

Contract of Unprotected Lease

Signed in Jerusalem on the 1st of January 2014

Between

Custodia Di Terra Santa

1 St. Francis Rd., New Gate, P.O. Box 186 Jerusalem
Represented by Rev. Fr. Ibrahim Faltas, OFM
General Administrator of the Custody
(Hereinafter called the: "**Lessor**"),

And

ISTITUTO ITALIANO DI CULTURA,

12 Meir St., Haifa
Represented by Mr. Maurizio Dessalvi
(Hereinafter called the: "**Lessee**"),

WHEREAS the Lessor is the owner of the property and Building called "Locazione del Centro Culturale Italiano", in 12 Meir St., Haifa, Known as Block 10829 Parcel 33; consisting of two floors, a building attached to the ground floor and a parking lot (hereinafter: **the Premises**)

WHEREAS The Lessee wishes to lease from the Lessor the **First floor** of the premises composed of **6** rooms, **1** corridor, **1** kitchen, **1** additional kitchen with a deposit and **2** bathrooms, total area of **300** sq`m (hereinafter called "**The Property**"); all in accordance with the map annexed to this contract; and

WHEREAS the Lessee wish to lease from the Lessee the above mentioned property as detailed in the attached map;

WHEREAS the intention of both parties is to conclude the above mentioned lease according to the following terms;

THE PARTIES THERETO HAVE AGREED, DECLARED AND COVENANTED AS FOLLOWS:

1. The preamble to this agreement and its annexes constitute an integral part thereof.
2. The Lessor hereby leases to the Lessee and the abovementioned property under the terms and conditions of this agreement.
3. The Lessor hereby puts at the disposal of the Lessee five parking spots in the parking lot adjacent and attached to the premises. The Lessee commits to use only five parking spots and to leave all other spots available to other tenants in the Building.



4. The parties agree and declare that the provisions of the Protected Tenancy Law -1972 and the regulations deriving thereof do not apply and will not apply to the premises, the parking spots, the Parties and/or this lease agreement.

Lease Period

5. The Lessor hereby leases to the Lessee the above mentioned property for the period of 36 months (thirty six), starting from the 1st of January 2014 and ending on the 31 of December 2016 (hereinafter: **the lease term**).
6. Not later than 120 days before the end of the lease term, the Lessee shall notify the Lessor of its intention to continue leasing the premises. In case the Lessee decides to continue leasing, the Parties shall negotiate the signing of a new contract.
7. Notwithstanding the contents of articles 5-6, if for any reason diplomatic ties between Israel and Italy are severed and /or suspended in any way and/or the Embassy moves out of Israel or to Jerusalem and /or in case the Italian Cultural Institute would be closed, then and in that event the Lessee will have the right to terminate the lease agreement by way of written notice to the lessor of 120 days in advance.
8. Where a notice as aforesaid has been sent, the lease in respect of this agreement will terminate at the end of 120 days of the prior notice, the lessor will refund the lessee any amount it has paid in respect of the lease period beyond the aforesaid period, and the lessor will have no claims and /or arising from and/or allegations against the lessee in respect of the lease and /or in respect of any matter arising from and /or connected the termination of the lease and the agreement will come to an end upon the return of the leased premises to the lessor in good order and condition as described in the vacation clauses of this agreement.

Lease Payment

9. In consideration for the use of the premises pursuant to the provisions of this Agreement, and during the entire Lease Term, the Lessee shall pay the Lessor a yearly rent in the sum 109,800 NIS (One hundred nine thousand and eight hundred New Israeli Shekels).
10. The annual lease for the property shall be paid in one instalment, not later than the 1 of March of each year.
11. At the end of each year, the Lease payment shall be updated according to the annual increase/decrease in the Consumer Price Index.

General Provisions

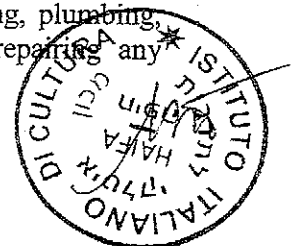
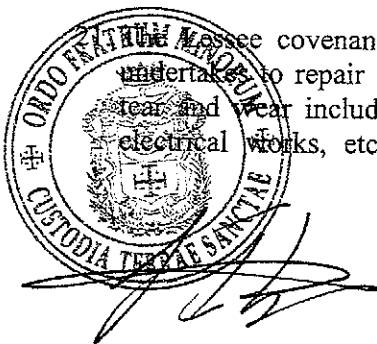
12. The Lessee represents that he is aware that the premises include also an entrance and a little garden currently enjoyed exclusively by the Lessee without any payment. The Lessee further represents that he is aware that in case the Lessor leases other parts of the premises to other Lessees, they will have the right of common use of the entrance, and the garden.

The Lessee declares that he is aware that he does not have the right to use the roof of the Premises except for regular maintenance.



14. Throughout the lease term, the Lessee shall not assign, transfer or sub-lease the property or any part thereof under any circumstances whatsoever.
15. Throughout the lease term, The Lessee shall bear, pay and discharge all municipal and other rates, dues and taxes applicable to the property.
16. The Lessee commits to pay and to indemnify the Lessor against:
 - a) All rates, taxes, assessment, duties, charges, imposition, and outgoings which are now or during the lease period, shall be charged, assessed, or imposed upon the property or upon the owner or occupier of them, excluding any payable by the Landlord occasioned by receipt of the rents or by any interest reversionary to the interest created by this Lease.
 - b) V.A.T., or any tax of a similar nature that may be substituted for it or levied in addition to it, chargeable in respect of any payment made by the Lessor under any of the terms of, or in connection with this Lease.
17. The parties agree that the lease shall terminate in any of the following cases:
 - a. In case of grave breach by the Lessee of this Contract, subject to a 30 days' notice in writing from the First Party.
 - b. at the end of the Lease term according to the provisions of this Agreement.
 - a. So as to avoid doubt, nothing in this provision is intended to derogate from the rest of the provisions of this Agreement with regard to the possibility of the early termination of the lease.
18. The Lessee is not allowed, under any circumstances to sub-lease or otherwise allow any other person or entity whatsoever the use of the Premises. The Lessee is further not allowed, in anyway whatsoever to transfer any lease or tenancy rights in the Premises to any third party. A breach of this article shall constitute a fundamental breach of the Agreement entailing immediate eviction from the Premises and payment of compensation by the Lessee.
19. The Lessee represents that he is aware that he cannot make any changes to the premises (including installation work, construction, destruction, etc.), and that any change, etc. that he might want to make to the premises requires the prior written approval of the Lessor, who will have absolute discretion as to whether to give such a permission or not.
20. Without derogating from the generality of the above provisions, the Lessee shall not alter or remove any of the internal walls or partitions of the said property or make an alteration in the internal arrangement or the external stricture of the property.

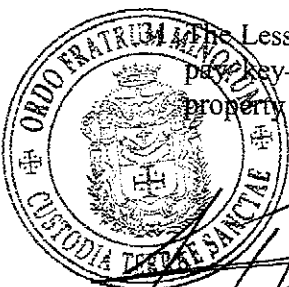
The Lessee covenants to keep the property in a good state of repair. He further undertakes to repair at his own expense damages which might occur due to normal wear and tear including, but not limited to, damage including painting, plumbing, electrical works, etc... The Lessee shall not be responsible for repairing any



extraordinary damage that may occur to the premises. Extra ordinary damage will be determined by the parties hereto, should such damage occur. The Lessee further undertakes to preserve the wholeness of the premises, and to do his utmost to prevent any damage to the premises.

22. Upon the occurrence of any damage to the premises or its facilities, the Lessee covenants to give notice thereof in writing to the Lessor immediately and without delay upon discovering the damage, and that, without derogating from the obligation of the Lessee to repair the damage according to the provisions of this agreement.
23. The Lessee undertakes to obtain insurance for the premises and its contents against any damage that might occur from whatever event whether natural or other. The beneficiary of the policy will be the Custody of the Holy Land. Within 30 days from the signing of this agreement, the Lessee shall present the Lessor with a copy of the insurance policy.
24. The Lessee covenants to bear all the expenses connected with to the premises, relating to the use and maintenance thereof.
25. The Lessee covenants to bear all taxes applicable, or which might become applicable to the premises, including municipal or other taxes.
26. The Lessee will permit the Lessor and/or his representative to visit the premises at any reasonable time, with prior coordination.
27. At the end of the Lease Term, the Lessee hereby undertakes to return the sole possession of the premises to the Lessor the way it was on the day he received it and to return the keys of the premises to the Lessor
28. By his signature of this Agreement, the Lessee affirms that he saw the premises, inspected it and its condition, and found it to be suitable and appropriate for all its intended purposes.
29. If the Lessee does not vacate the premises at the end of the Lease Term or after the proper termination of the Agreement, he shall pay the Lessor liquidated damages estimated in advance in the sum of NIS 200 for each day of delay, to which the Lessor shall be entitled, without any need of proof of damages, up to the actual date of vacation of the Premises and the delivery of the sole possession thereof to the Lessor.
30. In the event of a fundamental breach of the Agreement, the injured party shall receive from the other party, without derogating from any right or remedy, liquidated damages estimated in advance in the sum of NIS 18,000 (eighteen thousand New Israeli Shekels). The parties represent that they calculated and found the aforesaid amount of damages appropriate and proper and that they will refrain from any claim with regard to the damages and their amount.

The Lessee confirms and declares that they are not protected tenants, that they did not pay key-money or any other consideration to the Lessor, or anyone else for this property which was vacant when they entered it with the permission of the Lessor and



that this lease is not protected under the Tenant's Protection Law of 1972 and the new modifications.

32. The provision of articles 3-27 and 31 are basic and fundamental and any breach of those provision entitles the Lessor in addition to any remedy according to law also to agreed compensation sum of 22% from annual rent.

Jurisdiction

33. The Lessor and the Lessee agree that the relationship between them is governed solely by the provisions of Israeli law. This contract and any rights and obligations arising thereof shall also be governed solely by the provisions of Israeli law. In any case of dispute arising between the parties and concerning this contract, the relevant Israeli court in the district of **Jerusalem** shall have sole and exclusive jurisdiction. The Lessee hereby explicitly waives any right of immunity from jurisdiction of Israeli courts.

IN WITNESSES THEREOF THE PARTIES HERETO HAVE HEREUNDER SET THEIR HANDS AND SIGNED.

Lessor

Lessee



Fr. Ibrahim Faltas
Custodia Di Terra Santa
Fr. Fr. Ibrahim Faltas, OFM



Manigio
ISTITUTO ITALIANO DI CULTURA

I, the undersigned, Farid Jubran Adv., hereby attest and certify that this agreement has been signed by Fr. Ibrahim Faltas of the Custody of the Holy Land in accordance with the powers and faculties granted to him under the legislation of the Custody. His signature combined with the seal of the Custody binds the latter in all matters and purposes.

Farid Jubran, Adv.