

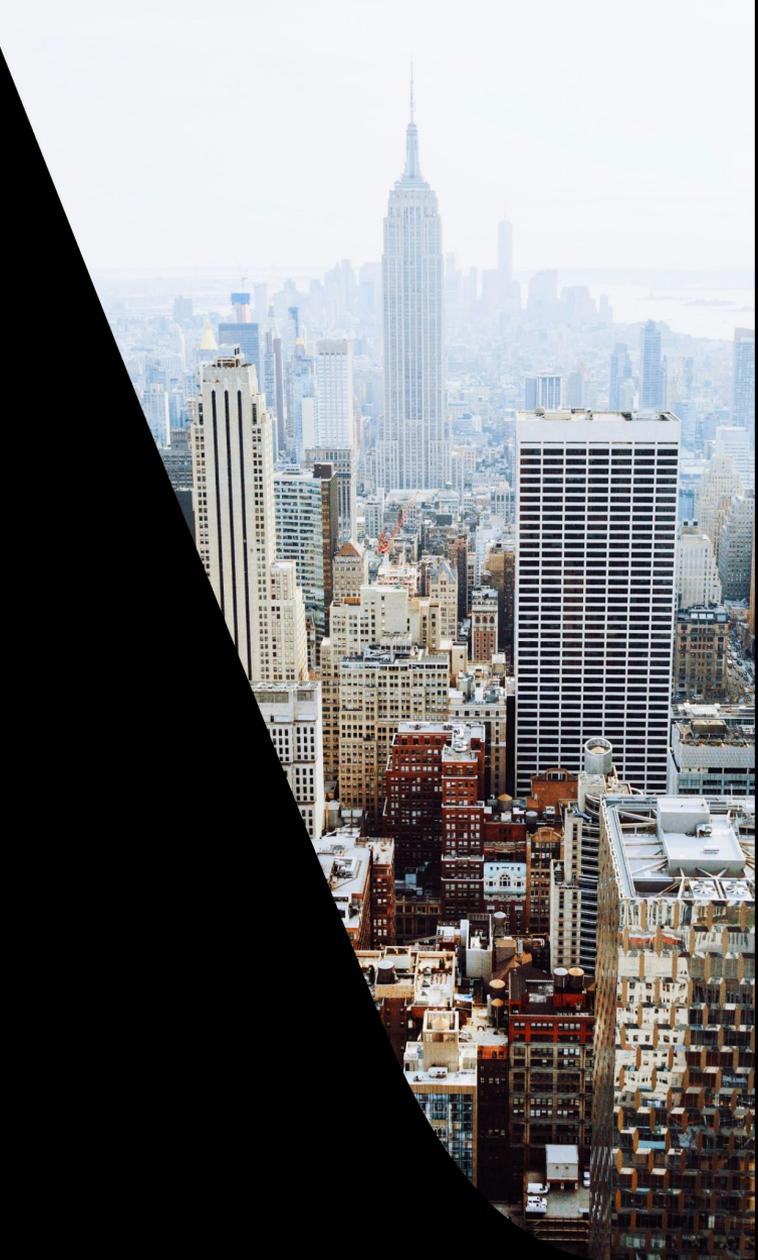
THE ISRAELI BOND OPPORTUNITY

- ◆ The low interest rates in Israel create opportunities for local and foreign real estate companies to raise significant debt in Israel at very attractive terms.
- ◆ High demand for corporate bonds vs. limited supply from local market.
- ◆ Due to the Israeli “Mandatory Pension Act”, there is a significant demand for investment avenues by Israeli pension and long term saving funds, which are injecting the market with an ever-growing stream of cash.

Over \$900B of public funds growing in a monthly pace of ~\$3B.

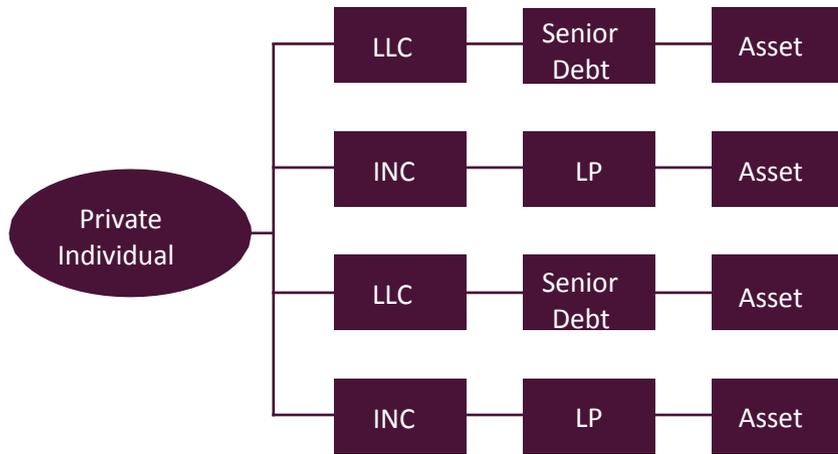
- ◆ A favorable local rating scale.
- ◆ Highly developed public corporate bond market.
- ◆ Size advantages for foreign companies compared to Israeli based companies.
- ◆ Corporate bonds are traded at a very low spread above government bonds.

REAL ESTATE SECTOR



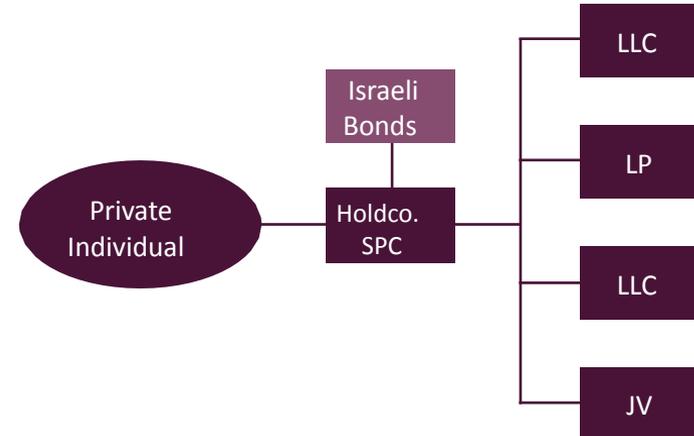
PRIOR DEAL STRUCTURE CHARACTERISTICS

- ◆ No debt above asset entities.
- ◆ Debt is mostly issued for a specific asset.

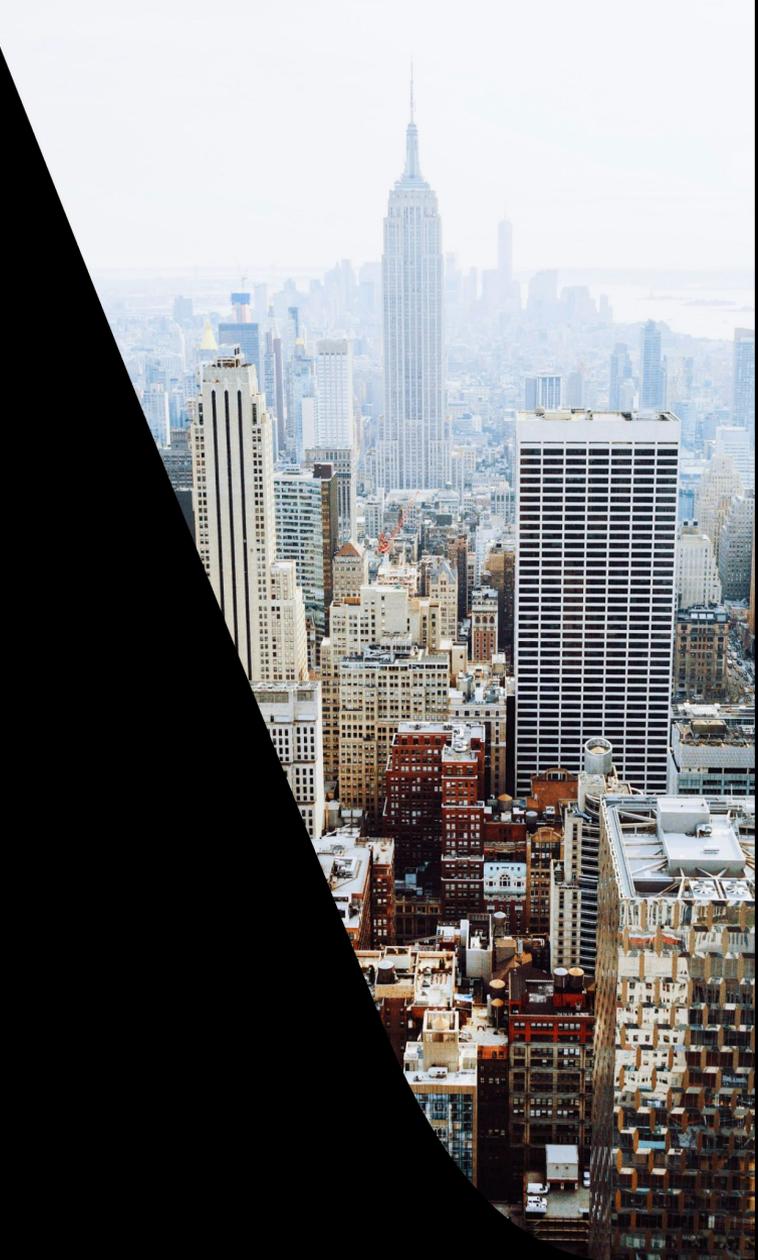


POST DEAL STRUCTURE CHARACTERISTICS

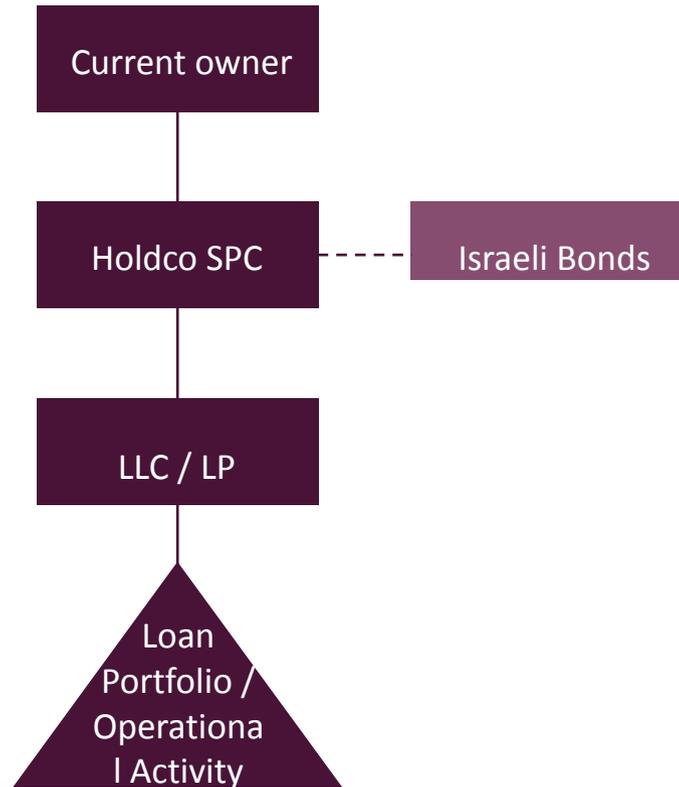
- ◆ Assets are grouped into a wholly-owned offshore SPC. The SPC will issue unsecured corporate debt in Israel. Non
- ◆ Recourse debt with no personal guarantees.
- ◆ Each asset keeps its existing debt with the ability to provide collateral to lenders.
- ◆ Assets are booked at their Full Market VALUE.



FINANCIAL SERVICES // OPERATIONAL ACTIVITY



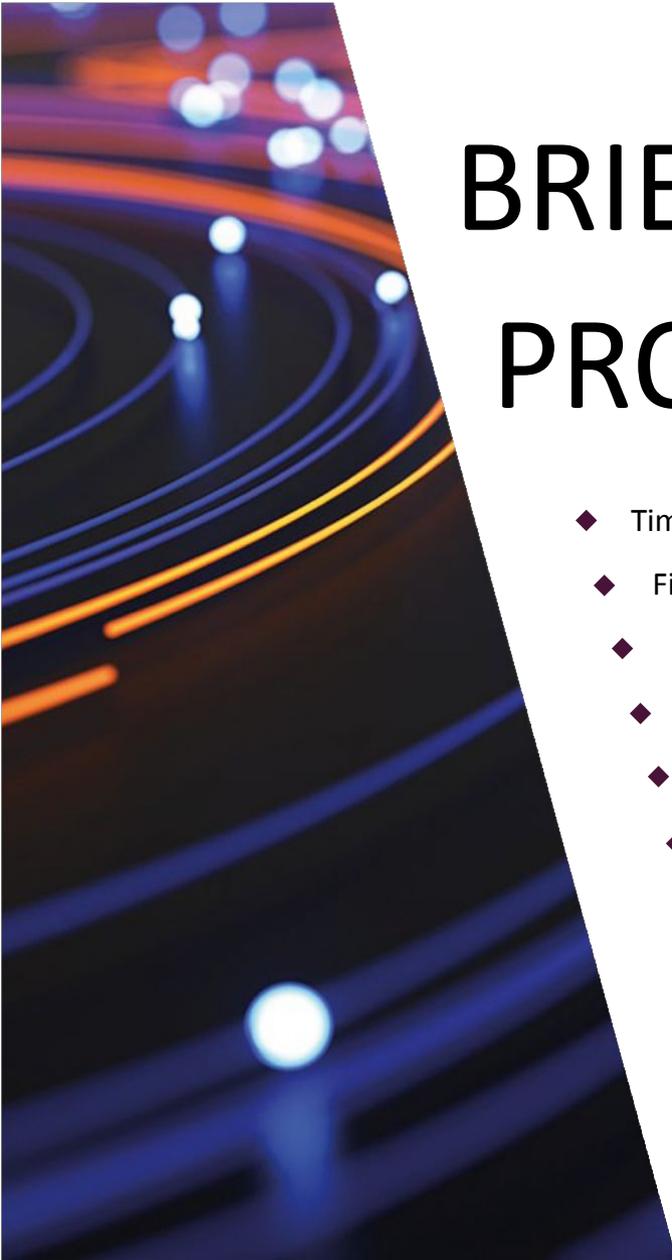
In this field, companies with a proven track record and steady cashflow are able to access the same bond market, which used to be limited to real estate activity.



RATING ADVANTAGE

- ◆ Bonds will be rated by one of the two local branches of S&P or Moody's.
- ◆ Since the bonds are rated locally there is a significant notch up due to the shifting from a AA+/AAA economy to the Israeli economy.

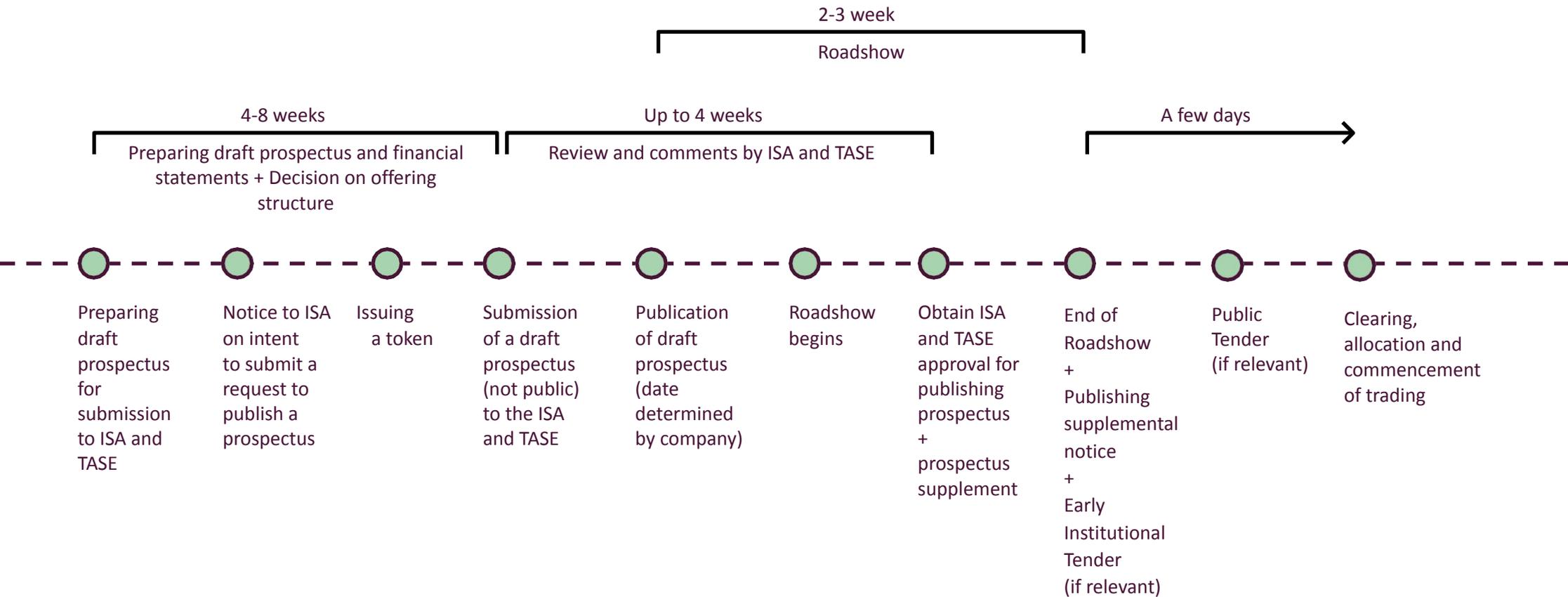
Usually a 4-6 notches upgrade



BRIEF OVERVIEW OF THE PROCESS

- ◆ Time to Market - 3-4 months.
- ◆ First filing typically takes 6-8 weeks.
- ◆ Establish a holding company (usually a BVI corporation) to serve as issuer of bonds.
- ◆ Prepare pro forma IFRS financial statements for past three years and interim period.
- ◆ Preparing appraisals for existing properties. Conduct
 - ◆ a rating process.
 - ◆ Due diligence of properties to be transferred to newco. File
 - ◆ prospectus with ISA and TASE.
- ◆ Conduct a road show in Israel.
- ◆ Relevant assets transferred to newco at closing.

OFFERING FLOWCHART





DEAL ADVANTAGES

SUMMARY

- ◆ Bond proceeds substitute equity.
- ◆ Attractive rate compared to other equity substitutes.
 - ◆ Creating a vehicle allowing immediate access to the market for additional offerings. No collaterals
 - ◆ and no personal guarantees.
- ◆ Diversifying the company's financing sources.
- ◆ Short time to Market for additional offerings (enlargement or new series).
- ◆ Israeli Market is familiar and accepts all types of real estate activity throughout the US: Office, Retail, Residential, Condo, Hotels, Senior Citizen Housing, Logistic Centers, and Development activity or any other steady income producing activity.
- ◆ Bond proceeds may be deployed according to the Company's discretion (buying out partners, new acquisitions, re-financing existing debt exc.).

ISRAELI CORPORATE GOVERNANCE REQUIREMENTS

Applies to the SPC ONLY

- ◆ Two statutory external directors.
- ◆ Board of directors committees with majority of independent directors.
- ◆ Special approvals of related-party transactions. Internal
- ◆ auditor.

Israeli Disclosure Requirements (in essence)

- ◆ Annual report by March 31.
- ◆ Quarterly reports within 2 months of quarter end.
- ◆ Immediate reports by 1:00 pm on the first trading day after learning of material event.