

April 22 2020

Almagor Brightman Trusts Ltd.  
Hermetic Trust (1975) Ltd.

Dear Madam/Sir,

**Re: Europark Dalian – Hua Rong Loan**

As you know, on October 24 2017, Kardan Land China Limited (hereinafter – “**Kardan Land China**”), Kardan Land Dalian (HK) Limited and Kardan Land Dalian Ltd. (hereinafter – the “**Project Company**”; and jointly – the “**Kardan Dalian Group**”), entered into a loan agreement with Hua Rong (China) Investment Management Ltd. and Hua Rong Holdings (Shenzhen) Equity Investment Fund Management Ltd. (hereafter jointly – “**Hua Rong**”) for the provision of a 900 million RMB loan to the Project Company (hereinafter – the “**Loan**” and the “**Loan Agreement**”, respectively). In 2019, the Project Company made early repayments of the loan out of own sources. As of the date of this letter, the balance of the principal of the Loan is 741 million RMB.

Pursuant to the provisions of the Loan Agreement, the Loan is secured by a first ranking mortgage on the real estate assets of the Project Company (the Galleria Dalian shopping mall and the residential units’ inventory), by a pledge on the shares of Kardan Land Dalian Ltd. (the Project Company) owned by Kardan Land Dalian (HK) Limited, by a pledge on the rights to receive proceeds from rent and from sale of apartments, and by a guarantee provided by Kardan Land China.

The Loan repayment date was set for November 5 2020. Pursuant to the Loan Agreement, Hua Rong may extend the term of the Loan by one year at the request of the Project Company.

In October 2019, Kardan Land China’s management contacted Hua Rong and requested an extension of the term of the Loan. During the course of conversations held in recent months with Hua Rong (including in March 2020), Kardan Land China’s management was informed that as a condition for discussing the request to extend the term of the Loan, Hua Rong demands an undertaking on behalf of Kardan Land China to early repay 150 million RMB of the principal of the Loan. During the course of the said conversations, Kardan Land China’s management was also informed that in accordance with Hua Rong’s internal procedures, the final approval of the extension of the term of the Loan shall be issued app. 3 months prior to the extension date, and that an actual early repayment will significantly increase the chances of such an extension being granted. It should be clarified that beyond the above-mentioned declaration of intent, as of the date of this letter, Hua Rong has not committed to extend the term of the Loan.

Commensurate with the negotiations conducted with Hua Rong, Kardan Land China contacted other banks and requested a loan that will be used to early repay the existing loan. However, in talks held with those banks Kardan Land China was informed that due to the coronavirus crisis, among other things, the amount of any new loan that will be provided by such banks shall be 600 million RMB to 650 million RMB (which will require the Kardan Dalian Group to early repay the loan using both own resources and funds made available by Kardan Land China).

Bearing in mind the economic crisis in China caused by the coronavirus pandemic, and the impact of this crisis on the Group’s chances of obtaining a new loan until November 2020, and after considering the different alternatives, the Kardan Dalian Group decided to advance the option of extending the term of the Loan Agreement with Hua Rong by one year, while continuing looking at other options to refinance the debt. Accordingly, the Kardan Dalian Group intends to early repay 150 million RMB out of the Loan balance (of which 50 million RMB will be taken from Project Company’s funds and 100 million RMB will be taken from funds to be invested by Kardan Land China, the Loan guarantor); the Kardan Dalian Group also intends to ask Hua Rong to leave unchanged the section

allowing early repayment of the Loan without early repayment fees during the additional one year period.

In the opinion of the Kardan Dalian Group, due to the coronavirus crisis – which had a material impact on the Chinese economy – the best alternative currently available to the Kardan Dalian Group, and accordingly to the Company, is the extension of the Loan term by one year while making further attempts to identify an alternative loan. Under those circumstances, Kardan Land China intends to advance this alternative.

In view of an amendment to the regulations for encouragement of investment in Dalian of March 2020, which may entitle the Project Company with a 6 million RMB payment from the Dalian authorities in respect of funds that will be invested by Kardan Land China, the latter intends to invest in the Project Company and make early repayments of the Loan on the following dates: 30 million RMB no later than the beginning of May 2020, 55 million RMB no later than mid-May 2020, 30 million RMB no later than the end of June 2020, and 35 million RMB no later than mid-August 2020.

It should be noted that the early repayment of 150 million RMB on the above-listed dates shall reduce the interest payable on the Loan by 7 million RMB (assuming repayment on November 5 2020), such that making early repayments on the above-listed dates shall result with an overall saving of 13 million RMB (assuming repayment on November 5 2020).

Should you have any queries, please do not hesitate to contact us.