which it is obligated to perform, either pursuant to the terms of the Agreement or otherwise, or which, in its absolute discretion, is deemed necessary for the safety of any person or property, whether real or personal, either within or outside of the Hotel. In such event the Company shall notify the Lessee as to the work or services performed within a reasonable time thereafter. Should such services be required to be performed on behalf of a Hotel Room or Residential Apartment other than that of the Occupant and as a result thereof the Occupant's Room is unfit for use by the Occupant, then the Occupant shall be entitled to an alternative Room on an as available basis or if no such room is available then other comparable hotel accommodations in Jerusalem.

(d) Only the Hotel maintenance personnel shall be allowed to work on structural and/or electro mechanical systems of or servicing the Rooms, unless prior written consent is received from the Hotel.

(e) An Occupant is prohibited from installing any private appliance which utilizes more than one kilowatt of electricity. The use of any such appliances requires the reasonable prior written approval of the Hotel. If equipment which
requires additional electric power is installed, an extra monthly charge shall be imposed.

(f) It is the responsibility of an Occupant to immediately report any malfunction of any fixture or equipment in a Room, to the extent reasonably possible. Any delay may cause additional damage which would not have occurred if the malfunction had been reported earlier. The Company shall notify the Occupant and the Lessee of any such malfunction to the extent known to it, and as soon as reasonably possible.

(h) With respect to any renovations of Rooms permitted hereunder and under the Agreement the procedures set forth on Schedule 4 attached hereeto shall apply.

11. Food and Beverages

(a) The Occupant may not use any Hotel supplies (dishes, silverware, glasses, trays, etc.) in a Room without the prior written permission of the Hotel. Personal dishes, cutlery, glasses, etc., shall in no event be replaced by the Hotel. Room service shall be available on Hotel utensils and shall be removed by the Hotel staff.

(b) Except for canned goods, dry foods which are stored in hermetically sealed containers, as well as bottled or canned beverages, foods may not be left in the Room when no Occupant is residing in the Room.

12. Telephones

Management will allow the installation of private phones only on the following conditions:

(a) Private phones are to be ordered by an Occupant directly from the telephone company;

(b) The installation charges, as well as monthly charges, are to be paid by an Occupant directly to the telephone company; and

(c) Whenever an Occupant is not occupying a Room, his private phone is to be disconnected or locked in such a manner as not to be useable by transient Hotel guests. Under no circumstances shall the Hotel be responsible for any charges incurred for phone calls made from privately installed phones.

13. Right to Enter

(a) The Company shall have the right to inspect the Rooms at any time, so long as such inspection does not unreasonably interfere with the use and enjoyment of the Occupant, to ascertain whether or not, in the Company's opinion, the Apartment is unfit or ineligible for Sale pursuant to Rent-Back. If a Room or any portion thereof, is unfit or ineligible for Sale, then the Company shall notify the Lessee accordingly.

(b) The Hotel reserves the right to enter and inspect all Rooms including kitchens at any reasonable time without prior notice. Without limiting the foregoing, such right of entrance and inspection and repair services, shall apply for security
reasons or for any other reason which the Hotel deems necessary and in order to verify that these House Rules are being adhered to.

(c) An Occupant is specifically prohibited from installing any locks on any of the doors of a Room, either internal or external, without the prior written consent of the Hotel, which consent will not be unreasonably withheld. In the event that this permission is given, copies of keys to any new locks must be left with the Hotel.

14. **Swimming Pool and Sauna**

An Occupant is entitled to use the swimming pools and sauna free of charge during his stay in the Hotel. Additional guests of an Occupant shall pay regular rates for use of the swimming pool and sauna.

15. **Insurance**

Management is not responsible for any damage or loss which may be occasioned to the private property of an Occupant, whether by theft, fire or any other casualty whatsoever, except as required by law. An Occupant must insure his own personal property in accordance with the requirements set forth in the Agreement.

16. **General Provisions**

(a) Management requests that all Occupants show consideration of their neighbors by not playing musical appliances too loudly or at unreasonable hours. No musical instruments (to be distinguished from musical appliances) of any kind may be played in an Apartment.

(b) No pets are allowed, either in a Room or on the Hotel premises or grounds.

(c) The Hotel requests that appropriate attire be worn which is in keeping with the five-star rating of the Hotel. Discretion should be used as to which attire is appropriate in what areas of the Hotel. Without limiting the generality of the aforesaid, bathing suits are specifically prohibited in the lobby and main dining room and restaurants of the Hotel.

(d) An Occupant shall respect the religious standards of the Hotel, based on traditional Jewish practices, and shall conduct himself in such a manner on the Sabbath and all other religious holidays so as not to give offense to Occupants or Hotel guests who are observant.

(e) No act or omission by the Hotel may be construed as a waiver of any obligation of an Occupant, unless specified as such in writing.

(f) During any Occupancy Period the Occupant must notify the Hotel as to the dates Occupant will be physically present and the dates when Occupant will be absent and provide the Hotel with such additional information as the Hotel may reasonably request due to security or management concerns.

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(g) These House Rules are not intended to change, amend or alter any of the provisions of Agreement and the Appendices thereto. The intention is that these House Rules are to serve as a supplement to the aforesaid which may be amended from time to time, and in the event of any contradiction between these House Rules and the Agreement, the latter shall prevail.
Schedule 1

Form of Occupancy Notice

Notice of Occupancy

To: Yehuda Hotels, Ltd.
   Jerusalem, Israel

From: (Lessee Name)
      (Lessee Address)

Re: (Lessee Apartment Number)

Dear Sirs:

Pursuant to the Long Term Lease Agreement with respect to the above referenced apartment, I hereby authorize the following persons to use and occupy the Apartment, in accordance with the terms and conditions set forth in the Agreement.

<table>
<thead>
<tr>
<th>Name</th>
<th>Passport #</th>
<th>Commencement Date</th>
<th>Conclusion Date</th>
<th>Suite</th>
<th>Storage Area</th>
<th>Kitchen</th>
<th>Miscellaneous</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
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<td>2</td>
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<td>3</td>
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<td>4</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

I thank you in advance for your attention to this matter.

Sincerely,

__________________________
Name
(Print):__________________
Schedule 2
Persons Authorized to Issue Occupancy Notices

<table>
<thead>
<tr>
<th></th>
<th>Name</th>
<th>Address</th>
<th>Phone #</th>
<th>Fax #</th>
<th>Email Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
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<td></td>
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<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Schedule 3

Cleaning Services Charges*

<table>
<thead>
<tr>
<th></th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical Bedroom</td>
<td>$10.00</td>
</tr>
<tr>
<td>Suite Type A / B</td>
<td>$20.00</td>
</tr>
<tr>
<td>Living Room Type C / D</td>
<td>$10.00</td>
</tr>
<tr>
<td>Kitchen**</td>
<td>$20.00</td>
</tr>
</tbody>
</table>

These charges are in force as of January 1, 1998, but may be changed by the Hotel at any time without prior notice.

* Israeli Value Added Tax shall be added as required by law.

** To be paid upon checkout from Room.
Schedule 4
Permitted Renovation Procedures

1. All plans and designs must be submitted for the prior written approval of the Hotel's chief engineer.

2. Work may be performed between the hours of 9:00 AM and 6:00 PM. No work may be performed between the hours of 2:00 PM and 4:00 PM. No work may be performed on the Sabbath or Jewish Holidays.

3. All contractors and workmen and all equipment and building materials must enter and exit the Hotel through the employee's entrance and check in and out with the Hotel timekeeper. All such persons, equipment and materials shall use the Hotel service elevator only.

4. All contractors and workmen shall not use any Hotel tools or equipment.

5. The Hotel must receive advanced notice at least 1 week prior to the commencement of any permitted renovations.

6. The Hotel must be provided in advance with a full list of the names and ID numbers of all contractors and workmen, to allow the Hotel to perform a security check on each of them.

7. All building and waste material must be promptly removed from the Hotel and removed from the Hotel premises and grounds. It may not be disposed of or stored in the Hotel, Building or Hotel premises or grounds.
Appendix 9(k)

Lessees Insurance

Yehuda Hotels Ltd.
Jerusalem, Israel

Re: Insurance Policy Certification
Long Term Lease Agreement No.
Dated January 1, 1998 (the "Agreement")

Dear Sirs:

We hereby certify that as of ______ we have issued an insurance policy in the name of ______ which provides coverage no less inclusive than the coverage provided pursuant to the terms of the Israeli insurance policy known as Bit/97 or any successor policy hereto, and includes the coverage described below. All capitalized terms used herein and otherwise defined have the meanings assigned to them in the agreement.

Terms of Insurance

1. A third party liability insurance for all Lessees, with a limit of liability of not less than U.S. $1,000,000 per occurrence and U.S. $3,000,000 per annum.

The insurance policy does not include any limitation or exclusion with respect to liability resulting from fire, explosion, panic, lifting devices, loading and unloading devices, sanitary devices, poisoning, any food or drink contaminant, strike or work stoppage, or any claims from the National Insurance Institute ("Bituach Leumi").

The policy includes the Company as an additional insured with respect to the Company's responsibility as Owner and/or as the Manager of the Hotel Building and its obligation in respect to action and/or failure to act of the Lessee.
All insureds mentioned in the policy will be deemed to be third parties of each and all other Lessees.

The policy covers all liabilities of the Company towards workers and/or employees of the Lessee which are not covered by the Employers Liability policy described in Section 2 above.

2. Employers liability coverage of the liability of the Lessee pursuant to all applicable laws and regulations in respect of all persons and parties employed by the Lessee or on his behalf with a liability limitation of not less than U.S. S5,000,000 per worker per incident and per annum.

If the policy is a joint one for all Lessees, the limits of liability will be deemed to be as if it were a separate policy for each Lessee. This policy does not contain any restriction with respect to work performed at special heights or depth, days and/or work hours, use of lifting devices, contractors, subcontractors and their workers, baits and poison, or with respect to the employment of minors.

The policy provides for the indemnification of the Company in the event it is claimed that the Company is liable as an employer with respect to the workers of the Lessee and in respect to any form of work accident.

The Company has been added to the policy as an additional insured.

3. The breach by the Lessee of any condition of the above mentioned policies does not grant the insurer the right to deny, delay or defer its obligations towards the Company.

4. The policies include an express provision pursuant to which such policies are prior to any insurance which may be provided by the company and we hereby irrevocably waive any and all claims and/or demands with respect to the participation of the insurance provided by the Company.
In addition, we hereby covenant that the insurance coverage pursuant to the above described policies will not be reduced, limited or canceled and such coverage shall not expire during the entire term of the lease, unless a 60 days prior written notice is provided to the Company via registered mail and only to the extent allowed pursuant to the Agreement.

5. All those insurance coverages mentioned above include an explicit provision pursuant to which the insurer waives all of its rights to subrogation against the company and against the other Residential Apartment Lessees (provided their policy contains a similar provision) and all those acting on behalf of the above described parties, provided, however, that the above waiver of subrogation rights shall not apply to the benefit of any party who intentionally caused damage.

Sincerely yours,

Insurance Company

Name (print): __________
Date: __________
Appendix 10(2)

Form of Occupancy Notice

Notice of Occupancy

To: Yehuda Hotels, Ltd.
    Jerusalem, Israel

From: (Lessees Name)
      (Lessees Address)

Re: (Lessees Apartment Number)

Dear Sirs:

Pursuant to the Long Term Lease Agreement with respect to the above referenced apartment, I hereby authorize the following persons to use and occupy the Apartment, in accordance with the terms and conditions set forth in the Agreement.

<table>
<thead>
<tr>
<th>Name</th>
<th>Passport/Identification #</th>
<th>Commencement Date</th>
<th>Conclusion Date</th>
<th>Suite</th>
<th>Standard Room</th>
<th>Kitchen</th>
<th>Miscellaneous</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
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<td>4</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

I thank you in advance for your attention to this matter.

Sincerely,

__________________________________________
Name
(Print):
### Appendix 10.2(g)

**Persons Authorized to Issue Occupancy Notices**

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Phone #</th>
<th>Fax #</th>
<th>Email Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
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<tr>
<td>2.</td>
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<td></td>
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</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix 10.3(b)

Bank Wire Instructions

Lessee:

Bank:

Branch:

Name of Account:

Account #:

Company:

Bank: Israel General Bank

Branch: Jerusalem Branch #202
        32 Keren Hayesod

Name of Account: Yehuda Hotels Ltd.

Account #: 10252

Jerusalem Sheraton Plaza Hotel
Appendix 12

Calculations of Arnona on Apartment
(based on current practice)

Based on the 1996 Arnona paid of NIS 1,764,799 the cost to a Residential Apartment would be as follows (based on exchange rate of NIS 3.25=$1)

<table>
<thead>
<tr>
<th>Arnona</th>
<th>NIS 1,764,799</th>
<th>$542,848</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Applicable</td>
<td>77.75%</td>
<td></td>
</tr>
<tr>
<td>Arnona for Tower</td>
<td>NIS 1,372,131</td>
<td>$422,064</td>
</tr>
<tr>
<td>Cost per Floor</td>
<td>NIS 76,230</td>
<td>$23,448</td>
</tr>
<tr>
<td>Cost per Floor per Month</td>
<td>NIS 6,352</td>
<td>$1,954</td>
</tr>
<tr>
<td>Cost per A&amp;B Apt. per Month</td>
<td>NIS 1,303</td>
<td>$401</td>
</tr>
<tr>
<td>Cost per C Apt. per Month</td>
<td>NIS 860</td>
<td>$284</td>
</tr>
<tr>
<td>Cost per D Apt. per Month</td>
<td>NIS 634</td>
<td>$194</td>
</tr>
</tbody>
</table>
Appendix 13(b)

**Fixed Asset Capital Expenditure Sharing Proportions**

The percentage of Fixed Asset Capital Expenditures is:

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>All A apartments</td>
<td>20.5%</td>
</tr>
<tr>
<td>All B apartments</td>
<td>20.5%</td>
</tr>
<tr>
<td>All C apartments</td>
<td>13.5%</td>
</tr>
<tr>
<td>All D apartments</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

This is based on percentage of square meters per floor.

<table>
<thead>
<tr>
<th>Category</th>
<th>Square Meters</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Apartments</td>
<td>153.0 sq m</td>
<td>(153/746.5 = 20.5%)</td>
</tr>
<tr>
<td>B Apartments</td>
<td>153.0 sq m</td>
<td>(153/746.5 = 20.5%)</td>
</tr>
<tr>
<td>C Apartments</td>
<td>101.0 sq m</td>
<td>(101/746.5 = 13.5%)</td>
</tr>
<tr>
<td>D Apartments</td>
<td>74.5 sq m</td>
<td>(74.5/746.5 = 10.0%)</td>
</tr>
<tr>
<td>10 Company Hotel Rooms</td>
<td>255.0 sq m</td>
<td>(255/746.5 = 35.5%)</td>
</tr>
<tr>
<td>Total</td>
<td>746.5 sq m</td>
<td></td>
</tr>
</tbody>
</table>
Appendix 15(b)

Income Tax Authority Ruling

(TRANSLATION FROM THE HEBREW)

State of Israel/The Treasury
Assessor of Income Tax and Property Tax

November 25, 1991

Mr. Ephraim Abramson, Adv.
16B Hamelech George Street
Jerusalem 94229

Dear Sir:

Re: Yehuda Hotels Ltd.

1. Further to your letter of November 20, 1991 and our meetings together regarding the matters of the Mas Shevah (Land Appreciation Tax) and Mas Recisha (Purchase Tax) arrangements, which form a part of the transfer of property rights in the apartments in the Jerusalem Sheraton Plaza Hotel, I hereby confirm that the Mas Shevah and Mas Recisha arrangements which shall apply to the said transfer of rights shall be as follows:

(a) Yehuda Hotels Ltd. (hereinafter, the "Company") shall not be required to pay Mas Shevah with respect to the granting of property rights in the apartments to the shareholders.

(b) The B shareholders shall pay Mas Recisha with respect to receiving the property rights in the apartments according to the present value of the apartments as if they are empty. The value of the apartments for the purpose of Mas Recisha will be determined in accordance with their real value as empty apartments at the time of executing the agreement for receiving the property rights of a long-term lease by the shareholders.

(c) The B shareholders shall pay, as they have agreed, a fine in the amount of 1% of the value of the property rights that shall be transferred to each one of them.

(d) The Mas Shevah that will apply, if any, to the sale of a real property right purchased by the shareholder from the Company (hereinafter for the purposes of this subsection, "Owner of the Real Property Right") will be determined pursuant to the law in force at the time of sale. The date of purchase and the value of the purchase of the real property right that will be sold at that time, will be according to the date on which the Owner of the Real Property Right purchased the B shares in his possession ("Date of Purchase") and the consideration that he paid at that time for the shares that he purchased ("Value of the Purchase").

(e) The acquisition of the rights in the apartment as set forth above will not necessarily be made at one time by all the shareholders. Therefore, the
The arrangement set forth in this section will apply to each one of the 6 shareholders in the Company, on the date on which the property rights in the apartment to which the use rights are attached will be transferred.

2. The aforesaid in my letter is conditioned upon the authorization of the Assessor with respect to the issue of whether Income Tax applies to this matter.

Sincerely yours,

/S/ Dov Staub

Dov Staub
Deputy Assessor of Income Tax and Property Tax

cc: Mr. Doron Levy, Legal Advisor to the Income Tax Assessor
(TRANSLATION FROM THE HEBREW)

State of Israel/The Treasury
Assessor of Income Tax and Property Tax

May 14, 1992

Mr. Ephraim Abramson, Adv.
16B Hamelech George Street
Jerusalem 94229

Dear Sir:

Re: Yehuda Hotels Ltd. (the "Company")

Further to your letter dated November 20, 1991 to the Deputy Assessor of Income Tax and Property Tax, Mr. Dov Staub, and Mr. Staub's letter dated November 25, 1991 and numbered 112720 to you, a copy of which was sent to me, I hereby confirm that since the transfer of property rights in the apartments in the Jerusalem Sheraton Plaza Hotel from the name of the Company to the 3 shareholders, as described in your above-mentioned letter, is a capital transaction, neither the company, Yehuda Hotels Ltd., nor the shareholders will be required to pay income tax with respect thereof.

Therefore, such transaction shall be subject to the Mas Shevah (Land Appreciation Tax) and Mas Recisha (Purchase Tax) arrangements as set forth in the above-mentioned letter of Mr. Dov Staub.

Sincerely yours,

/S/ Doron Levy

Doron Levy, Advocate (CPA Isr.)
Deputy Assessor of Income Tax
Legal Advisor

cc: Mr. Dov Staub, Deputy Assessor of Income Tax and Property Tax
Mr. Avraham Gory, Assessing Clerk, Jerusalem
Appendix 27(b)

Form Power of Attorney

IRREVOCABLE POWER OF ATTORNEY

I/We, the undersigned,

___________________________________ ID Passport 
___________________________________ ID/Passport 
___________________________________ ID/Passport 

appoint and empower by these presents each of Ephraim Abramson, Tamar Hacker, Avraham Aberman, Yair Assael, Ilan Rotem, Yaron Shiff, Amos Weisman, Jeffrey Rashba, Harry Gryenberg, Kurt S. Keren, Boaz Shnoor, Tomer Broude, Doron Avni, Yigal Reiss, Michael Karshen, and all other attorneys of Ephraim Abramson & Co. Law Offices, of Jerusalem, Israel, and each of them acting individually to be my true and lawful Attorney in fact to do and cause to be done in our name and on our behalf all action as may be necessary or desirable from time to time to implement the Long Term Lease Agreement between us and Yehuda Hotels Ltd, including making filings and registrations with government entities and agencies to register the rights of the parties thereunder.

In connection with the above I/we authorize the said Attorneys to:

1. Make any declarations and sign any documents which may lawfully be made or signed in our name(s); to withdraw any applications or declarations made; to sign any documents required and to appear before the Land Registry and/or the Israel Lands Administration or any court, to appeal and to oppose an appeal; to receive all notices, requisitions and communications; to indicate addresses for service; to pay any fees prescribed; to demand, enforce and receive any payments from opposite parties and to give valid receipts; to inspect any files or registers; to make agreements with opposite parties in or in connection with the above proceedings.

2. To represent me and to appear in my name and behalf before any official, government officer or competent authority, government office, Ministry, the Knesset, or any municipal or local council or any other administrative officers or before any other authority and to sign and execute all manner of certificates, documents and contracts before such authorities or offices and to perform all actions and matters which may be required by those authorities, or offices.

3. To register the parcel of land known as Block 30037, Parcel 140 (Book #1015, page 6004) (the “Parcel”) in any fashion including registration of the Parcel and/or by way of an agreement as a cooperative house or cooperative houses pursuant to the Land Law -1969, and for such purpose, to allot portions of land and/or others to certain units and/or apartments as determined by Yehuda Hotels Ltd. My true and lawful Attorneys may certify and/or declare in our names regarding the identification of the unit or units upon any maps, drawings or diagrams which may be presented or filed with respect to the registration of a cooperative house.
4. In conjunction with the registration of a cooperative house, to draft and register the articles of association of the cooperative house which shall set forth the rights and obligations of the unit owners in the cooperative house, including the relative proportion of maintenance expenses and upkeep of the communal property, and including division of the building to different sections with respect to the maintenance and upkeep, including usage of future building rights, selection of representatives and all that may be related thereto, all as may be determined by Yehuda Hotels Ltd.

5. At all times to request and receive an amendment to the Order of Registration of a cooperative house without any time limitation including for the purposes of registration of different parts and/or additions and/or additional units which may exist and/or may be built on the Parcel and/or any other property and/or for the purpose of adding and/or unifying the division with any other property and/or subdivision and/or one of them.

6. Every place in this Power of Attorney where the phrase "registration" is used, it shall mean all forms of registration including by way of lease, sub-lease or any other permissible way and/or as may be decided by the applicable governmental authority in same format as shall be decided by Yehuda Hotels Ltd. and/or the authorized governmental authority.

7. After registration of the cooperative house, to register the applicable units in the name or names of the relevant parties and/or in accordance with the request of the apartment lessors, in the office of the Land Registry or in the offices of the Development Company Chevra Mishlakenet including the limitation and specification of any warning notice (he'oraq azherahal) with respect to any unit and/or apartment and/or to void them upon such registration and to register on such unit or apartment a mortgage in favor of any bank and/or other lender.

8. To appear before any forum, panel, board, court, institution, body, registrar of lands, supervisor in charge of registration of lands, judicial proceedings and otherwise, and attend to any other such items and/or status and to represent us at them and to act in our name as my lawful attorney in fact will deem appropriate, including admissions, agreements, compromises all upon all such terms as they shall deem appropriate.

9. To exercise any power vested in me or perform any duty incumbent on me, alone or together with others.

10. For all or any of the purposes of this Power of Attorney, in my name and behalf to give, execute and hand over any bonds, guarantees, indemnities, covenants and undertakings, as my Attorney's shall deem fit or necessary.

11. To draw up, to sign and to issue any statements, claims or notices over the signature of any notary, competent authority or other official.

12. To receive in my name and behalf any registered or other mail or postal parcel and to sign receipts in connection therewith.
13. To participate by consent in any matter or any of the above matters or activities, together with any body or association.

14. To transfer all or part of the rights vested in him by this Power of Attorney to another attorney, to dismiss him, to appoint another, to manage the matter mentioned above as he may deem fit, and generally to take all act and or actions he may deem fit and right with connection to the matter mentioned above. We hereby confirm the actions of the attorneys taken or which shall be taken forthwith and without reservation:

This Power of Attorney which is irrevocable and cannot be canceled or changed, will also obligate our successors and shall remain in effect even upon our winding-up or the issuing of a notice of a receivership or attachment or death.

I/we herewith undertake to confirm and uphold any act or matter which my Attorney or his deputy or agent or agents to be appointed by him under this Power of Attorney do or shall do cause or shall cause by virtue of this Power of Attorney.

IN WITNESS WHEREOF I/WE HAVE HEREUNTO SET MY/OUR HAND AND SEAL TODAY, THIS DAY OF , 1998

Lessee

By:_________________ Print:_________________

Apartment #: __________

Date: _______________
Appendix 38(a)

Israeli Address for Service of Process
Appendix 38(b)

Heter Iska

[To be Provided Upon Request of Lessee]