



MADISON  
CAPITAL



February 18, 2021

**VIA EMAIL**

Adv. Osnat Tenenbaum, Bondholders representative of Series C of All Year Holdings Limited ("All Year")  
Mr. Doron Turgeman, Bondholders representative of Series B and D of All Year  
Mr. Oded Goldstein, Bondholders representative of Series E of All Year  
Mr. Rami Katzav, Mishmeret Trust Company Ltd, the trustee of bond series B, C, D and E of All Year

**Re: Restructuring Proposal for All Year Series B, Series C, Series D, and Series E Corporate Bonds**

Dear Ms. Tenenbaum, Mr. Turgeman, Mr. Goldstein and Mr. Katzav,

Please find enclosed the general terms and conditions upon which affiliates of Madison Capital and Meadow Partners (together, including their assignee, the "Buyer") are prepared to enter into a restructuring (the "Restructuring") with the Series B, C, D and E Bondholders (collectively, the "Bondholders") of All Year Holdings Limited (the "Company"). In the framework of the Restructuring, the Bondholders will receive an upfront cash payment, all the existing traded securities of the Company will be modified (the "Modified Bonds") and the Buyer will obtain full control of the Company and will own 100% of the Company including on a fully diluted basis. This offer is subject to the execution of a mutually acceptable Definitive Agreement (the "Definitive Agreement").

Madison Capital ("Madison"), headquartered in New York City, is a leading real estate investment and operating company focused on creating exceptional opportunities in evolving markets. Madison owns and manages a \$3.1 billion portfolio throughout the United States including a \$2.6 billion portfolio in the New York metropolitan area. Madison's extensive transaction experience, strong capital markets expertise, and long-established relationships have enabled Madison to successfully acquire assets alongside institutional partners and lenders, including Blackstone, PGIM Real Estate, CPP Investment Board, Goldman Sachs, and KKR.

Meadow is a privately-owned real estate investment firm focused on acquiring real estate assets located in the New York City, Washington, DC, Paris and London metro areas. Since inception, Meadow has acquired properties totaling in excess of \$6.6 billion of value, including \$3.4 billion in the New York metro area, and is currently investing Meadow Real Estate Fund V LP and Meadow Recovery Fund LP, both of which are fully discretionary private equity investment funds backed by domestic institutions, public pension funds, and university endowments.

Madison and Meadow have conducted extensive diligence on the Company's real estate portfolio. In fact, Meadow previously submitted an offer to purchase a selected group of assets of the All Year portfolio. Madison and Meadow are thus very familiar with the company's assets, as well as the ongoing potential litigation related to the David Werner purchase and the MAPCAP lender claim. In addition, Madison and Meadow have current relationships with many of the Company's property-level senior lenders and will leverage those relationships to facilitate an orderly transition of control of the Company. Madison and Meadow have partnered to acquire in excess of \$750 million of assets in New York over the last 7 years.

Both Madison and Meadow maintain complete control with respect to all investment and asset management decisions and have secured all capital necessary to consummate this transaction. Upon completion of the required due diligence review, no further approvals will be necessary for the transaction contemplated herein.



**Linkage:** The amounts detailed in this proposal are based on an ILS / USD exchange rate of 3.25 ILS for 1 USD. All payments will be made in USD (so the ILS value of each payment may vary based on the prevailing exchange rates at the time of payment).

**Upfront Cash Pay Down:** Bondholders will receive upfront cash payments in the following amounts for the entire Series of Bonds:

Series	Price	Upfront Cash Paydown	
		USD	ILS
Series B	0.205	\$24,020,213	78,065,692
Series C	0.600	\$106,956,346	347,608,125
Series D	0.205	\$32,274,019	104,890,562
Series E	0.773	\$195,000,000	633,750,000

It should be noted that upon completing the above payments, with the exception of their rights under the Modified Bonds (described below), the Bondholders would be waiving the balance of the debt and would have no claims against the Company and/or the Buyer for the balance.

The Buyer is aware that the Company has entered or may enter into an agreement with Mack Credit Strategies (“Mack”) for a sale of Denizen I (Series E collateral) and Denizen II (JP Morgan/Mack collateral) via a broadly marketed process. We acknowledge that a sale of the two assets as a package may yield the highest and best results for the Company and the Bondholders. Should the Bondholders decide to move forward with such agreement, the Buyer would be supportive of the Bondholders decision. Both Madison and Meadow have a longstanding, and successful relationship with Mack, and Mack views favorably the Buyer’s attempt at acquiring control of the Company. Assuming Buyer’s offer is accepted, Mack has indicated they are open to granting additional time to facilitate a value-maximizing execution on Denizen I and Denizen II. In this event we would be willing to offer an option under which instead of the proposed settlement, the Series E bondholders would take over Denizen I and would recover only from the sale proceeds of such asset only. In this event, the holders of Series E would waive any claims against the Company’s remaining assets and release the Company from any obligation towards them.

With respect to Series C and E - upon completing the above payments the Series C and E (if Series E chooses to accept our proposal) Bondholders would immediately assign their respective collateral.

**Cash Injection:** At Closing, the Buyer will inject a cash amount equal to \$10,000,000 into the Company for (1) portfolio restructuring, (2) general corporate purpose, and (3) interest shortfall (if any).



**Modified  
Bonds:**

The Modified Bonds will have the following key terms and conditions:

Series	Modified Bonds	
	USD	ILS
Series B	\$9,150,557	29,739,311
Series C	\$8,690,203	28,243,160
Series D	\$12,294,864	39,958,309
Series E	\$0	0

**Interest Rate:** 5.00% per annum on the outstanding principal balance of each Series, payable semi-annually to Bondholders.

**Term:** 3 years; the Buyer will be entitled to extend the term for an additional 12 months, and in this event, the Interest Rate will be adjusted to 7% per annum commencing at the beginning of the fourth year; Interest only until maturity.

**Prepayment Penalty:** None

**Linkage:** The Modified Bonds will be denominated in USD and all payments will be made in USD.

**Participation:** The Bondholders will be entitled to receive the following additional compensation:

- Series C – in conjunction with the first sale or refinancing that generates net proceeds in excess of \$110,000,000, or upon maturity of the Series C Modified Bonds, 5.00% of the amount equal to the William Vale Hotel’s appraised value or sale value (if relevant) minus (1) any cash investment by the Buyer as part of the settlement (Upfront Cash Pay Down and Modified Bonds for Series C Bondholders as detailed in this proposal); and (2) any future cash investment in the William Vale Hotel post-closing.
- Series E – in conjunction with the first sale or refinancing that generates net proceeds in excess of \$195,000,000, 5.00% of the amount equal to the Denizen I’s appraised value or sale value (if relevant) minus (1) any cash investment by the Buyer as part of the settlement (Upfront Cash Pay Down for Series E Bondholders as detailed in this proposal); and (2) any future cash investment in the Denizen I post-closing.
- Series B and Series D – 5.00% of the Net Equity (as defined below) to be distributed pro rata based on the principal balance of their respective Modified Bonds at the time of closing to the holders of Series B and Series D Modified Bonds.

“Net Equity” is the total value of the Company’s assets (according to appraised value or sale price) net of (1) values attributed to the William Vale Hotel and Denizen I; (2) any property level or corporate debt; (3) any cash investment by the Buyer as part of the settlement (Upfront Cash Paydown and Modified Bonds for Series B and D bondholders as detailed in this proposal); and (4) any future cash investment made in all assets other than the William Vale Hotel and Denizen I; and (5) any future disposition costs.

The Buyer will provide a detailed calculation of the Participation amount to the Bondholders’ representative and financial advisor at the time of the Participation payment.



For illustrative purposes, the tables below summarize the total settlement Buyer is proposing to the Bondholders.

**Settlement Summary (USD)**

Series	Upfront Cash Paydown	Modified Bonds	Total Payment	Upside*
Series B	\$24,020,213	\$9,150,557	\$33,170,770	5.0%
Series C	\$106,956,346	\$8,690,203	\$115,646,549	5.0%
Series D	\$32,274,019	\$12,294,864	\$44,568,884	5.0%
Series E	\$195,000,000	\$0	\$195,000,000	5.0%

**Settlement Summary (ILS)**

Series	Upfront Cash Paydown	Modified Bonds	Total Payment	Upside*
Series B	78,065,692	29,739,311	107,805,003	5.0%
Series C	347,608,125	28,243,160	375,851,285	5.0%
Series D	104,890,562	39,958,309	144,848,871	5.0%
Series E	633,750,000	0	633,750,000	5.0%

**Settlement Summary (% of Outstanding Principal Balance)**

Series	Upfront Cash Paydown	Modified Bonds	Total Payment	Upside*
Series B	0.205	0.078	0.283	5.0%
Series C	0.600	0.049	0.649	5.0%
Series D	0.205	0.078	0.283	5.0%
Series E	0.773	0.000	0.773	5.0%

\* Subject to Formula in Participation Section Above

**Deposit:**

Upon confirmation of indicative Bondholder approval of this proposal, the Buyer will deposit into an escrow account designated by the Buyer the sum of 10.00% of the aggregate Upfront Cash Pay Down (the “Deposit”), which shall be credited against the Upfront Cash Pay Downs payable at Closing. The Buyer and the Bondholders will negotiate in good faith over a period of 30 days to finalize the Definitive Agreement. The Deposit will be fully refundable (x) if the Buyer and the Bondholders do not sign a Definitive Agreement within such 30-day period (subject to automatic extension if the parties are continuing to negotiate the Definitive Agreement in good faith) or (y) if the Definitive Agreement is terminated pursuant to its terms prior to the Closing.

**US Taxation:**

The bondholders will accommodate any request by the Buyer to surrounding potential insolvency and tax structure issues, subject to their position not being impaired.

**Legal Claims:**

Any rights of action and/or legal claims against the current owner or officers and directors of the Company up to the amount covered under the Company’s current D&O liability insurance policy (“Side A”), will exclusively remain with the Bondholders. Without derogating the foregoing, the Buyer shall not be restricted from bringing any claim against the current owner or officers and directors of the Company.



**Reporting:** The Modified Bonds will not be listed on the TASE, and upon the Closing the Company shall cease to be a reporting company under the Israeli Securities Law. During the term of the Modified Bonds, the Buyer will provide the Bondholders with unaudited annual financial statements signed by the senior management of the Company, no later than March 31<sup>st</sup> of each year.

**Due Diligence:** There shall be no due diligence period.

Concurrently with the preparation and negotiation of the Definitive Agreement, the Buyer will conduct a confirmatory review of the Company, including, but not limited to: (i) physical property conditions, (ii) accounting; (iii) legal matters; and (iv) business matters.

The Trustee shall make available to the Buyer all books and records relating to the Company and the direct and indirect real property holdings of the Company (the "Real Estate") and shall afford the Buyer full access to the Real Estate for conducting physical inspections, surveys, environmental investigation, architectural schemes, and other examinations.

**Good Faith:** Upon making the Deposit the Bondholders and their representatives, the Company, and anyone on their behalf, shall not solicit proposals, engage in discussions, provide information, or negotiate any agreement (and stop any such contracts that have already begun), regarding the Company, including its subsidiaries, assets and securities (whether issued or not) with any party, other than the Buyer and its affiliates.

If any competing proposal (the "Competing Proposal") shall be submitted, the Company and the Trustee shall be obligated to decline the Competing Proposal. If the Competing Proposal is higher by at least ILS 100 million than this entire proposal, the Company and the Trustee shall immediately notify the Buyer (the "Notification") and the Buyer shall have the right to match it or make a better proposal within seven (7) days of receiving the Notification, and both shall be brought to a vote by the bondholders.

If the Bondholders select the Competing Proposal, then the Deposit (and any interest income thereon) shall be immediately returned to the Buyer, and the Buyer shall be entitled to compensation from the Company in an amount equal to US\$5 million.

**Closing:** It is our understanding that the process to approve this proposal is as follows:

(A) Approval of the Tel-Aviv District Court (the "**Court**") to convene the meetings of the Bondholders (the "**First Court Order**") shall be obtained within ten days following the Bondholders' approval of the debt restructuring contemplated by the Definitive Agreement and the "**First Bondholders' Approval**" and the "**Restructuring**", respectively).

(B) The Bondholders shall have approved the Restructuring within ten days following the First Court Order (the "**Final Bondholders' Approval**").

(C) The Court's final approval (the "**Final Court Approval**") shall have been obtained within sixty (60) days of the Final Bondholders' Approval and shall include a full, final, absolute and irrevocable exemption and release in respect of the Indemnified Parties (as defined below), to be entered into at the closing of the Restructuring (the "**Closing**"), including but not limited to, any act, omission, liability, obligation, plea, demand or claim with respect to the Company and its subsidiaries, their respective activities, assets, financial statements, immediate reports, agreements, the value of their assets and the like,



all in connection with causes of action preceding to the Closing, whether or not known, whether existing or contingent, asserted or not, whether an action has been filed in respect thereof. The “**Indemnified Parties**” are the Buyer, the Company and its subsidiaries, the Trustee, their respective officers, employees and advisers, shareholders and attorneys and anyone acting on their behalf, but excluding the controlling shareholder of the Company and officers and directors that served in the Company prior to the Closing.

(D) The Court, or any other competent court, shall have issued an order that shall include a blocking order pursuant to which all pending litigation against the Company and/or its subsidiaries (including, but not limited to, the class action pending against the Company), the cause of action of which originated during the period prior to the Closing, whether such litigation was filed and/or will be filed prior to the Closing or thereafter, will be dismissed with prejudice and that from the Closing it shall not be possible to bring against the Company and/or its subsidiaries any claim, including any new derivative action, class action or action to pierce the corporate veil, the cause of action of which shall be prior to the Closing.

(E) The Final Court Approval shall also include a court order according to which the letters of exemption and indemnification granted to the Company’s officers and directors, if and to the extent granted to them, will not allow them to make a claim against the Company in any case in which they are required to pay sums to any third party.

(F) The Closing shall occur within sixty (60) days from the Final Court Approval. The Buyer may agree in its sole discretion to grant an extension to such outside date.

The Closing shall occur within ten days of the satisfaction of all of the following conditions:

(A) The Final Court Approval shall be obtained in accordance with Chapter C of the Insolvency and Rehabilitation Law, 2018, without any change or amendment.

(B) Approval of the TASE, to the extent required, for any mechanism related to any payment, or the amendments to the Bonds contemplated herein.

(C) Any consent or approval required in order to complete the Restructuring, under any agreement of the Company and/or its subsidiaries, including but not limited to, approval under any material lease or credit agreement, which will be disclosed to the Buyer before the Closing.

The Closing is also conditioned on the occurrence or non-occurrence (as the case may be) of the following:

(A) No Material Adverse Change shall have occurred in the Company and/or its subsidiaries. “**Material Adverse Change**” shall mean: (1) any disposition including any transfer, sale, pledge, lien and/or foreclosure or any similar legal proceedings with respect to any of the Company’s assets and its subsidiaries’ assets, including without derogating from the generality of the foregoing, the assets of Series B, C, D and E (except as specifically contemplated herein); or (2) any insolvency proceedings commenced with respect to the Company or any subsidiary thereof in any jurisdiction.

(B) Prior to the Closing, the Company and the Trustee shall deliver to the Buyer, duly signed termination letters from all of the Company’s and subsidiaries’ officers, directors,



advisors, and the Trustee and the Trustee's advisors and representatives, stating that upon the Closing their employment/engagement shall be ceased automatically without any further compensation, debt, claim or demand from the Company and/or its subsidiaries and/or the Trustee (the Buyer will be entitled to waive the provisions of this section, in whole or in part, in its sole discretion). At the Closing, the tenure of all officers and directors in the Company will be terminated by the Final Court Approval, and the Buyer will appoint new directors to the Company's board of directors.

(C) A pre-ruling from the Israeli Tax Authority (the "**Pre-ruling**") shall be obtained, with respect to the tax arrangement to apply to the Bonds, to the satisfaction to the Trustee, and with respect to the tax arrangement to apply in respect to the Company, to the satisfaction of the Buyer.

(D) Receipt of (i) a certificate of the Company's CFO setting forth in reasonable detail the Restructuring Costs (as defined below) incurred by the Company (whether or not paid) and (ii) a certificate of the Trustee allocating such Restructuring Costs among the applicable series of Bonds, which allocation shall be binding upon the Bondholders and the Buyer. All such costs will be borne by the Bondholders by reducing the amounts thereof from the applicable Upfront Cash Pay Downs. "**Restructuring Costs**" shall mean, during the period between the November 29, 2020 and the Closing, the total operating costs of the Company and its subsidiaries, including but not limited to the employment/engagement costs, fees and expenses of officers, directors, advisors, the Trustee and its advisors and representatives, the Bondholders' representatives and their advisors, including reasonable legal fees, but excluding any costs related solely to the operation of the Company's and its subsidiaries' assets consistent with past practice.

The Buyer shall be entitled (but not obligated) to waive any condition hereof or to extend the period for its completion in its sole discretion. In such case, no liability will arise against the Company, the Trustee and the Company's Bondholders for the failure to satisfy such condition.

[Signature page follows, which may be signed in multiple counterparts]




MADISON  
CAPITAL



This letter is intended solely for the purpose of setting forth the basic terms to be contained in the Definitive Agreement if the parties are able to reach a final agreement and is not binding, except that the provisions set forth under the headings “Deposit”, “Due Diligence” and “Good Faith” are binding. Please advise us if these terms are acceptable to you on or before March 4<sup>th</sup>, 2021. If we do not hear from you by this date, then this proposal shall be deemed withdrawn.

We look forward to working with you on this transaction.

Very truly yours,  
Madison Capital HoldCo III LLC

By:   
Richard Wagman  
Managing Partner  
Date: 2/18/2021

Meadow Partners LLC  
By:   
Jeffrey M. Kaplan  
Managing Partner  
Date: 2/18/2021

**Agreed and Accepted on \_\_\_\_\_, 2021:**

MISHMERET TRUST COMPANY LTD.

By: \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Adv. Osnat Tenenbaum, in her capacity as representative of the holders of the Series C Debentures of All Year

\_\_\_\_\_  
Mr. Doron Turgeman, in his capacity as representative of the holders of the Series B and Series D Debentures of All Year

\_\_\_\_\_  
Mr. Oded Goldstein, in his capacity as representative of the holders of the Series E Debentures of All Year

- CC:**  
Jonathan Nachmani, Managing Director, Madison Capital  
Jane Yang, Director, Meadow Partners  
Yehonatan Cohen, CEO, Infin Capital  
Yossi Levi, Partner, Infin Capital  
Hod Mimun, Partner, Goldfarb Seligman  
Adam Klein, Partner, Goldfarb Seligman



**MEADOW**  
PARTNERS

February 17, 2021

To Whom it May Concern:

I am the Chief Financial Officer of Meadow Partners which acts as investment manager to Meadow Real Estate Fund V LP ("Fund V") and Meadow Recovery Fund LP ("Recovery Fund"), collectively the ("Funds"). Fund V has capital commitments of \$339.2 million of which \$117.2 remains available for investment. Recovery Fund has closed and circled capital commitments of \$189.1 million, all of which remains available for investment. In total, the Funds have \$306.3 million of capital commitments for future investments, all of which is fully discretionary.

Please feel free to reach out with any questions. Thanks.

Sincerely,

Adam C. McMaster  
Chief Financial Officer