



February 18th, 2021

To:
All-Year Limited (the “**Company**”)
Mishmeret Trust Company Ltd
The trustee of the Company’s Series B, C, D & E Bond holders
(the “**Trustee**” and the “**Bonds**” and the “**Bondholders**”)

Dear Sirs,

Restructuring Offer

On behalf of our clients, Churchill Real Estate Holdings LLC and the Graph Group (together the “**Purchaser**”), we hereby submit the following amended restructuring proposal (the “**Proposal**”), which replaces the proposal made by Churchill Real Estate Holdings LLC on February 10th 2021 and the proposal made by Paragraph Partners LLC on January 5th 2021:

1. **The Purchaser:**

In an effort to bridge the gap between the offers that were previously made, both Churchill Real Estate Holdings LLC and the Graph Group have decided to team in this Proposal. **The Purchaser (both Churchill Real Estate Holdings LLC and the Graph Group) would like to emphasize that they do not have any relationship of any kind with the Company’s controlling shareholder, either personal or business. Also, it should be clarified that this Proposal does not include a waiver or request for waiver of any kind, in relation to the causes of action that exist, insofar as they exist, of the company against its controlling shareholder or other individuals who may have liability to Bondholders.**

Churchill Real Estate Holdings LLC is a U.S. based company which is not related to the Company’s controlling shareholder. Information regarding to the purchaser shall be provided to the Trustee and the Bondholders representatives upon their request, subject to a customary Non-Disclosure Agreement, that will be provided by us. Attached to this letter is a letter from SIGNATURE BANK, demonstrating the Purchaser has sufficient funds to finance the transaction contemplated hereunder.

The Graph Group is controlled by the Philipson family which has a 30 plus year history owning and operating skilled nursing facilities with a portfolio of skilled nursing facilities



through-out the United States. Over the last 10 years the family has diversified its portfolio into insurance, real estate, debt and other healthcare related businesses.

As a precaution it should be mentioned that as a debt buyer in its normal course of resolution and value maximization, the Purchaser intends to negotiate with secured and unsecured creditors of the Company, known and unknown, and if necessary Yoel Goldman and the Company itself regarding this Proposal. The aforesaid disclosure is made with the aim of accelerating the chance of completing the transaction that is contemplated hereunder and expediting resolution of numerous litigations and potential litigations related to Company's Assets.

2. **The Restructuring:**

The Restructuring will include the following and is conditional upon and subject to the fulfillment of all the conditions set forth in this Proposal (the "**Restructuring**"):

- 2.1. all the existing securities of the Company and any and all debts and liabilities towards the Bondholders and Other Creditors (as defined in sec. 10 below), other than as specifically set forth herein, will be cancelled and nullified, including all existing obligations in connection therewith, including any claims that the Trustee and/or the bondholders' including series B bondholders and/or series D bondholders may have regarding the Bushwick 1 and Bushwick 2, as defined in sec 2.3 and 3.3 respectively bellow.
- 2.2. New shares of the Company shall be issued to the Purchaser (the "**Shares**"). The Shares shall be free and clear of any lien, charge, pledge, attachment, preference, right of pre-emption, right of refusal, right of first offer, tag along rights, bring along rights, any options and/or any rights whatsoever of any person or third party. The Shares shall represent 100% of the issued and paid share capital of the Company and of the voting rights in the Company including on a fully diluted basis.
- 2.3. Trustee on behalf of Bondholders will transfer/assign ownership of all real property, mortgage holdings, equity pledges, including mortgage(s), Ancillary documents, title insurance policies, legal opinions related to 54 Noll Street a/k/a Denizen Phase 1 (the "**Bushwick 1**") free and clear of any liens and encumbrances to Purchaser.
- 2.4. Any debt of any kind, including by virtue of any bond series of the Company will be transferred and/or assign to the Purchaser and the Purchaser will step into the shoes of



any creditor of the Company, including bond holders of all series for any matter in connection with the said debts.

3. **Payments to the bondholders:**

The Restructuring shall include payments to the bondholders of the Company, as described below.

3.1. **Series B & D Bonds:**

ILS 0.15 for each Bond Series B and Bond Series D (a total sum of ILS 57,190,983 for the entire series B bonds and ILS 76,842,903 for the entire series D bonds) (the “**Bond B&D Payment**”), which will be paid at the Closing.

Upon the Closing, the Company shall issue the Series B and D Bondholders Trustee, a note in a total sum of ILS 71,484,739 (constituting ILS 0.08 for each Series B and D Bond), to be repaid within up to 48 months, in a single payment. The Note shall bear 2% annual interest and shall be secured by a first rank pledge of the Company's rights in any of the Designated Assets (as defined below) (the “**Series B and D Note**”). The “**Designated Assets**” are five (5) to be mutually determined assets as selected by Bondholders and Purchaser. Failure of the Company to repay the Series B and D Note or any part thereof, shall entitle the Series B and D Bondholders Trustee to foreclose on the pledge of the Designated Assets or any part thereof, as a sole and agreed upon remedy to such breach, without any recourse to the Company or other assets. The Series B and D Note may be prepaid in full by the Company without any prepayment penalty. The Notes (to be part of the Definitive Documents as defined below) shall include customary undertakings and disclosure obligations towards the Series C and E Bonds Trustee, and shall be governed by US law and jurisdiction.

3.2. **Series C Bonds:**

Series C bondholders will have the choice between the two options detailed below:

- A. **Option A:** ILS 0.55 for each Bond Series C (a total sum of ILS 322,889,325 for the entire series C Bonds) which will be paid at the Closing, plus 15% Net Income from the pledged asset in favor of the Series C Bondholders (the: “**Series C Asset**”).

“**Net Income**” shall mean the net amount available for distribution after (i) repayment of the Purchaser’s payment at the Closing, (ii) any repayment of



property-level or corporate debt, (iii) any cash invested by the Company and Purchaser after Closing, and (iv) disposition costs.

- B. **Option B:** ILS 0.60 for each Bond Series C (a total sum of ILS 352,242,900 for the entire series C Bonds), that will be paid as follows: ILS 0.15 (from the ILS 0.60 above), will be paid at the Closing. ILS 0.45 (from the ILS 0.60 above), to be paid after 5 years, carrying an interest rate of 3% per annum, which shall be secured by a first mortgage against the Series C Asset. Plus, an additional 15% of the Net Income of Series C Asset.

“**Net Income**” shall mean the net amount available for distribution after (i) repayment of the Purchaser’s payment at the Closing, (ii) any repayment of property-level or corporate debt, (iii) any cash invested by the Company and Purchaser after Closing, and (iv) disposition costs.

3.3. **Series E Bonds:**

Series E bondholders will have the choice between the two options detailed below:

- A. **Option A:** ILS 0.72 for each Bond Series E (a total sum of ILS 590,572,080 for the entire series E Bonds) (the “**Bond E Payment**”), plus an additional ILS 0.05 for each Bond Series E to be paid after 4 years, carrying an interest rate of 2% per annum, which will not be secured but senior to any new equity contribution and junior to any first mortgage debt.
- B. **Option B:** The Bond E Payment, plus 15% Net Income (as defined in sec. 3.2 above) of Bushwick 1 and 123 Melrose a/k/a Denizen Phase 2 (the “**Bushwick 2**”) (the “**Series E Assets**”).

For illustrative purpose, the table below summarize the total Proposal's proceeds for each Bond:

	Cash payment		Note	Upside
Series B & D	ILS 0.15		ILS 0.08, secured by the Designated Assets, non-recourse to the Company	
Series C	Option 1:	ILS 0.55		15% of the Net Income of the Series C Assets



(two options)	Option 2:	ILS 0.15	ILS 0.45 after 5 years	15% of the Net Income of the Series C Assets
Series E (two options)	Option 1:	ILS 0.72	ILS 0.0.5 after 4 years	
	Option 2:	ILS 0.72		15% of the Net Value of the Series E Assets

4. Transfer of Pledges:

The pledges securing the C and E Bonds shall be transferred at the Closing to Purchaser and the seller will step into their shoes in any right they had towards the Company and the pledges. Also, All Bonds of all series of the Company shall be cancelled and nullified at the Closing for all intents and purposes. All claims held by Bondholders will be assigned to Purchaser in full effect and rights without setoff.

5. Indicative Bondholders' approval

The Proposal is subject to:

- A. receiving an indicative approval of a majority (50%) of the votes of each series of bondholders (the “**First Indicative Approval**”), no later than February 28 2021 (i.e. 10 days from this Proposal) that will approve the proposal herein.
- B. Within 10 days of receiving the First Indicative Approval, the final restructuring documents shall be completed based on this Proposal (the “**Documents**”) to the satisfaction of the Purchaser.
The First Indicative Approval and the Documents shall include the approval of a No-Shop undertaking as described below.
- C. The Documents shall be brought to the approval of a majority of at least 50% of the votes of the bondholders of each series, no later than March 10th 2021 (the “**Bondholders' Indicative Approval**”).

The Purchaser may, at his sole discretion, extend the deadline mentioned above.

6. Deposit:

After receiving the Bondholders' Indicative Approval until the above stated date, and prior to filing to the court a motion to convene the meeting of the bondholders as described in sec. 9.1 below, the Purchaser, subject to applicable provisions in the Documents governing



deposits, shall deposit in a trust account of the Purchaser's attorney a cash deposit of 10% of the cash consideration of the transaction contemplated herein (i.e. the Bond B Payment, Bond C Payment, Bond D Payment and Bond E Payment) (the "**Deposit**").

If for any reason the transaction hereunder fails or will not be completed for any reason whatsoever until May 31st 2021 the Deposit shall be returned to the Purchaser. The Deposit will be forfeited only in case the Closing fails to occur for reasons solely attributable or under the sole control of the Purchaser.

7. **First Refusal Rights:**

From the date the Purchaser shall deposit the Deposit (the "**Date of Deposit**"), the Trustee, the Bondholders of all series and their representatives, the Company and any one on their behalf, shall not engage in, or negotiate any agreement and/or arrangement (and stop any negotiations with any third party which may have already begun), regarding the Company, including its subsidiaries, assets, securities (whether issued or not).

Without derogating from the aforementioned, if any competing proposal (the "**Competing Proposal**") shall be submitted regarding any of the mentioned in this Proposal, the Company and the Trustee shall immediately refuse the other proposal and it shall not come to a vote of the bondholders.

Notwithstanding the foregoing, if the Competing Proposal is higher by at least USD10 million than this entire proposal, the Company and the Trustee shall immediately notify the Purchaser (the "**Notification**") and the Purchaser shall have the right of first refusal to make a better proposal than the Competing Proposal within 7 days of receiving the Notification, and both shall be brought to a vote by the bondholders.

If the Purchaser decides not to give another offer or the bondholders decide to choose the Competing Proposal, then the Deposit shall immediately be returned to the Purchaser, and the Purchaser shall be entitled to compensation from the Company and its bondholders as follows: (a) If the Competing Proposal arrived at the Company within 45 days from this Proposal, the Company and its bondholders shall pay the Purchaser an amount of 1% of Cash Value of Proposal upon the final approval of the Bondholder to such Competing Proposal, or (b) If the Competing Proposal arrived at the Company 45 days after this Proposal, the Company and its bondholders shall pay the Purchaser an 3% of Cash Value of Proposal upon the final approval of the Bondholder to such Competing Proposal

8. **Representations and Warranties**

This Proposal is made without any representations and warranties by the Company, its bondholders, or anyone on their behalf.



9. **Schedule for Court Approval**

Unless otherwise stated in this Proposal in addition to the above, this Proposal is conditional on the fulfillment of the following conditions:

- 9.1. **Approval to convene the meetings of the bondholders**: The Israeli court in Tel-Aviv (the “**Court**”) approval to convene the meetings of the bondholders and all creditors of the Company, as described in sec. 10 below, shall be given within ten days (10 days) of the bondholders’ Indicative Approval, (if Restructuring was approved by them) (the “**First Court Order**”).
- 9.2. **Bondholders Final Approval**: The Bondholders of the Company will approve the restructuring detailed in this Proposal within 10 days of the First Court Order (the “**Final Bondholders’ Approval**”) but not later than March 30th, 2021.
- 9.3. **Approval of restructuring**: The Court’s final approval (the “**Final Court Approval**”), which shall be given within 60 days of the Final Bondholders’ Approval and shall include a full, final, absolute and irrevocable exemption and release to be entered into at the closing date 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 activities, assets, financial statements and immediate reports, agreements into which they have entered, 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, in respect to the Indemnified Parties (as defined below) specifically including release and dismissal of the current class action (CA 15257-04-20) and the proceeding in motion 13664-03-20 with respect to registration of charges.

The “**Indemnified Parties**” are the Purchaser, the Company and its subsidiaries, the Trustee, their officers, employees and advisers, shareholders and attorneys and anyone acting on their behalf, but excluding the controlling shareholders of the Company and/or officers that served in the Company before the Closing. Notwithstanding the foregoing, any claim to be filed by the Bondholders, the Other Creditors (as defined below) or anyone on their behalf against the Company’s officers, employees, advisers, attorneys and anyone acting on their behalf shall be subject to undertaking to the Purchaser’s full satisfaction, to be approved by court, to prevent any possible recourse to any of the Indemnified Parties due to such claim including any third party’s notice, and without derogating from such undertaking, to indemnify and hold harmless any of the Indemnified Parties and to bear any costs, direct or indirect (including legal costs), expenses or charges due to such claim or third party’s notice (the “**Permitted Claims**”). The Bondholders and Other Creditors filing such Permitted Claims will undertake in addition that if they will not succeed in preventing any recourse, third parties’ notices



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or costs, expense or charge included any interim payment to be imposed on any of the Indemnified Parties they shall immediately pay to such Indemnified Party any such amount and/or shall withdraw the claim.

The court order shall also include a Blocking Order pursuant to which, except for the Permitted Claims, all pending litigation against the Company and/or its subsidiaries, the cause of action of which originated during the period prior to the Closing, whether such litigation was filed and/or shall be filed prior to the Closing or thereafter, will be dismissed with prejudice and that as from the Closing it shall not be possible to bring against the Company and/or its subsidiaries any claim, including new derivative actions and/or class action or veil removal, the cause of action of which shall be prior to the Closing.

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, 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 parties.

- 9.4. The Closing shall occur within 60 days from the Final Court Approval but no later than July 30th 2021 (the: "**Closing Date**"). The Purchaser may agree at its sole discretion to grant an extension to the Closing Date.
- 9.5. The parties may agree, subject to final approval by the Purchaser at his sole discretion, to apply for bankruptcy in the United States (under Chapter 11), instead of applying to the courts in Israel and in such case the schedule and the outline for approving an arrangement according to U.S laws and in the sole discretion of the Purchaser.

10. **Debt Claim Process** – any Other Creditors of the Company (as defined below), to the extent exist, claiming any debt towards the Company, shall file a debt claim for voting purposes until the Creditors Meeting date, and shall be entitled to vote in the Creditors Meeting to be summoned for the approval of the Restructuring. Notwithstanding the aforesaid, for the purpose of distribution, any Other Creditor shall be entitled to file a debt claim within 14 days of the Creditors Meeting date (the "**Extended Date**"). Notices of the debt claim process shall be filed in Israel, BVI and the US in accordance with the relevant law of each jurisdiction, in accordance with the Purchaser's instructions.

The "**Other Creditors**" are any creditor of the Company of any type whatsoever, whether contingent or not, whether that their debts are not disclosed or that there was no provision made in respect of such debt in the Company's last financial reports dated June 30, 2020.

To the extent any Other Creditors debt claims shall be filed, they shall be examined and determined by a court appointed expert (the "**Court Expert**") within 14 days of the Extended Date, after hearing the Company's, such Other Creditor's and the Bondholders Trustees' position. The Court Expert decision and reasoning (the "**Decision**") shall be submitted to



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Court and shall be subject to appeal within 14 days or any other date to be determined by the Court. To the extent no appeal was filed until such date the Decision shall become final and non-appealable.

Any Other Creditor having a debt claim approved by a final and non-appealable Decision shall be entitled to rate of recovery granted to the unsecured Bondholders, to be paid at the Closing, without the purchaser being required to pay any additional amount to the amount offered under this offer. Such payments shall constitute full settlements of the Other Creditors debts and/or any other liability, claim and/or demand.

To the extent that it should be decided that payments are required to the Other Creditors, or that there is exposure to such payments due to unresolved legal proceedings or appeals, the Purchaser may decide not to consummate the Restructuring, at his sole discretion, and the Deposit shall be returned immediately, unless the Bondholders shall notify in writing that the Purchaser may set off any such amounts from the Closing payments to the Bondholders, or shall withhold any such required amounts until a final decision shall be obtained (the "**Bondholders Notification**").

The Court Approval shall include an order pursuant to which as of the Closing Date, any Other Creditor that did not file a debt within such dates or that its claim was denied shall be precluded from claiming any debt (whether contingent or not) against the Company by virtue of such debt, such debt shall become null and void and any claim with respect thereof against the company shall be fully dismissed.

11. Interim Period

11.1. **Costs:** During the Interim Period (i.e the period between the First Bondholders' Indicative Approval and the Closing), the total operating costs of the Company and its subsidiaries (including but not limited to officers, directors, advisors, Trustee and its advisors and representatives) excluding any cost related solely to the operation of the Company's and its subsidiaries assets consistent with past practice (the "**Restructuring Cost**"), shall not exceed a sum of USD 2 million (the "**Restructuring Cost Threshold**").

11.2. The Company and/or its subsidiaries shall continue to conduct its business as it does in the ordinary course of business as is being conducted at the date of this Proposal, subject to the provisions of this section above and section 11.3 below

11.3. During the Interim Period (i.e the period between the First Bondholders' Indicative Approval and the Closing (the "**Interim Period**")), the Company shall comply with its Standstill undertaking, as detailed in the Company's Immediate report dated February 9th 2021 (reference number: 2021-01-015987) (the: "**Standstill Undertaking**"). The Purchaser and its representatives shall receive all updates and its approval shall be required for any action requiring the Bondholders or Bondholders representatives'



approval or any action to be undertaken by such Bondholders representatives. Any action in connection with the Standstill Undertaking shall be subject to the approval of Churchill Real Estate Holdings LLC representative. During the Interim Period the Company shall also refrain from taking any acts related to litigation on Bushwick 2 without approval and consent of Churchill Real Estate Holdings LLC representative in writing and will Standstill on any marketing of sale discussions on the Bushwick 1. Company's chief restructuring officer and law firms involved with Series E bonds and collateral will be required to provide all information and updates to Purchaser at its request.

12. Conditions:

12.1. The Closing shall occur within 10 days of the fulfillment of all of the conditions stated below:

- 12.1.1. Creditors Meeting – the approval of the Proposal at the Creditors Meeting, including the Bondholders and the Other Creditors, to the extent exist, shall be obtained in accordance with Section 320 of the Insolvency and Rehabilitation Law, 2018 (the "**Insolvency Law**") without any change or amendment.
- 12.1.2. Court Approval – the Final Court Approval shall be obtained in accordance with Chapter C of the Insolvency Law, without any change or amendment, including an order as set forth in Section 9.3 above and shall become final and non-appealable.
- 12.1.3. TASE Approval - Approval of the TASE, to the extent required, for any mechanism related to any payment, term, cancellation of the bonds or issuing of the Shares.
- 12.1.4. Approvals - any approval required by any third party in order to complete the Restructuring, under any agreement of the Company and/or its subsidiaries, including but not limited to approval under any major lease, which will be presented to the purchaser before the Closing. It is clarified that third party approvals shall not include consent of banks that provided credit to the subsidiaries of the Company.

12.2. The Closing is also conditional on the occurrence or in-occurrence (as the case may be) of the following subsequent events up to the Closing:

- 12.2.1. Material Adverse Change - No Material Adverse Change has occurred in the Company and/or its subsidiaries or Bushwick 1. 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 Series C Assets or Series E Assets,



and/or; (2) any insolvency proceedings commenced with respect to the Company or any subsidiary thereof in any jurisdiction.

- 12.2.2. Termination of Agreements and undertaking - prior to the Closing Date, the Company and the Trustee shall deliver to the Purchaser, duly signed termination letters from all of the Company's and subsidiaries' officers, directors, advisors, and the Trustee, Trustee's advisors and representatives, stating that upon the consummation of 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 Purchaser will be entitled to waive the provisions of this section, all or in part, at its sole discretion) .

At the Closing the, the tenure of all officers in the Company will be terminated by the court order and the Purchaser will appoint new directors to the Company's board of directors.

- 12.2.3. Pre-ruling from the Israeli Tax Authority (the "Pre-ruling") – A Pre-ruling from the Israeli Tax Authority shall be obtained, with respect to the tax arrangement to apply to the Bonds, satisfaction to the Trustee, and with respect to the tax arrangement to apply in respect to the Company, to the satisfaction of the Purchaser. The Purchaser will cooperate with the bondholders regarding the Pre-ruling.

- 12.2.4. Costs - Receipt of a written confirmation from the Company's CFO that upon the Closing the Restructuring Costs do not exceed the Restructuring Cost Threshold and all such costs will be borne by current bondholders and reduced from Purchase Price (i.e. the Bond B Payment, Bond C Payment, Bond D Payment and Bond E Payment, relative to each bond series).

The Purchaser shall be entitled (but not obligated and at its sole discretion) to waive any condition hereof or to extend the period for its completion at its sole discretion. At such case, no liability will arise against the company, the Trustee and the Company's bondholders.

13. Termination – The Purchaser shall have the right to terminate this offer until the Final Bondholders Approval.

Without derogating from any other provision of this Proposal, this Proposal shall expire and the Investor may terminate the negotiations and/or the engagement without any liability on its part and in case the Deposit has been deposited, it shall be returned to the Investor, upon the occurrence of any of the following:

- (a) The First Indicative Approval shall have not been received until February 28th 2021;
- (b) The Bondholders' Indicative Approval have not been completed until March 10th 2021;
- (c) The First Court Order has not been given within 10 days of the bondholders' Indicative Approval;

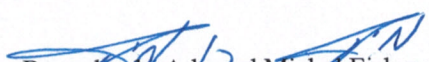


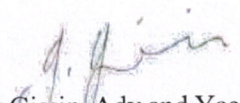
- (d) The Final Bondholders' Approval has not been given within 10 days of the First Court Order but no later than March 30th 2021;
- (e) The Final Court Approval has not been given within 60 days of the Final Bondholders' Approval;
- (f) The Closing will not occur by 60 days from date of Final Court Approval.

Without derogating from any other provision of this proposal, this proposal shall expire and the Purchaser may terminate the negotiations and/or the engagement without liability on its part, at its sole discretion, and in case the Deposit has been deposited it shall be returned to the Purchaser immediately upon the Purchaser's request, until the Final Bondholders' Approval and the Creditors Meeting.

The Purchaser's representatives regarding the discussions with the bondholders and creditors are the undersigned and the representatives of Churchill Real Estate Holdings LLC only.

Respectfully,


Erez Rozenbuch, Adv and Michal Fishman, Adv
Erez Rozenbuch Advocates


Guy Gissin, Adv and Yael Hershkovitz, Adv.
Gissin & Co Advocates