

Shikun & Binui Ltd.

("The Company")

**Ballot pursuant to the Companies Regulations (Written Votes and Position Papers)
5766-2005 (hereinafter: "Voting Regulations")**

Ballot – First Part

1. **Name of the Company**

Shikun & Binui Ltd.

2. **Type of General Meeting, time and place thereof**

The Annual Meeting of the shareholders of the Company that will be convened on Thursday, November 30, 2017 at 15:00 (hereinafter: "**the Meeting**" or "**the General Meeting**") in the offices of the Company in 1A HaYarden St. Airport City (hereinafter: "**Offices of the Company**").

3. **Items on the agenda in respect of which it is possible to vote with the ballot and wording of the proposed resolutions**

- 3.1. **Reappointment for an additional term of office of the directors that serve in office in the Company (except for the outside directors) that will be entitled to the Customary Terms of Office in the Company.**

Approval of the reappointment of the following directors only: Mr. Moshe Lahmani, Mr. Efrat Peled, Mr. Nir Zichlinsky, Mr. Ido Stern, Mr. Tal Atsmon and Mr. Shalom Simchon for an additional term of office that shall commence as of the date of approval of their appointment by the General Meeting in accordance with the General Meeting Report and until the next Annual Meeting of the Company.

Pursuant to Regulation 7(A)(5)(B) of the Voting Regulations, the following are details regarding prospective directors, including particulars required under Regulation 36B(A)(10) and 26 of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (hereinafter: "**Immediate Reports Regulations**"), to the best of knowledge of the Company:

Mr. Moshe Lahmani

Membership in Board Committees:	Sustainability Committee, Corporate Governance Committee, Human Resources Committee
Commencement date of his term of office as director in the corporation:	20.6.2010

Ms. Efrat Peled

Membership in Board Committees:	Human Resources Committee, Sustainability Committee
Commencement date of her term of office as director in the corporation:	26.11.2006

Mr. Nir Zichlinsky

Membership in Board Committees:	Sustainability Committee, Compensation Committee
Commencement date of his term of office as director in the corporation:	26.11.2006

Mr. Ido Stern

Membership in Board Committees:	Corporate Governance Committee, Human Resources Committee
Commencement date of his term of office as director in the corporation:	23.11.2011

Mr. Tal Atsmon

Membership in Board Committees:	Sustainability Committee, Compensation Committee
Commencement date of his term of office as director in the corporation:	20.5.2007

Mr. Shalom Simchon

Membership in Board Committees:	Audit Committee, Finance and Financial Statements Examination Committee, Sustainability Committee, Human Resources Committee
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Commencement date of his term of office as director in the corporation:	26.06.2013
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To the best of knowledge of the Company no changes occurred in the required particulars regarding the prospective directors since these were published in the fourth chapter – additional particulars about the corporation, in the Annual Report for the year 2016 that was published on March 30, 2017 (Ref.: 2017-01-033279) (hereinafter: "**Annual Report for 2016**") that is incorporated herein by way of reference, except for the ones specified hereunder:

- A. Mr. Nir Zichlinsky ceased to serve as a director in Jerusalem Technology Investments (JTI) Ltd. and started to serve as chairman of the board of directors in Sela Logistics Ltd.

It should be noted that Mr. Yitzchak Harel and Ms. Lily Alon will continue to serve as outside directors in the Company until expiration of their term of office, as stated by the General Meeting of the shareholders of the Company.

A copy of the competency statements of the directors whose term of office is up for renewal is enclosed as **Appendix B** of the General Meeting Report.

It is clarified that the said directors will continue to be entitled to all the conditions that are customary in the Company with respect to directors that serve in the Company by virtue of the resolutions passed by the competent organs of the Company, including compensation to all directors that serve in office and that will serve in the Company in accordance with the provisions set forth in the Companies Regulations (Rules regarding Remuneration and Expenses of an Outside Director), 5760-2000, when the compensation paid to the directors that serve in office and the directors that will serve in office will be equal to the maximum possible amount in accordance with the said Regulations, taking into account the ranking of the Company. Regarding directors in respect of whom the Board of Directors stated that they are expert directors (according to the definition of an expert outside director in the said Regulations), the maximum amounts shall be as stated in the Fourth Schedule of the said Regulations and with respect to the other directors, the maximum amounts shall be as stated in the Second and Third Schedule of the said Regulations (except for Mr. Moshe Lahmani, the Chairman of the Board, who will continue and will be entitled to compensation in accordance with his employment contract as approved in the General Meeting of the Company on May 16, 2016 (see immediate reports dated April 21, 2016 and May 19, 2016, Ref. 2016-01-054010 and 2016-01-029658 respectively). In addition, all other customary arrangements in the Company regarding insurance, exemption,

indemnity and the like shall continue to be in effect with respect to the directors that serve in office and that will serve in the Company from time to time (hereinafter: "Customary Terms of Office in the Company").

Voting with respect to the approval of the appointment of each of the directors whose term of office is up for extension will be made separately.

Wording of proposed resolution:

- 3.1.1. To approve the reappointment of Mr. Moshe Lahmani as a director in the Company under the terms set forth above, until the next Annual Meeting of the Company.
- 3.1.2. To approve the reappointment of Ms. Efrat Peled as a director in the Company under the terms set forth above, until the next Annual Meeting of the Company.
- 3.1.3. To approve the reappointment of Mr. Nir Zichlinsky as a director in the Company under the terms set forth above, until the next Annual Meeting of the Company.
- 3.1.4. To approve the reappointment of Mr. Ido Stern as a director in the Company under the terms set forth above, until the next Annual Meeting of the Company.
- 3.1.5. To approve the reappointment of Mr. Tal Atsmon as a director in the Company under the terms set forth above, until the next Annual Meeting of the Company.
- 3.1.6. To approve the reappointment of Mr. Shalom Simchon as a director in the Company under the terms set forth above, until the next Annual Meeting of the Company.
- 3.2. Extension of the term of office of the accountants from KPMG Somekh Chaikin & Co., C.P.A., from Millennium Tower, 17 HaArbaa St., Tel Aviv, as the auditors of the Company until the end of the next Annual Meeting of the Company, authorizing the Board of Directors to determine their fees and reporting about the fees of the accountants for the year 2016 as decided by the Board of Directors of the Company.

Proposed resolution: to approve continuation of the term of office of the accountants from KPMG Somekh Chaikin as the auditors of the Company and to authorize the Board of Directors of the Company to determine their fees.

- 3.3. Approval of the term of office and employment to Mr. Yuval Dagim, the incoming CEO of the Company (hereinafter: "the CEO")¹ including fixed compensation and additional benefits as of commencement date of his employment and until December 31, 2020 and an annual bonus plan and equity based compensation in respect of his term of office until the expiration of the existing compensation policy in the Company, within its meaning in part B of the General Meeting Report.

For further details regarding the proposed terms of compensation to the CEO of the Company see parts B and C of the General Meeting Report.

Proposed resolution: to approve the terms of office and employment to the CEO of the Company, as stated in parts B and C of the General Meeting Report.

For further details regarding the items on the agenda of the Meeting see the General Meeting Report as aforesaid, in the distribution website of the Securities Authority in the following link: www.magna.isa.gov.il (hereinafter: "**Distribution Website**") and the internet website of the Tel Aviv Stock Exchange Ltd. in the following link: maya.tase.co.il (hereinafter: "**Stock Exchange Website**").

4. **Time and place where the shareholders may peruse the full version of the proposed resolutions**

The shareholders of the Company may peruse the General Meeting Report (with which this ballot is enclosed) including the full version of the proposed resolutions and the other documents enclosed therewith, subject to the provisions set forth in any law, in the Offices of the Company on Sun. – Thurs. from 09:00 to 16:00 after advance coordination over the phone: 03-6301517 until the date of convening the Meeting or the adjourned meeting. In addition, shareholders may peruse this report and appendixes thereof in the Distribution Website and in the Stock Exchange Website in the links specified above.

5. **Requisite majority for the purpose of passing the resolutions on the agenda in respect of which shareholders may vote with the ballot**

- 5.1. The requisite majority for the purpose of approving the resolutions that are specified in sections 3.1 and 3.2 above is an ordinary majority of all the attendants in the Meeting, whether by themselves or whether by proxy, and that are entitled to attend in the Meeting and that voted in the Meeting, without taking into account abstaining votes.

¹ It should be noted that the incoming CEO did not start to serve in office yet. For details regarding his appointment see also the immediate report that was published by the Company on October 3, 2017 (Ref.: 2017-01-087364).

5.2. The requisite majority, pursuant to sections 267A and 272(C1) of the Companies Law, for the purpose of approving the proposed resolution specified in Section 3.3 above, is an ordinary majority of the shareholders that are present in the General Meeting whether by themselves or by proxy, or that delivered to the Company a ballot indicating the manner of their vote, and that are entitled to vote and voted in the Meeting, without taking into account abstaining votes, provided one of the following conditions is fulfilled:

- (1) The majority of the votes of the shareholders that are not the controlling shareholders or that have personal interest in the approval of the resolution and that participate in the vote will be included in the count of votes in the General Meeting; abstaining votes shall not be taken into account in the count of votes of the said shareholders;
- (2) The total number of objecting votes among the said shareholders in paragraph (1) was not greater than two percent (2%) of all the voting rights in the Company.

It should be noted that the Board of Directors of the Company shall be entitled to approve the resolution in Section 3.3 above even if the General Meeting objects to its approval, to the extent that the Compensation Committee, and subsequently the Board of Directors, decide, based on detailed reasons and after they reconsider the proposed terms of compensation to the CEO, that its approval, despite the objection of the General Meeting, is for the benefit of the Company.

6. **Note regarding a shareholder that is a controlling shareholder or a shareholder that has personal interest**

6.1. A shareholder participating in the vote with respect to the resolution specified in Section 3.3 above shall notify the Company prior to the voting in the Meeting, and if voting is by ballot – will indicate in part B of the ballot in the designated place, whether he or anyone acting on his behalf is a controlling shareholder in the Company or whether or not he has personal interest in the approval of the said resolution and shall provide a description of the relevant connection.

A shareholder that failed to check the designated place in the second part of the ballot as aforesaid or checked "yes" and failed to describe the relevant connection as aforesaid shall not vote on the said resolution and his vote shall not be counted for the purpose of the said resolution.

6.2. Pursuant to the Voting Regulations and the guideline of the Securities Authority dated November 30, 2011 regarding disclosure of the voting of stakeholders, senior officers and institutional bodies in meetings (hereinafter: "**Guideline**"), a stakeholder, a senior officer and an institutional investor (hereinafter: "**the Voters**") within their meaning thereat, shall provide to the Company as part of their vote in Resolution no. 3.3 of this Invitation the required particulars in accordance with the Regulations and Section 2(B) of the Guideline, and if they voted by proxy, the voting person or the proxy shall also provide the particulars regarding the proxy. In addition, the said voting members shall provide particulars regarding any connection between the voter or the proxy (that does not have personal interest) and the Company, any of the controlling shareholder or senior officers thereof, including employer-employee relationship, business relationship and the like and details regarding their nature.

7. **Quorum and adjourned meeting**

7.1. The General Meeting may not be opened unless a quorum is present at the time of opening of Meeting. A minimum of two shareholders present by themselves or by proxy and holding at least one third of the voting rights in that Meeting shall constitute a quorum. If, within thirty minutes from the time designated for the Meeting no quorum is present within its meaning above, the General Meeting shall stand adjourned by seven days, for the same day in the week in the same time (i.e., Thursday, December 07, 2017, at 15:00) and the same place or any other day and/or time and/or place, if noted in the invitation or the notice regarding the adjourned meeting (hereinafter: "Adjourned Meeting"). If no quorum is present in the Adjourned Meeting thirty minutes from the time designated for the meeting, the Meeting shall be convened if at least one shareholder, that is entitled by virtue of the shares he holds or represented by him, to at least 10% of all voting rights in the Company, is present in the Meeting whether in person or by proxy.

7.2. A General Meeting in which a quorum is present shall be entitled to decide on adjournment of the meeting to another time and place as decided; only an item that was included in the agenda of the first meeting and in respect of which no resolution was passed shall be considered in the Adjourned Meeting.

8. **Effective Date**

The date for the purpose of determining the entitlement of the shareholders to attend and vote in the General Meeting and in the Adjourned Meeting pursuant to Sections

182(B) and (C) of the Companies Law and Regulation 3 of the Voting Regulations is Wednesday, November 1, 2017 (hereinafter: "**Effective Date**"). In case no trading is held on the Effective Date, the Effective Date shall be the last trading day that preceded this date.

9. **Manner of voting and effect of the ballot**

- 9.1. A shareholder that is not registered in the Shareholders' Register and whose shares are registered with a Stock Exchange member (hereinafter: "Unregistered Shareholder") shall be entitled to obtain the certificate of ownership from the Stock Exchange member through which he holds his shares, in a branch of the Stock Exchange member or by mail to his address solely in return for shipping fees, if the shareholder requested, and a request for the purpose of this matter shall be delivered in advance with respect to a specific securities account.
- 9.2. Regarding an Unregistered Shareholder, the ballot shall be in effect only if a certificate of ownership was enclosed therewith as aforesaid or in case a certificate of ownership was delivered to the Company by the electronic voting system. The ballot of an Unregistered Shareholder shall be delivered to the Company together with the certificate of ownership no later than four (4) hours prior to the date of convening the Meeting.
- 9.3. Regarding a shareholder that is registered in the Shareholders' Register, the ballot shall be in effect only if a photocopy of an identity card or a passport of the registered shareholder was enclosed therewith or, in the event of a corporation – a photocopy of the certificate of incorporation. The ballot of a registered shareholder shall be delivered to the Company together with a photocopy of his identity card or his passport or a photocopy of the certificate of incorporation, no later than six (6) hours prior to the time of convening the Meeting.
- 9.4. The ballot in which the shareholder indicated the manner of his vote and that reached the Company until the last date set for that purpose as aforesaid shall be deemed as attendance in the Meeting for the purpose of determining the quorum.
- 9.5. A written vote shall be performed by the second part of this ballot in which the shareholder will indicate the manner of his vote regarding resolutions that are on the agenda, and will deliver it to the Company or deliver it to the Company in registered mail. For the purpose of this matter "delivery date" is the date in which the ballot and documents enclosed therewith were received in the Offices of the Company as specified hereunder.

10. **Voting in the electronic voting system**

An Unregistered Shareholder shall be entitled to vote with respect to the resolutions on the agenda as stated above by a ballot that will be delivered in the electronic voting system (hereinafter: "**Electronic Ballot**").

The Electronic Ballot is opened for vote upon expiration of the Effective Date. Voting with the electronic voting system will end six (6) hours before the end of the Meeting, and then the electronic voting system will be closed.

11. **Address of the Company for delivery of ballots and position papers**

Offices of the Company in 1A HaYarden St., Airport City.

12. **Last date for delivering position papers to the Company by a shareholder and response of the Board of Directors**

The last date for delivery of position papers of shareholders to the Company is up to ten (10) days before the date of the meeting.

The last date of delivery of the response of the Board of Directors to the position papers, if and to the extent the shareholders deliver position papers and the Board of Directors decides to deliver its response to the said position papers, shall be no later than five (5) days prior to the date of the Meeting.

13. **Addresses of internet websites that include the ballots and the position papers**

The ballots and the position papers, to the extent that there are any, can be retrieved in the Distribution Website of the Securities Authority in the following link: www.magna.isa.gov.il and in the internet website of the Tel Aviv Stock Exchange in the link: www.magna.isa.gov.il.

14. **Receiving ballots and position papers**

An Unregistered Shareholder shall be entitled to receive by email (to the address held by the Stock Exchange member) for no payment, a link to the ballot and the position papers in the Distribution Website from the Stock Exchange member through which he holds his shares, unless he notified the Stock Exchange member that he is not interested in receiving such a link as aforesaid or that he is interested to receive ballots by mail in return for payment. His notice regarding the ballots shall also apply for the purpose of receiving position papers.

15. **Perusing ballots**

One or more shareholder holding on the Effective Date shares at a rate constituting five percent (5%) or more of the total voting rights in the Company (i.e., approximately 19,933,700 ordinary shares NIS 1.00 par value each of the Company or more) and whoever holds such a rate as aforesaid out of all the voting rights that are not held by a controlling shareholder in the Company within its meaning in Section 268 of the Companies Law, i.e., 10,385,898 ordinary shares NIS 1.00 par value each of the Company or more) shall be entitled to peruse by himself or by proxy the ballots and the voting registration that arrived to the Company by the electronic voting system, in the registered office of the Company on Sun. – Thurs. during customary hours of work after the convening the General Meeting.

16. **Changes in the agenda of the Meeting**

It should be noted that after publication of the ballot there might be changes in the agenda, including the addition of an item on the agenda, and that position papers might be published, and the updated agenda and the position papers that were published in the reports of the Company are available in the Distribution Website and in the Stock Exchange Website.

17. **Last date of delivery of an amended ballot**

In case the addition of an item to the agenda is required and the Company publishes an updated ballot (that includes additional item(s) as aforesaid), the Company shall publish an updated ballot as aforesaid on the date of publishing the updated agenda of the Meeting that shall be in accordance with the schedules set out in Section 5B of the Companies Regulations (Notice and Announcement of a General Meeting and Class Meeting in a Public Company and Addition of an Item to the Agenda), 5760-2000.

18. **Cancellation of a ballot**

A shareholder shall be entitled to arrive to the registered office of the Company, and, after presenting proof regarding his identity, shall be entitled to withdraw his ballot and his certificate of ownership up to 24 hours prior to the date of convening of the Meeting.

A shareholder shall indicate the manner of his vote regarding the items on the agenda in the second part of the ballot.

Ballot – Part Two

Name of Company: Shikun & Binui Ltd.

Address of the Company (for submission and delivery of ballots): 1A HaYarden St.,
Airport City

Company no.: 520036104

Date and time of Meeting: Thursday, November 30, 2017, at 15:00 or on the date of the
Adjourned Meeting.

Type of meeting: Annual Meeting.

Effective Date: Wednesday, November 01, 2017. In case no trading is performed on the
Effective Date, the Effective Date shall be the last trading day that preceded this date.

Details of shareholders

1. Name of Shareholder: _____

(As noted in the identity card or in the Registrar of Companies, as the case may be)

2. ID. No.: _____

3. If the shareholder does not have an Israeli identity card

Passport No.: _____

Country of issue: _____

Expiry date: _____

4. If the shareholder is a corporation -

Corporation no.: _____

State of incorporation: _____

5. A stakeholder, a senior officer and an institutional investor: indicate whether you are:

	Yes*	No
A stakeholder (within its meaning in Section 1 of the Securities Law 5728-1968)		
A senior officer (within its meaning in Section 37(D) of the Securities Law 5728-1968)		
An institutional investor (within its meaning in Regulation 1 of the Control of Financial Services Regulations (Provident Funds) (Participation of Management Company at a General Meeting) 5769-2009)		

* If your answer is yes – please provide details regarding any connection between the voting shareholder or his proxy and the Company or any of its controlling shareholders or senior officers thereof, including employer-employee relationship, business connections and the like and the nature of these connections:

Manner of voting

No.	Item on the agenda and its number in Part A of the ballot	Manner of voting ²			Indicate whether you are a controlling shareholder or have personal interest in the resolution ³	
		For	Against	Abstain	Yes**	No
1	To approve the reappointment of Mr. Moshe Lahmani as a director in the Company under the terms set forth in the Invitation to the General Meeting, until the next Annual Meeting of the Company, as stated in Section 3.1 above.					
2	To approve the reappointment of Ms. Efrat Peled as a director in the Company under the terms set forth in the Invitation to the General Meeting, until the next Annual Meeting of the Company, as stated in Section 3.1 above.					
3	To approve the reappointment of Mr. Nir Zichlinsky as a director in the Company under the terms set forth in the Invitation to the General Meeting, until the next Annual Meeting of the Company, as stated in Section 3.1 above.					
4	To approve the reappointment of Mr. Ido Stern as a director in the Company under the terms set forth in the Invitation to the General Meeting, until the next Annual Meeting of the Company, as stated in Section 3.1 above.					
5	To approve the reappointment of Mr. Tal Atsmon as a director in the Company under the terms set forth in the Invitation to the General Meeting, until the next Annual Meeting of the Company, as stated in Section 3.1 above.					

² Failure to check an answer shall be deemed as abstaining with respect to the said item.

³ The vote of shareholder that fails to fill in this column or that indicates "Yes" and fails to provide details shall not be counted.

6	To approve the reappointment of Mr. Shalom Simchon as a director in the Company under the terms set forth in the Invitation to the General Meeting, until the next Annual Meeting of the Company, as stated in Section 3.1 above.					
7	To approve continuation of the term of office of the accountants from KPMG Somekh Chaikin C.P.A. as a auditors of the Company and authorize the Board of Directors of the Company to determine their fees, as stated in Section 3.2 above.					
8	To approve the term of office and employment of the CEO of the Company, as stated in Section 3.3 above.					

** If your answer is yes – please specify the reasons you are considered a controlling shareholder or anyone acting on his behalf and why you have personal interest in the resolution:

For shareholders holding shares by a Stock Exchange member pursuant to Section 177(1) of the Companies Law – this ballot shall be in effect solely with a certificate of ownership or if a certificate was delivered to the Company by the electronic voting system.

For shareholders registered in the Shareholders' Register of the Company – the ballot shall be in effect only with a photocopy of the identity card/passport/certificate of incorporation, as the case may be.

Date

Signature