

**FIRST ADDENDUM TO THE  
INVESTMENT MANAGEMENT AGREEMENT OF  
GALIL CAPITAL RE SPAIN, SOCIMI, S.A.**

*entered into among*

**GALIL CAPITAL RE SPAIN, SOCIMI, S.A.**

**and**

**GC NADLAN REAL ESTATE, S.L.**

Barcelona, December [11/12], 2018

**FIRST ADDENDUM TO THE INVESTMENT MANAGEMENT AGREEMENT  
OF GALIL CAPITAL RE SPAIN, SOCIMI, S.A.**

In Barcelona, on December [11/12], 2018.

**BETWEEN**

**Of the one part,**

**GALIL CAPITAL RE SPAIN, SOCIMI, S.A.**, a Spanish company, with corporate address in calle Provença 231, 1º, Casa Puig i Cadafalch, 08008 Barcelona (Spain), and with Tax Identification Number A-87430161 (the “**Company**”), represented by [●], of legal age, a [●] national, holding Spanish taxpayer identification number (NIE) [●] and domiciled for these purpose at [●]. He acts in his capacity as [●] by virtue of [●].

**And of the other part,**

**GC NADLAN REAL ESTATE, S.L.**, a Spanish company, with corporate address in calle Provença 231, 1º, Casa Puig i Cadafalch, 08008 Barcelona (Spain), and with Tax Identification Number B-87475711 (“**GC Nadlan**”), represented by [●], of legal age, a [●] national, holding Spanish taxpayer identification number (NIE) [●] and domiciled for these purpose at [●]. He acts in his capacity as [●] by virtue of [●].

Hereinafter, the Company and GC Nadlan shall be jointly referred to as the “**Parties**” and each one of them as a “**Party**”.

**WHEREAS**

- I. The Company is a Real Estate Investment Company (*Sociedad Anónima Cotizada de Inversión Inmobiliaria, SOCIMI*) whose main activity is to invest and subsequently manage real estate assets in Spain, primarily in Barcelona and Madrid.
- II. GC Nadlan is an independent private limited company mainly specialized in the management of real estate companies.
- III. On July 12, 2017, the Company and GC Nadlan entered into an investment management agreement by virtue of which GC Nadlan manages the Company’s business and affairs pursuant to the corporate purpose of the Company (the “**Investment Management Agreement**”).

- IV. The purpose of this addendum to the Investment Management Agreement is to amend and novate (*novación modificativa y no extintiva*) the Investment Management Agreement (the “**First Addendum**”) which shall be governed by the following

## SECTIONS

### 1. Definitions

Each capitalized term used herein and not otherwise defined shall have the meaning ascribed to such term in the Shareholders’ Agreement.

### 2. Amendment of certain provisions of the Investment Management Agreement

- 2.1 The Parties agree to amend certain definitions contained in Section 1 of the Investment Management Agreement, which shall have the meaning below described (for better reference, the added part is underlined):

- (i) The definition of “Founder” is replaced as follows:

*“**Founder or Israeli Advisory Company:** Galil Capital Finance, Ltd., a company organized under the laws of the State of Israel or any entity affiliated with Mr. Jerry Mandel with Israeli ID #014750095.”*

- (ii) The definition of “Final Closing Date” is replaced as follows:

*“**Final Closing Date:** 180 days from the closing date of the first purchase of property by the Company. For the appropriate purposes, it is expressly stated that the Final Closing Date was on 5 November 2016.”*

- (iii) The definition of “Total Commitment Amount” is replaced as follows:

*“**Total Commitment Amount:** The total amount of capital commitment that each Subscriber undertakes to invest in the Company.”*

- (iv) The definition of “Special Resolution” is replaced as follows:

*“**Special Resolution:** Prior to the public listing of the Company, a resolution adopted by Subscribers holding together no less than 80% of the aggregate commitments to the Company; provided, however, that for the purpose of this definition, the Founder shall be considered a “Subscriber” to the extent it made a commitment to the Company pursuant to the Subscription Agreement.*

*Subsequent to the public listing of the Company on 28 February 2018, a resolution adopted by Shareholders holding together no less than 80% of the aggregate number of outstanding shares of the Company; provided, however, that for the purpose of this definition, the Founder and any affiliate of the Founder shall be considered a "Shareholder" to the extent it holds shares of the Company."*

2.2 The Parties agree to introduce new definitions in Section 1 of the Investment Management Agreement, which shall have by the meaning below described:

(i) The definition of "Relevant High Water Mark" is replaced by the term "High Water Mark Outperformance", which shall have the meaning below described:

*"**High Water Mark Outperformance:** Shall equal the sum of (A) plus (B) less (C) and less (D):*

*(A) EPRA NAV of the Company on the date of the Special Event (as defined below).*

*(B) Total dividends (or any other form of remuneration or distribution to the shareholders) that were paid since the inception of the Company until the date of the Special Event.*

*(C) Total net capital raised since the inception of the Company until the date of the Special Event.*

*(D) Portion of the Capital Gain / Capital Loss of all Sold Properties for which a Performance Fee was paid to the Investment Manager and that has not been distributed to the shareholders as dividends (or any other form of remuneration or distribution to the shareholders) since the inception of the Company."*

(ii) Capital Gain / Capital Loss

*"**Capital Gain / Capital Loss:** Per each sold property, it is the amount that results from the sale price of the sold property received by the Company from the relevant buyer, less the closing costs of such sale, less the book value of the sold property on the date of the sale. It is a Capital Gain if the result of the calculation is positive or a Capital Loss if it is negative."*

(iii) Prospectus

*"**Prospectus:** The prospectus (Documento Informativo de Incorporación al MAB) dated 28 February 2018 regarding the listing of the shares of the*

*Company on the Spanish Alternative Stock Market (Mercado Alternativo Bursátil, the “MAB”) as approved by the MAB.”*

- 2.3 The Parties agree to amend the provisions of Section 2.1 of the Investment Management Agreement that shall be read as follows (for better reference, the added part is underlined):

*“2.1. The full and sole control over the businesses and management of the Company shall be with the Investment Manager (except for the tasks to carried out by the Israeli Advisory Company as stated in Section 2.5 below). The Investment Manager shall manage all of the Company's businesses and affairs according to the Investment Manager's discretion in order to carry out the Company's purposes as provided in the Subscription Agreement, the By-Laws, this Investment Management Agreement, the Spanish law and the Prospectus, when applicable. The Investment Manager shall be entitled to conduct negotiations and to execute, on behalf of the Company, all the agreements and documents required for managing the Company's business according to its purposes.”*

- 2.4 The Parties agree to include a new Section 2.5 to the Investment Management Agreement that shall be read as follows:

*“2.5. However, the following tasks will be carried out by the Israeli Advisory Company in favour of the Company: (i) marketing and communication with prospective investors; (ii) meetings with prospective investors; (iii) assistance in back office matters; and (iv) other matters previously agreed in writing between the Company, the Investment Manager and the Israeli Advisory Company from time to time.*

*The Company shall pay the Israeli Advisory Company an annual fee of Euro 96,000 (plus VAT and any other taxes, if applicable) (the “IR Fee”). The IR Fee shall be paid quarterly in advance on the first day of January, April, July and October of each year in an amount equal to 25% of the annual IR Fee. The quarterly IR Fee actually paid by the Company to the Israeli Advisory Company shall be deducted from the quarterly Base Fee (as defined below). In case the Israeli Advisory Company is not able to provide the contemplated services to the Company, the Investment Manager shall provide such services with no right of the Israeli Advisory Company to receive the IR Fee.”*

- 2.5 The Parties agree to amend the provisions of Section 3.1 of the Investment Management Agreement that shall be read as follows (for better reference, the added part is underlined):

*“3.1. The Company is established for the purpose of making acquisitions, directly or through Project Companies, of residential properties, rental communities, fractioned condominiums and other types of bulk residential deals primarily in*

*Barcelona and Madrid, Spain (the "Area of Activity"), in accordance with and subject to the provisions of the Agreement, the Investment Management Agreement, and the By-laws of the Company. Notwithstanding the foregoing, the Company is permitted to invest up to 25% of the Aggregate Commitment Amount in the Company in commercial properties, including office buildings, storage facilities, and shopping centers located in the Area of Activity ("**Commercial Properties**"). Making acquisitions outside the Area of Activity or investments in Commercial Properties exceeding 25% of the Aggregate Commitment Amount shall require the prior approval of the Board of Directors of the Company. Many apartment buildings in Spain have several commercial units on the street floor (primarily used as stores), and such commercial units may be acquired when buying an apartment building. Such commercial units that are part of an apartment building, as described herein, shall not be included when calculating the percentage of the aggregate investment commitments invested in Commercial Properties."*

- 2.6 The Parties agree to amend the provisions of Section 6.1 of the Investment Management Agreement that shall be read as follows (for better reference, the added part is underlined):

*"6.1. The Company shall pay to the Investment Manager a management fee (the "**Management Fee**") for the services to be provided hereunder. The Management Fee shall consist of a base fee ("**Base Fee**") and a performance fee ("**Performance Fee**"). Additionally, the Company will pay a special fee in case of the occurrence of a Special Event ("**Special Termination Fee**")."*

- 2.7 The Parties agree to include a new Section 6.2.3 to the Investment Management Agreement that shall be read as follows:

*"6.2.3. The quarterly IR Fee actually paid by the Company to the Israeli Advisory Company shall be deducted from the quarterly Base Fee as stated in section 2.5 above."*

- 2.8 The Parties agree to amend the provisions of Section 6.3 of the Investment Management Agreement that shall be read as follows:

**6.3. Performance Fee**

*6.3.1. A Performance Fee is due in a given fiscal year with respect to all properties actually sold during such fiscal year. Upon the sale of any property (the "Sold Property"), the Company shall calculate the Capital Gain / Capital Loss actually generated from the Sold Property. The Performance Fee shall equal 20% of the aggregate Capital Gain / Capital Loss of all Sold Properties for which a Performance Fee has not been paid yet. The Performance Fee shall be paid at the earlier of (i) at the same date that the Company pays out dividends or any*

*other security to its shareholders that is related to the Sold Property, or (ii) on the first business day of May following the fiscal year in which such Performance Fee is calculated. If in any given fiscal year, the Company has a Net Capital Loss from Sold Properties during that year, then such Net Capital Loss will be added to the calculated total Capital Gain / Capital Loss of Sold Properties in the following fiscal year.”*

- 2.9 The Parties agree to include a new Section 6.4 to the Investment Management Agreement that shall be read as follows:

**“6.4. Special Termination Fee**

*6.4.1. The Special Termination Fee is designed to protect the Investment Manager if certain circumstances (as described below) take place.*

*6.4.2. Special Termination Fee shall be paid in full within 30 days in the occurrence of one of the following events (the “Special Event”): (a) if the Investment Management Agreement is terminated for any reason, (b) if any shareholder, directly or indirectly, owns at least 20% of the shares of the Company (other than those shareholders which hold more than 20% as of 30 June 2018), (c) if there is a change of control in the Company, (d) if at least 2 of the members of the Board of Directors as of 30 June 2018 are replaced without the consent of the Investment Manager, or (e) in case of liquidation or dissolution of the Company.*

*6.4.3. The Special Termination Fee shall equal twenty percent (20%) of the High Water Mark Outperformance.”*

- 2.10 The Parties agree to amend the provisions of the last paragraph of Section 8 of the Investment Management Agreement that shall be read as follows (for better reference, the added part is underlined):

*“The parties expressly agree that the Investment Manager shall be entitled to receive the Management Fee corresponding to the relevant period of the year during which the termination of this Agreement takes place, if any. In addition, should the Investment Management Agreement be terminated, the Company (and/or its new investment manager) would be obliged to adhere to practices that allow calculation of the Performance Fee and Special Termination Fee to be paid in accordance with this Agreement. This may imply conducting an EPRA NAV calculation (which will require a valuation of the Company’s real estate assets by a RICS certified appraiser) and assessing the Special Termination Fee calculations assuming that due performance fees in respect of such period should be equal to those that would have been payable under this Agreement had it not been terminated (and disregarding any management fees payable to any replacement investment manager) and then determining the pro rata allocation of*

*such calculated amount that is due to the Investment Manager in light of the relevant period during the year in which the termination has taken place.”*

### **3. Novation of the Investment Management Agreement**

The Parties agree and leave record that this First Addendum implies a novation (*novación modificativa y no extintiva*) of the Investment Management Agreement, novation that is formalized through the execution of this First Addendum.

Without prejudice of such novation, the Parties expressly ratify in full the existence, validity and enforceability of the Investment Management Agreement and its Schedules in accordance with its terms, as amended pursuant to this First Addendum.

For the appropriate purposes, a consolidated version of the Investment Management Agreement with the amendments pursuant to the First Addendum is attached herein as **Schedule I**.

### **4. Term**

Notwithstanding the date of execution of this First Addendum, that is [11/12] December 2018, the effects of the same are effective from 1 October 2018.

### **5. Amendment**

The amendment of the terms and conditions of this First Addendum shall be governed, *mutatis mutandis*, by the provisions of Section 15 of the Investment Management Agreement.

### **6. Taxes and notarial expenses**

The Company shall pay the advisors fees as well as all the expenses and taxes derived from the execution and performance of this First Addendum.

### **7. Applicable law and jurisdiction**

This First Addendum shall be governed by Spanish common law (*legislación común española*).

The competent courts of the city of Madrid shall have exclusive jurisdiction over all disputes with respect to this First Addendum.



**IN WITNESS WHEREOF** the Parties have entered into this First Addendum to the Investment Management Agreement, in two (2) counterparts.

*[signatures page follow]*

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Galil Capital Re Spain, SOCIMI, S.A.  
p.p. [✳]

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GC Nadlan Real Estate, S.L.  
p.p. [✳]

**Schedule I**  
**Consolidated version of the Investment Management Agreement amended**  
**pursuant to the First Addendum**

**GALIL CAPITAL RE SPAIN SOCIMI, S.A.**  
**INVESTMENT MANAGEMENT AGREEMENT**

AMENDED AND RESTATED AS OF [11/12] DECEMBER 2018

This Investment Management Agreement (the "**Investment Management Agreement**" or the "**Agreement**") made on 12 July 2017 and further amended and restated on [11/12] December 2018 by and among GC Nadlan Real Estate, S.L., a company organized under the laws of Spain ("**GC-SP**") (hereinafter, the "**Investment Manager**") and Galil Capital RE Spain SOCIMI, S.A., a limited liability company in Spain under the Spanish Companies Act (the "**Company**").

NOW, THEREFORE, it is represented, stipulated and agreed between the parties as follows:

**1. Definitions.**

|  |  |
|--|--|
| <b>Investment Management Agreement</b>     | This agreement (including all schedules, exhibits, annexes and documents incorporated by reference), as shall be amended from time to time in accordance with the provisions thereof.  |
| <b>Subscription Agreement</b>              | An agreement between the Company, the Founder and the Subscribers (including all schedules, exhibits, annexes and documents incorporated by reference), as shall be amended from time to time in accordance with the provisions thereof. |
| <b>Person</b>                              | An individual, a corporation or any other legal entity.  |
| <b>Founder or Israeli Advisory Company</b> | Galil Capital Finance Ltd., a company organized under the laws of the State of Israel or any entity affiliated with Mr. Jerry Mandel with Israeli ID   |

#014750095.

|   |  |
|---|--|
| <b>Subscriber</b>                         | Each of the parties specified in <b>Annex A</b> of the Subscription Agreement (collectively the " <b>Subscribers</b> ").   |
| <b>Shareholder</b>                        | Any party who holds shares in the Company, including a Subscriber or any other party who acquired shares in the Company subsequent to the public listing of the Company.   |
| <b>Company</b>                            | As defined above.  |
| <b>Project Company</b>                    | A legal entity formed specifically for the purpose of purchasing properties according to the provisions set forth herein. The Project Company shall be owned by the Company.   |
| <b>Investment Manager</b>                 | As defined above.  |
| <b>High Water Mark<br/>Outperformance</b> | Shall equal the sum of (A) plus (B) less (C) and less (D):<br><br>(A) EPRA NAV of the Company on the date of the Special Event (as defined below).<br>(B) Total dividends (or any other form of remuneration or distribution to the shareholders) that were paid since the inception of the Company until the date of the Special Event.<br>(C) Total net capital raised since the inception of the Company until the date of the Special Event.<br>(D) Portion of the Capital Gain / Capital Loss |

of all Sold Properties for which a Performance Fee was paid to the Investment Manager and that has not been distributed to the shareholders as dividends (or any other form of remuneration or distribution to the shareholders) since the inception of the Company.

**Initial EPRA NAV**

The EPRA NAV as of December 31, 2015.

**EPRA NAV**

EPRA NAV is the net asset value of the Company adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystalize in a long-term investment property business in accordance with guidelines issued by the European Public Real Estate Association (January 2014 version only, unless otherwise agreed between the Company, the Founder and the Subscribers or the Shareholders, as the case may be).

**Capital Gain / Capital Loss**

Per each sold property, it is the amount that results from the sale price of the sold property received by the Company from the relevant buyer, less the closing costs of such sale, less the book value of the sold property on the date of the sale. It is a Capital Gain if the result of the calculation is positive or a Capital Loss if it is negative.

|  |   |
|--|---|
| <b>By-Laws</b>                           | The by-laws of the Company, as shall be amended from time to time in accordance with the provisions thereof.  |
| <b>Final Closing Date</b>                | 180 days from the closing date of the first purchase of property by the Company. For the appropriate purposes, it is expressly stated that the Final Closing Date was on 5 November 2016.   |
| <b>Initial Closing Date</b>              | 1 December 2015.  |
| <b>Total Commitment Amount</b>           | The total amount of capital commitment that each Subscriber undertakes to invest in the Company.  |
| <b>Aggregate Commitment Amount</b>       | The aggregate Total Commitment Amount of all Subscribers in the Company.  |
| <b>Invested Capital Amount</b>           | With regard to a Subscriber, the amount out of such Subscriber's Total Commitment Amount which was actually invested in the Company.  |
| <b>Aggregate Invested Capital Amount</b> | With regard to the Company, the aggregate Invested Capital Amount of all Subscribers.   |
| <b>Prospectus</b>                        | The prospectus ( <i>Documento Informativo de Incorporación al MAB</i> ) dated 28 February 2018 regarding the listing of the shares of the Company on the Spanish Alternative Stock Market ( <i>Mercado Alternativo Bursátil</i> , the “ <b>MAB</b> ”) as approved by the MAB. |
| <b>Special Resolution</b>                | Prior to the public listing of the Company, a   |

resolution adopted by Subscribers holding together no less than 80% of the aggregate commitments to the Company; provided, however, that for the purpose of this definition, the Founder shall be considered a "Subscriber" to the extent it made a commitment to the Company pursuant to the Subscription Agreement.

Subsequent to the public listing of the Company on 28 February 2018, a resolution adopted by Shareholders holding together no less than 80% of the aggregate number of outstanding shares of the Company; provided, however, that for the purpose of this definition, the Founder and any affiliate of the Founder shall be considered a "Shareholder" to the extent it holds shares of the Company.

## **2. The Investment Manager's Authorities and Functions.**

- 2.1. The full and sole control over the businesses and management of the Company shall be with the Investment Manager (except for the tasks to be carried out by the Israeli Advisory Company as stated in Section 2.5 below). The Investment Manager shall manage all of the Company's businesses and affairs according to the Investment Manager's discretion in order to carry out the Company's purposes as provided in the Subscription Agreement, the By-Laws, this Investment Management Agreement, the Spanish law and the Prospectus, when applicable. The Investment Manager shall be entitled to conduct negotiations and to execute, on behalf of the Company, all the agreements and documents required for managing the Company's business according to its purposes.
- 2.2. The Investment Manager shall not enter into agreements, on behalf of the Company, which shall create liabilities in deviation from the Company's purposes.



- 2.3. The Investment Manager shall be entitled to propose to the shareholders' meeting of the Company the appointment of two (2) directors. One of the directors proposed by the Investment Manager shall be appointed the chairman of the board of directors.
- 2.4. The Investment Manager, directly or through its officers, shall be granted all the authorities to act in the Company's name and to bind it, to take all actions and to enter into any agreement it may deem necessary and/or beneficial for carrying out the Company's purposes and without derogating from the generality of the foregoing, including carrying out the following actions on behalf of the Company, directly or through Project Companies, as the case may be, as follows and all within the scope and limitations contained in the Prospectus and the Spanish law, when applicable:
  - 2.4.1. To sign agreements and documents and any modification and amendment thereto, all as the Investment Manager may deem fit.
  - 2.4.2. To borrow funds, according to the Investment Manager's discretion, on behalf of the Company and/or the Project Companies for the purposes of the Company and the Project Companies.
  - 2.4.3. To manage any lawsuit and legal proceeding whether as a plaintiff or a defendant, and to resolve and/or settle such lawsuits and legal proceedings, in its discretion.
  - 2.4.4. To give any notice on behalf of the Company.
  - 2.4.5. To establish and manage a Project Company or Companies for the purpose of acquisition, management and betterment of the real properties.
  - 2.4.6. To establish and/or to acquire additional corporations whose shares (all or any portion thereof) shall be held by the Company.
  - 2.4.7. To manage a full and accurate registration of the Company's affairs and business.
  - 2.4.8. To pay, directly, or through any Project Company all the Company's or Project Company's expenses (including the management fees to the Investment Manager).

- 2.4.9. To lease through the Company, or any Project Company and at the expense of the Company, or the Project Company an office or offices for the purposes of managing the Company's properties and to provide management and office services, office equipment and human resources in order to promote the management of the Company's affairs.
- 2.4.10. To open, maintain, manage and close bank accounts for the Company and for any Project Company in Spain and outside of Spain, to draw checks and to give instructions for payment of monies.
- 2.4.11. To create charges, liens, pledge, mortgage and/or any other security rights over the Company's and/or the Project Companies' properties, all or any portion thereof.
- 2.4.12. To perform a distribution of profits to the Subscribers or the Shareholders, as the case may be, in accordance with the By-Laws of the Company.
- 2.4.13. To employ, at the Company's expense, directly or through the Project Companies, attorneys, accountants, bookkeepers, appraisers, trustees, real estate agents, property management companies, architects, general contractors, maintenance companies, and consultants to the extent required and as it shall deem fit.
- 2.4.14. To report to the Subscribers or the Shareholders, as the case may be, from time to time and in accordance with the MAB (the Spanish alternative stock market) or any other applicable stock exchange listing requirements, once listed, and the applicable law, regarding the Company's business as it shall deem fit and to represent the Company for all intents and purposes.
- 2.4.15. To provide the information which, shall be required for the Subscribers or the Shareholders, as the case may be, in order to prepare tax reports regarding their profits from the Company and in order to allow them to demand a discount or exemption from tax in respect of the aforesaid.
- 2.4.16. To take all measures required in a jurisdiction outside Spain in which the Company operates in order to protect the limited liability of the

Subscribers or Shareholders, as the case may be.

2.4.17. To cause the preparation of any financial or other statements or reports required by the applicable law.

2.4.18. To fulfill any other obligation which applies to the Company.

2.5. However, the following tasks will be carried out by the Israeli Advisory Company in favour of the Company: (i) marketing and communication with prospective investors; (ii) meetings with prospective investors; (iii) assistance in back office matters; and (iv) other matters previously agreed in writing between the Company, the Investment Manager and the Israeli Advisory Company from time to time.

The Company shall pay the Israeli Advisory Company an annual fee of Euro 96,000 (plus VAT and any other taxes, if applicable) (the “**IR Fee**”). The IR Fee shall be paid quarterly in advance on the first day of January, April, July and October of each year in an amount equal to 25% of the annual IR Fee. The quarterly IR Fee actually paid by the Company to the Israeli Advisory Company shall be deducted from the quarterly Base Fee (as defined below). In case the Israeli Advisory Company is not able to provide the contemplated services to the Company, the Investment Manager shall provide such services with no right of the Israeli Advisory Company to receive the IR Fee..

### **3. The Purpose of the Company, its Authorities, Powers and Criteria for Investment.**

3.1. The Company is established for the purpose of making acquisitions, directly or through Project Companies, of residential properties, rental communities, fractioned condominiums and other types of bulk residential deals primarily in Barcelona and Madrid, Spain (the “**Area of Activity**”), in accordance with and subject to the provisions of the Agreement, the Investment Management Agreement, and the By-laws of the Company. Notwithstanding the foregoing, the Company is permitted to invest up to 25% of the Aggregate Commitment Amount in the Company in commercial properties, including office buildings, storage facilities, and shopping centers located in the Area of Activity (“**Commercial Properties**”). Making acquisitions outside the Area of Activity or investments in Commercial Properties exceeding 25% of the Aggregate Commitment Amount shall require the prior

approval of the Board of Directors of the Company. Many apartment buildings in Spain have several commercial units on the street floor (primarily used as stores), and such commercial units may be acquired when buying an apartment building. Such commercial units that are part of an apartment building, as described herein, shall not be included when calculating the percentage of the aggregate investment commitments invested in Commercial Properties.

3.2. The Investment Manager and the Company shall have all the authorities and powers required for promoting the purpose of the Company or which are related thereto, including engaging in agreements and taking all such actions which the Investment Manager deems necessary or required in order to consummate the Company's purposes, all in accordance with the provisions herein, and in the Investment Management Agreement.

3.3. The Company shall begin its activity upon the Initial Closing Date.

#### **4. Payment of Company's Ongoing Expenses and Costs.**

4.1. Subject to the provisions of Sections 4.3. and 4.4. below, the Company, directly or through a Project Company, shall pay for all of the Company's and each Project Company's expenses and costs, including, but without limitation, accountant and bookkeeping fees, fees associated with legal consultancy to the Company, legal and other due diligence fees and costs, costs related to the listing on the MAB or any other stock exchange and ongoing costs associated with maintaining the Company's status as a publicly traded company on the MAB or any other stock exchange, fees paid to other external advisors to the extent required (including expenses of preparing and distributing reports to Subscribers and Shareholders, as the case may be, and financial reports required by the applicable law, as well as the cost of maintaining books and records, insurance costs and any other related expenses), property management costs, maintenance and repairs, property renovations, D&O insurance, employee salaries and benefits, office expenses, travel expenses and expenses of living in Spain or elsewhere (other than living expenses in Israel) which are directly related to the activity of the Project Company (including such travel expenses and expenses of living incurred by the Investment Manager), in addition to Value Added

Tax ("**VAT**"), to the extent required in accordance with applicable law. Amounts invested in the Company's capital may be used for the purpose of covering the Company's expenses and costs under this Section 4.4. (including the establishment of the Project Companies).

- 4.2. To the extent the aforesaid expenses and costs have been made or shall be made by the Investment Manager or an affiliated entity of the Investment Manager, the Investment Manager or such an affiliated entity, as the case may be, shall be entitled to reimbursement of said amounts from the Company.
- 4.3. Notwithstanding Section 4.1. above, in the event that the aggregate expenses of the Investment Manager per annum related to traveling and residing in Spain shall exceed per calendar year the amount of 0.5% of (1) the Aggregate Commitment Amount, until such time as the Company is listed on the MAB or any other stock exchange or (2) the higher of (a) the Aggregate Invested Capital Amount and (b) EPRA NAV of the Company (excluding net cash (cash minus debt)) as of the prior December 31, from the date that the Company is listed on the MAB or any other stock exchange (the "**Allowed Amount**"), the Investment Manager shall bear in such calendar year the difference between the Allowed Amount and the total actual amount of the costs and expenses attributable to said travel and residing in Spain.
- 4.4. Notwithstanding Section 4.1. above, the costs of remuneration and employment of the Investment Manager's officers or employees (other than travel expenses and expenses of living abroad), as well as overhead expenses in respect of offices, computer systems, communications, and expenses in respect of the Investment Manager's offices outside of Spain, shall be borne by the Investment Manager.

## **5. Set-Up Fees.**

- 5.1. The Investment Manager shall be granted a set-up fee ("**Set-Up Fee**") to compensate the Investment Manager for the costs of establishing the Company, payment of the Company's registration fees and the payment of fees to advisors retained by the Investment Manager for purposes of establishing the Company, in addition to VAT, to the extent required by the applicable law.

5.2. The Set-Up Fee shall equal one percent (1%) of the Aggregate Commitment Amount, as of one day prior to the date the Company is listed on the MAB or any other stock exchange (the “**Set-Up Free Amount**”). The Set-up Fee can be charged in whole or in part, and be partially allocated, at the sole discretion of the Investment Manager, to certain Purchase Transactions. However, the aggregate of all such charges shall not exceed the Set-Up Fee Amount.

## 6. **Management Fee.**

6.1. The Company shall pay to the Investment Manager a management fee (the “**Management Fee**”) for the services to be provided hereunder. The Management Fee shall consist of a base fee (“**Base Fee**”) and a performance fee (“**Performance Fee**”). Additionally, the Company will pay a special fee in case of the occurrence of a Special Event (“**Special Termination Fee**”).

### 6.2. **Base Fee.**

6.2.1. The Base Fee shall be 1.5% per annum of (1) the Aggregate Commitment Amount on the date the invoice is issued and applied on all periods since the last invoice was issued, until such date as the Company is listed on the MAB or any other stock exchange or (2) EPRA NAV of the Company as of the last day of the most recent fiscal quarter that the Company published its financial statements (June 30, and December 31), from the date that the Company is listed on the MAB or any other stock exchange.

6.2.2. The Base Fee shall be paid quarterly in advance on the first day of January, April, July and October of each year in an amount equal to 25% of the annual Base Fee. The Base Fee shall be calculated from the Initial Closing Date.

6.2.3. The quarterly IR Fee actually paid by the Company to the Israeli Advisory Company shall be deducted from the quarterly Base Fee as stated in section 2.5 above.

### 6.3. **Performance Fee**

6.3.1. A Performance Fee is due in a given fiscal year with respect to all

properties actually sold during such fiscal year. Upon the sale of any property (the “**Sold Property**”), the Company shall calculate the Capital Gain / Capital Loss actually generated from the Sold Property. The Performance Fee shall equal 20% of the aggregate Capital Gain / Capital Loss of all Sold Properties for which a Performance Fee has not been paid yet. The Performance Fee shall be paid at the earlier of (i) at the same date that the Company pays out dividends or any other security to its shareholders that is related to the Sold Property, or (ii) on the first business day of May following the fiscal year in which such Performance Fee is calculated. If in any given fiscal year, the Company has a Net Capital Loss from Sold Properties during that year, then such Net Capital Loss will be added to the calculated total Capital Gain / Capital Loss of Sold Properties in the following fiscal year.

6.4. **Special Termination Fee.**

6.4.1. The Special Termination Fee is designed to protect the Investment Manager if certain circumstances (as described below) take place.

6.4.2. Special Termination Fee shall be paid in full within 30 days in the occurrence of one of the following events (the “**Special Event**”): (a) if the Investment Management Agreement is terminated for any reason, (b) if any shareholder, directly or indirectly, owns at least 20% of the shares of the Company (other than those shareholders which hold more than 20% as of 30 June 2018), (c) if there is a change of control in the Company, (d) if at least 2 of the members of the Board of Directors as of 30 June 2018 are replaced without the consent of the Investment Manager, or (e) in case of liquidation or dissolution of the Company.

6.4.3. The Special Termination Fee shall equal twenty percent (20%) of the High Water Mark Outperformance.

7. **Payment of Fees.** All fees shall be expressed in Euros and paid in cash, in addition to VAT, to the extent required by the applicable law.

**8. Term and termination.** The term of this Investment Management Agreement shall be no less than six (6) years from the date that the Company is publicly traded on the MAB or any other stock exchange ("**Six Year Term**"), provided that if the Company is dissolved prior to such date, this Investment Management Agreement shall terminate on the date of such dissolution. Subsequent to the Six Year Term, the Investment Management Agreement shall be automatically renewed for periods of three (3) years. Notwithstanding the preceding sentence, subsequent to the Six Year Term, this Investment Management Agreement may be terminated at any time, with approval by a Special Resolution. If such Special Resolution is adopted, the Investment Manager shall receive ninety (90) days of notice.

Additionally, a party may terminate this Agreement at any time upon notice in writing to the other party if:

- a) The other party is wound-up or suffers a winding up event, an insolvency or court protection event;
- b) The other party is in breach of a material term hereof (including non-payment of fees due to the Investment Manager pursuant to Section 6 above), in which case the Investment Manager shall be entitled not only to terminate the Agreement, but also to receive from the Company:
  - i. a compensation for losses and damages (*daños y perjuicios*) incurred;
  - ii. in the case where it is agreed or determined that cash amounts are due and payable to the Investment Manager, the payment of default interest equivalent to 2% monthly accruing on a daily basis calculated on any such cash amount due to the Investment Manager under this Agreement, provided that no such default interest shall arise in the case where the Company has cash settled the amount so agreed or determined within the three month period commencing on the date that such amounts are determined as due (the "**Due Date**") (the "**Grace Period**") and provided further that in the case where payment is made outside of the Grace Period such default interest shall be payable from the Due Date; and



- iii. in the case where it is agreed or determined that there has been delay in payment of any Performance Fee to the Investment Manager in breach of this Agreement, the Company shall procure that the Investment Manager is restored to the position it would have been in had the Performance Fee been paid.

and such breach, if capable of remedy, has not been remedied to the reasonable satisfaction of the non-defaulting party, within 30 days of the defaulting party being notified of such breach

The parties expressly agree that the Investment Manager shall be entitled to receive the Management Fee corresponding to the relevant period of the year during which the termination of this Agreement takes place, if any. In addition, should the Investment Management Agreement be terminated, the Company (and/or its new investment manager) would be obliged to adhere to practices that allow calculation of the Performance Fee and Special Termination Fee to be paid in accordance with this Agreement. This may imply conducting an EPRA NAV calculation (which will require a valuation of the Company's real estate assets by a RICS certified appraiser) and assessing the Special Termination Fee calculations assuming that due performance fees in respect of such period should be equal to those that would have been payable under this Agreement had it not been terminated (and disregarding any management fees payable to any replacement investment manager) and then determining the *pro rata* allocation of such calculated amount that is due to the Investment Manager in light of the relevant period during the year in which the termination has taken place.

## **9. Limitation of Liability and Indemnification.**

- 9.1. The Investment Manager, the Investment Manager's office holders, managers, employees, shareholders, and/or anyone on their behalf, shall not be liable towards the Company and/or the Subscribers and/or the Shareholders, or any of them for any damage, loss and/or expense caused to the Company and/or the Subscribers and/or the Shareholders or any of them, for any act or omission carried out on behalf of the Company, unless such acts shall be carried out fraudulently or maliciously or shall constitute gross negligence or a criminal act.

- 9.2. The Company shall indemnify the Investment Manager and each one of the Investment Manager's employees, managers, office holders and shareholders for any loss, expense or damage which they or their agents shall bear or shall be required to bear directly or indirectly, for any act or omission carried out on behalf of the Company and/or for it, unless such acts shall be carried out fraudulently and/or maliciously and/or shall constitute criminal acts.
- 9.3. The Company, directly or through a Project Company, shall bear the office holders' insurance costs (including D&O liability insurance) for the directors and office holders of the Investment Manager.

**10. Conflict of Interests and Business Opportunities.**

- 10.1. The Investment Manager undertakes that the Company shall not acquire, directly or indirectly, properties held (prior to the acquisition), directly or indirectly, by any of the interested parties in the Investment Manager. Without derogating from the aforesaid, the Investment Manager's office holders shall furnish to the Company a signed undertaking, according to which they shall report to the Company of every personal interest of any kind which they may have in a transaction proposed to the Company.
- 10.2. Any office holders of the Investment Manager which shall have a personal interest in an existing transaction or a transaction proposed to the Company shall disclose to the Company's representative body, without delay, the nature of his personal interest, including any fact or document which shall be material to any transaction.
- 10.3. Without derogating from the aforesaid, in case where the Company shall decide to acquire a property together with third parties, the Investment Manager and/or interested parties therein shall not be entitled to join as an additional party to such an acquisition transaction unless all the Subscribers or the Shareholders, as the case may be, were offered to participate in such acquisition, each Subscriber or Shareholder, as the case may be, according to its pro-rata share.

**11. Confidentiality.** The parties undertake to keep in strict confidence, and not to divulge or make accessible or use any nonpublic information relating to the business or financial affairs

of the parties, to which each party has been or will become privy by reasons relating to this Investment Management Agreement, to anyone, except (i) to its employees and advisors in such capacity as required to perform the obligations hereunder, (ii) if required by law, or (iii) with the prior written consent of the other parties to this Investment Management Agreement.

**12. Governing Law.** This Agreement is subject to the law of Spain. The competent courts of the city of Madrid shall have exclusive jurisdiction over all disputes with respect to this Investment Management Agreement.

**13. Waiver.** No waiver or discount or refraining from action upon its due date or the grant of an extension shall be deemed a waiver by a party of any of its rights or shall constitute an impediment for filing a lawsuit by it, unless such waiver shall be made explicitly and in writing.

**14. Validity.** If any provision in this Investment Management Agreement shall be found to be invalid or illegal, the other provisions of this Investment Management Agreement shall remain in full force and effect, and such illegality shall not affect the legality or validity of this Agreement.

**15. Amendments.**

15.1. No modification or amendment to this Agreement shall be in effect, other than if made in accordance to the provisions of this Section 15.

15.2. This Agreement may be modified with approval by a Special Resolution.

**16. Assignment.** This Investment Management Agreement may not be assigned by the Investment Manager without the approval by a Special Resolution, except that this Agreement may be assigned by the Investment Manager to an affiliated entity of the Investment Manager without such approval.

**17. Notices.** All notices, demands and other communications to be given and delivered under or by reason of provisions under this Investment Management Agreement shall be in writing and shall be deemed to have been given when personally delivered, mailed by registered mail or by reliable overnight courier, or transmitted by electronic facsimile to the principal offices of the Investment Manager or the Company, as the case may be.

**18. Execution in Counterparts.** This Agreement may be executed in counterparts, such that each copy shall be deemed an original, and all such copies, when taken together, shall be deemed one instrument.

**19. Entire Agreement.** This Agreement constitutes the full and entire understanding and agreement between the Investment Manager and the Company, with respect to the subject matters hereof and thereof, and supersedes all prior agreements between the parties hereof with regard to such subject matter. In particular, this Agreement replaces entirely the investment management agreement entered into by and between the Investment Manager and the Company on November 1, 2015.

[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY]

**IN WITNESS WHEREOF**, the undersigned have executed this Investment Management Agreement effective as of the date first above written.

COMPANY:

GALIL CAPITAL RE SPAIN SOCIMI, S.A.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

INVESTMENT MANAGER:

GC Nadlan Real Estate, S.L.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_