

Bagir Group Ltd.
("Bagir" or the "Company")

Banking update

Bagir (AIM: BAGR), a designer, creator and provider of innovative tailoring, is pleased to announce that it has secured the agreement of its banks, Leumi Bank and Discount Bank (the "Banks"), to an amended repayment schedule. At the same time, the Company has also secured the agreement of the banks to a waiver of the testing of Company's financial covenants for 31 December 2015 and 30 June 2016.

Eran Itzhak, CEO, commented: *"I am extremely pleased to be able to announce that we have reached this agreement with our bankers which reflects their continued trust and support.*

"The waiver of the testing of the covenants is of immediate importance but of equal, if not more, significance is that we have secured their agreement to a three year extension of the repayment terms of the loans and the reclassification of the previous short-term revolving 12 month loan to a long-term facility. This provides us with increased financial security as we continue to seek to rebuild the Company."

The major agreed terms are as follows:

Amended repayment schedule

The repayment schedule for the \$11.2 million long-term loan has been amended as follows:

Year	Original (US\$ in thousands)	Rescheduled (US\$ in thousands)
2016	2,700	465
2017	4,000 + 4,537 on 31.12.2017	750
2018		1,000
2019		1,700
2020		2,300 + 5,022 on 31.12.2020

There is also an amendment to the customary accelerated repayment terms.

Reclassification of short-term loan

The current short-term revolving 12 month loan of US\$10 million with final repayment date on 31 December 2017 will be reclassified as a long-term loan with the next revolving date being deferred to 1 January 2018. Thereafter, annual renewals will take place until 31 December 2020 subject to the Company complying with the debt arrangement terms.

Waiver and amendment of banking covenants

The Banks have agreed to waive covenant tests at both 31 December 2015 and 30 June 2016. Thereafter a revised set of covenants have been agreed on more favourable terms to the Company than previously. These revised covenants will continue to be tested every six months.

Dividend distributions

No dividends can be made by the Group without the consent of the Banks until 31 December 2020 at the earliest.

Bank share options

New share options over in aggregate 166,667 ordinary shares of NIS 0.04 each are to be granted to the Banks at the market price on the date of grant. At the same time, the existing share options over in aggregate 100,000 ordinary shares of NIS 0.04 each are to be amended so that the exercise price will be the market price on the date of grant.

Both the grant of new share options and the amendment of the existing share options will be subject to shareholders approval and further announcements will be made in this regard.

For further information, please contact:

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