

סילברסטין נכסים לימיטד ("החברה")

לכבוד
הבורסה לניירות ערך בתל-אביב בע"מ
www.tase.co.il

לכבוד
רשות ניירות ערך
www.isa.gov.il

הנדון : דוח מיידי

החברה מתכבדת לדווח, כי ביום 23.2.2021 הגישה החברה הצעה לנאמן ולנציגות של מחזיקי אגרות החוב (סדרה ה') של חברת אול-יר הולדינגס לימיטד ("אול-יר"), לרכישת מלוא ההחזקות ב - Phase 1 של פרויקט דניזן (בשוויק)¹, כשהן נקיות וחופשיות ("ההצעה").

ההצעה מצורפת לדוח מיידי זה.

ההצעה הינה בלתי מחייבת ומותנית בהתקיימות תנאים מתלים כמפורט בהצעה, וביניהם קבלת אישור בית המשפט, קבלת ההסכמות הנדרשות מצדדים שלישיים וקבלת אישור הבורסה לניירות ערך בתל-אביב בע"מ.

מובהר, כי אין ודאות לכך שההצעה תתקבל ו/או שיתקיימו התנאים המתלים הדרושים לצורך השלמת העסקה על-פי ההצעה.

בכבוד רב,

סילברסטין נכסים לימיטד

נחתם על-ידי : ליאור מור, מנכ"ל

¹ בהתבסס על דיווחיה הפומביים של אול-יר, פרויקט בושויק הינו פרויקט נדל"ן מניב הממוקם בברוקלין, ניו יורק, במסגרתו נבנו 911 יחידות דיור להשכרה בשני שלבים. Phase 1 כולל 443 יחידות דיור בשטח של 280,096 sqf (נטו) וכן שטח מסחרי של כ - 78,661 sqf.

February 23, 2021

To:

Mr. Oded Goldstein, representative committee of the Series E bondholders of All-Year Holding Limited

Mishmeret Trust Company Ltd.

Dear Sirs,

Re: A Proposal to Purchase Phase I of the Denizen Project

Silverstein Properties Limited ("SPL") is hereby pleased to submit a non-binding proposal (the "**Proposal**") for the purchase by SPL and/or its affiliates ("**Silverstein**") of a real estate property known as Phase I of the Denizen Bushwick located at 54 Noll Street, Brooklyn, New York, Block 3152, Lot 1 (the "**Asset**") from All-Year Holdings Limited (the "**Company**"), subject to the general terms and conditions detailed herein. SPL is prepared to devote the required resources and the attention of its management to vigorously and expeditiously work in pursuit of a mutually beneficial transaction for the acquisition of the Asset.

In more than six decades of operation, Silverstein has built a reputation for developing exceptional projects, providing outstanding services to clients and partners, and driving innovation within the industry. Our reputation has led to excellent relationships in both the capital markets and with our fellow developers, owners and operators across the world.

Silverstein is well aware of the close connection between the two phases of the Bushwick project and the need for a close cooperation with its Phase II lenders, JP Morgan ("**JPM**") and Mack Credit Strategies ("**Mack**"). Silverstein is also aware of the fact that the Company's Series E bondholders ("**Series E Bondholders**") are currently in discussions with Mack and Silverstein is willing to cooperate with both the Series E Bondholders and Mack in order to achieve the best results for all parties.

Silverstein has a long-term relationship with both JPM and Mack and intends to cooperate with them in order to maximize the value of the Asset. In fact, Silverstein has already contacted Mack in connection with the proposed acquisition of the Asset, and Mack has expressed a strong willingness to cooperate with Silverstein, with the common goal of maximizing the value of the Asset.

Based on the foregoing, we are pleased to propose the following outline of terms and conditions regarding the acquisition of the Asset:

1. **Transaction.** Silverstein shall purchase good, marketable and insurable title to the Asset, on which there is currently a first mortgage recorded in favor of Mishmeret Trust Company Ltd. (the "**Trustee**") for the benefit of the Series E Bondholders, free and clear of any charge, lien, pledge, attachment, preference, or any other third party right (the "**Transaction**").
2. **Consideration.** The consideration for the purchase of the Asset shall be paid by Silverstein through a combination of cash and bonds issued by SPL as detailed below:
 - 2.1. a cash payment of US \$170 million; and

- 2.2. the issuance of a new series C of unsecured and non-convertible bonds by SPL (the "**SPL Bonds**") at a nominal value in ILS equal to US \$30 million to be listed for trade on the Tel Aviv Stock Exchange Ltd. ("TASE"). The SPL Bonds shall be repaid upon the lapse of 5 years as of the Closing Date ("bullet"), and shall bear an annual interest at a rate of 3.5%. The principal and interest of the SPL Bonds shall be linked to the changes in the exchange rate of the US Dollar against the ILS. The holders of the SPL Bonds shall also be entitled to a one-time special cash payment (the "**Special Payment**") in the event of a consummation of a sale of the Asset to a third party, directly or indirectly, in whole or in part, prior to the maturity of the SPL Bonds, or upon the maturity of the SPL Bonds if no such sale is consummated prior to the maturity of the SPL Bonds (including in the event of a partial sale of the Asset, as aforesaid). The Special Payment will be calculated as 20% of the Value Appreciation.

For this purpose, the "**Value Appreciation**" shall mean any of the following: (i) if Silverstein consummates a sale of the Asset to a third party, directly or indirectly, in whole or in part, prior to the maturity of the SPL Bonds, the Value Appreciation shall be equal to the sale price, which shall actually be received, net of any disposition costs in respect of such sale (collectively, "**Closing Costs**"), minus an amount of US \$220,000,000 in case of a sale of 100% of the Asset (or the relevant portion thereof in case of a partial sale); or (ii) if Silverstein does not consummate a sale of the Asset, directly or indirectly, in whole or in part, prior to the maturity of the SPL Bonds, the Value Appreciation shall be equal to the value of the Asset (or, if applicable, the value of the unsold portion of the Asset, if a partial sale of the Asset was previously consummated) as recorded in SPL's most recent audited or reviewed consolidated financial statements published to the public in Israel prior to the maturity of the SPL Bonds, net of Closing Costs that would be applicable in the event of a sale of the Asset for such appraised value, minus an amount of US \$220,000,000.

The Special Payment shall be paid in ILS based on the representative rate of exchange of the US Dollar against the ILS as published by the Bank of Israel. The Special Payment shall constitute an additional interest payment on the principal of the SPL Bonds and shall be paid upon the earlier of: (i) as soon as practicable following the consummation of the sale of the Asset, or (ii) maturity of the SPL Bonds, in each case, in accordance with TASE rules as shall be in effect at the time of payment.

The SPL Bonds shall also allow the early redemption of the SPL Bonds without any penalty in the event of a sale (including partial sale) of the Asset at the applicable percentage sold.

3. **Cash Injection.** At Closing, SPL will inject a cash amount of at least US \$5,000,000 into the Asset for (i) portfolio restructuring; (ii) general corporate purpose; and (iii) interest shortfall (if any).
4. **Due Diligence Period.** The Proposal is conditioned upon Silverstein completing due diligence review of the Asset, to its full satisfaction in its sole discretion, within a period of 30 days from the date of receipt of full access to the due diligence materials relating to the Asset (the "**Due Diligence Period**").
5. **Definitive Agreement.** The Transaction is subject to the execution of a mutually acceptable definitive agreement for the purchase of the Asset (the "**Definitive Agreement**"). The Definitive Agreement shall include, among other things, (i) the removal of the existing mortgage on the Asset and the recording of a new first mortgage on the Asset in favor of a financing institution named by Silverstein (at the request of Silverstein, the Company, the Trustee, the Series E Bondholders and any appointed court officer or other representative acting on its behalf (collectively, the "**Company Representative**") shall agree to reasonably cooperate with the SPL's lender to permit the assignment of the existing mortgage on the Asset to such lender), (ii) the purchase of the Asset on an "as-is" basis (following the due diligence conducted on the Asset); and (iii) termination of all existing transactions with the Company or any of its affiliates in connection with the Asset, including the management services agreement.

We are prepared to begin with our due diligence and start drafting the Definitive Agreement immediately upon the Company's countersignature of this letter.

6. **Exclusivity and No Shop.** This Proposal is conditioned upon the fact that within 60 days from the date of the Company's countersignature of this letter, there shall not be any engagement by or on behalf of the Company and/or the Company Representative in any agreement and/or negotiations and/or discussions with any third party in connection with the sale of the Asset or any part thereof or which otherwise conflicts with the Transaction and that any such engagements, negotiations or discussion in progress as of the date of this Proposal (if any) will be entirely suspended (the "**No-Shop Undertaking**"). Without derogating from the No-Shop Undertaking, in the event that the Company or the Company Representative shall receive a *bona fide* unsolicited proposal from a third party to execute any agreement and/or arrangement in connection with the Asset, either alone or as part of a broader arrangement in connection with the Company and/or its assets, directly or indirectly (the "**Alternative Arrangement**"), the Alternative Arrangement shall be rejected in advance and shall not be negotiated, discussed or approved, unless the fair market value reflected for the Asset in such Alternative Arrangement shall be higher than US \$250,000,000 and in such event, the Company and the Trustee shall immediately notify Silverstein and Silverstein shall have the right to bid against such Alternative Arrangement. In addition, if after such bidding process the Alternative Arrangement remains superior to Silverstein's proposal and is approved by the competent court, Silverstein shall be entitled to a receive a compensation of US \$5,000,000 upon such court approval.
7. **Operation in Ordinary Course.** Until the Closing (as defined below), the Asset shall be maintained and operated in the ordinary course of business consistent with the past custom and practice with respect to the Asset, the Company and/or the Company Representative (as applicable) shall take any actions reasonably necessary or appropriate to preserve the value of the Asset and certain related decisions by the Company and/or the Company Representative (as applicable) shall require the approval of SPL.
8. **Closing Conditions.** The closing of the Transaction shall occur within 3 days after the fulfillment of all the conditions stipulated below (the "**Closing**" and "**Closing Date**" respectively), provided that Silverstein shall be entitled (but not obligated), at its sole discretion, to waive any of the conditions or extend the time frame indicated for its completion:
 - 8.1. Receipt of the TASE approval for the mechanism detailed for the payment of the consideration and the listing of the SPL Bonds for trade on the TASE;
 - 8.2. Receipt of any third party approvals required in connection with the Transaction;
 - 8.3. No Material Adverse Change (as shall be defined in the Definitive Agreement) has occurred with respect to the Asset; and
 - 8.4. Receipt of the competent Israeli court approval for the Transaction, in accordance with the Insolvency and Rehabilitation Law of 2018, provided that such approval is obtained in any event no later than May 31, 2021.
 - 8.5. The Closing shall occur in any event no later than June 30, 2021.
9. **Taxes.** Each party shall be responsible for the payment of all taxes in connection with the proposed Transaction. Silverstein shall withhold any tax at source in accordance with any applicable law, including the Israeli Tax Ordinance [New Version] of 1961, and including with respect to any consideration paid by Silverstein to the Bondholders. All closing costs, including transfer taxes, shall be apportioned between the parties in accordance with local custom in Brooklyn, New York.
10. **No Conflicts.** This Proposal is conditioned upon the fact that no foreclosure, or any other similar proceeding for the realization of the existing mortgage on the Asset, has been initiated or shall be

initiated in connection with the Asset. If any such proceedings are initiated, this Proposal shall automatically expire, and Silverstein shall be entitled to terminate the negotiations and/or the engagement (including following the execution of the Definitive Agreement) without any liability on its part.

11. **Expiration.** Without derogating from any other provision of this Proposal, this Proposal shall automatically expire and Silverstein may terminate any negotiations and/or engagement in connection therewith without any liability on its part upon the occurrence of any of the following: (a) the Due Diligence Period shall not have commenced within 14 days from the date hereof; (b) a termination notice shall have been given by Silverstein to the Company on or prior to the end of the Due Diligence Period; (c) the Definitive Agreement shall not have been executed by the parties until March 31, 2021, unless such date is extended by Silverstein at its sole discretion.
12. **Non-Binding Proposal.** This letter is not intended to constitute, and does not constitute, a binding offer and is subject to, among other things, the negotiation and execution of the Definitive Agreement and satisfactory completion of the due diligence review mentioned above. For the avoidance of doubt, except with respect to this paragraph and the paragraphs captioned "Exclusivity", "Due Diligence Period" and "Governing Law", no legally binding obligations are created, or will exist, pursuant to this letter unless and until definitive agreements relating thereto are executed by the parties (and no oral contracts will be deemed to exist). For the avoidance of doubt, the failure to execute a definitive agreement shall not impose any liability on Silverstein or SPL or any of their respective directors, officers, advisors, shareholders or affiliates.
13. **Governing Law.** This Proposal and any dispute or claim arising out of or in connection with it or its subject matter shall be governed by, and construed in accordance with, the laws of the State of Israel. The applicable court in the Tel Aviv - Jaffa District shall have exclusive jurisdiction over any dispute, claim and/or demand arising out of or in connection with this Proposal.

If you believe it would be helpful, SPL would welcome the opportunity to make a presentation to the Series E representative committee and the Trustee and to discuss the proposed Transaction in greater detail as we are confident that it will greatly benefit the Series E Bondholders.

We look forward to hearing back from you soon and to working with you on this transaction.

Sincerely yours,

Silverstein Properties Limited

By:



Name: Lior Mor

Title: Chief Executive Officer

Agreed and Accepted,

Entity: _____

By: _____

Name:

Title:

Date: