



AZRIELGROUP

AZRIELI GROUP LTD.

Quarterly Report Q3/2025

Dated 30 September 2025





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Dated 30 September 2025
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AZRIELGROUP

PART A



Board Report

Azrieli Group

BUSINESS CARD

The Azrieli Group is Israel's largest real estate company, specializing in income-producing real estate.

In the shopping mall sector, the Group owns and operates some of Israel's leading malls, including Azrieli Jerusalem Mall, Azrieli Tel Aviv Mall, Azrieli Ayalon Mall, and Azrieli Mall Hayam in Eilat. In addition, the Group holds and manages prime office buildings, including some of the country's most iconic properties, such as Azrieli Tel Aviv Center and Azrieli Sarona Tower. The Group also has a significant presence in the senior housing sector, managing four active senior homes as of the report date.

In the rental housing sector, the Group owns residential buildings in Tel Aviv and Modi'in, and is currently developing a new project in Glil Yam, Herzliya.

As part of its strategy to diversify and expand its real estate activities in Israel, in September 2025 the Group entered the residential sales sector by acquiring ~67% of the issued capital of Z.M.H. Hammerman, a company engaged in development and construction of residential real estate projects for sale in Israel – a sector complementary to the Group's core activities.

Azrieli Group holds full ownership of Green Mountain, a company operating in the data center industry in Norway, England, and Germany.

In the United States, the Group owns several office buildings, primarily in Houston and Austin, Texas.

Additionally, the Group is developing the Mount Zion Hotel in Jerusalem and acquired the Red Rock Hotel in Eilat in 2023.

Azrieli Group maintains an extensive development pipeline encompassing hundreds of thousands of square meters of office, retail, rental housing, and senior housing space. These projects are expected to make a significant contribution to the Group's future growth, alongside continued investment in preserving the quality and value of its existing property portfolio.

As of the report date, the Group also holds a ~2.3% stake in Bank Leumi.

Azrieli Group's financial strength distinguishes it among real estate companies. The Group maintains low leverage, with a net debt-to-assets ratio of only 37%. Committed to securing prime locations for its properties, the Group emphasizes optimal access to transportation and integration within the urban environment, ensuring that each project provides long-term value for tenants and visitors alike.

As Israel's leading real estate group, Azrieli Group is dedicated to continuing its leadership in the development and management of high-quality, modern, and innovative income-producing properties, in Israel and abroad.

Looking ahead, the Group will maintain its focus on its core real estate operations, while investing in new growth engines and advanced technologies to drive sustained growth and innovation.

Established in **1983**

NIS 7.4 billion distributed in dividends since the IPO in 2010

~ **1.5 million sqm** of GLA** and ~ **0.7 million sqm** under development

Israel's largest real estate company with total assets of **NIS 63.2 billion**

Shareholders Equity
NIS 24.8 billion

97% occupancy rate* on average in Israel

* Net of properties under lease-up for the first time.

** GLA (gross leasable area) is based on the Company's share.

*** The number of malls and shopping centers does not include the assets of Z.M.H Hammerman, but such assets are included in the total leasable area.

23 MALLS & RETAIL CENTERS***

392 thousand sqm | 99% Occupancy*



17 OFFICE BUILDINGS

655 thousand sqm | 96% Occupancy*



4 SENIOR HOMES

115 thousand sqm | 99% Occupancy*



8 OFFICE BUILDINGS OVERSEAS

245 thousand sqm | 63% Occupancy



DATA CENTERS COMPANY OVERSEAS



Green Mountain

100%

3 RESIDENTIAL RENTAL PROPERTIES

34 thousand sqm | 97% Occupancy*



DEVELOPMENT PIPELINE – 10 PROJECTS

687 thousand sqm |

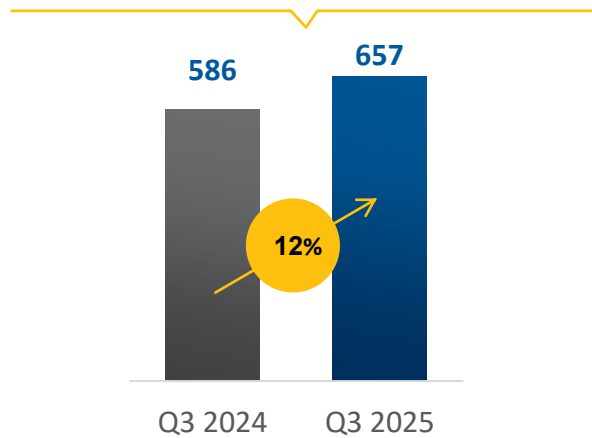




PERFORMANCE SUMMARY AND FINANCIAL HIGHLIGHTS FOR THE REPORT PERIOD

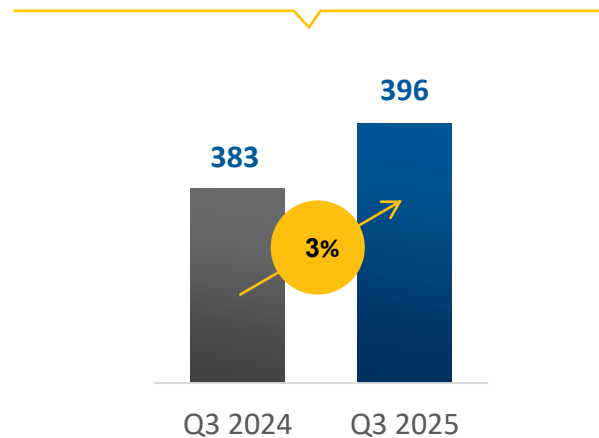
Increase of approx. 12% in Q3 2025 NOI to NIS 657 million compared with NIS 586 million in Q3 2024

NOI

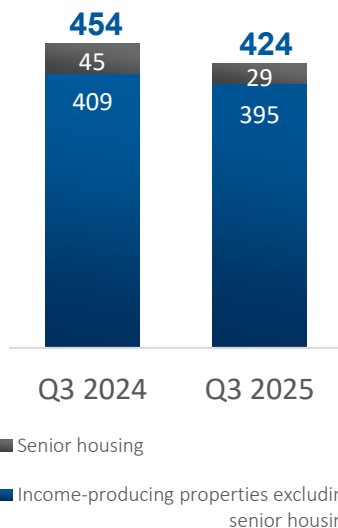


An increase of 3% in Net Profit totaled NIS 396 million in Q3 2025 compared with NIS 383 million Q3 2024

Net Profit

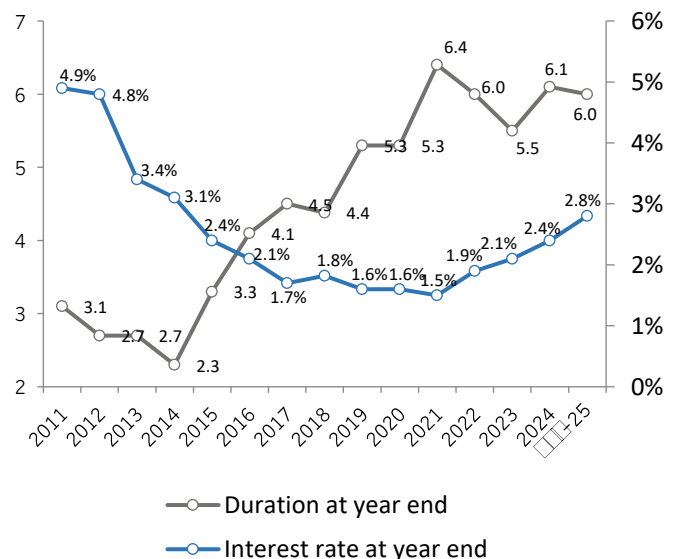


Decrease of approx. 3% in Q3 2025 FFO excluding the contribution of the Senior Housing to NIS 395 million compared with Q3 2024 FFO from income-producing real estate business



Average debt duration extended while reducing the interest rate

Average interest vs. average duration



*According to the ISA, the FFO is NIS (17) million compared with NIS 41 million in Q3 2024

In May 2025, the Company distributed a NIS 800 million dividend

This is a translation of Azrieli Group's Hebrew-language Board of Directors' Report as of 30 September 2025. It is prepared solely for convenience purposes. Please note that the Hebrew version constitutes the binding version, and in any event of discrepancy, the Hebrew version shall prevail.

1 | THE BOARD OF DIRECTORS' EXPLANATIONS ON THE STATE OF THE CORPORATION'S BUSINESS

1.1. General

The board of directors of Azrieli Group Ltd. (the "**Company**"; the Company jointly with all corporations directly and/or indirectly held thereby shall be referred to as the "**Group**" or the "**Azrieli Group**") hereby respectfully submits the board of directors' report for the nine and three months ended 30 September 2025 (the "**Report Period**" and the "**Quarter**", respectively), in accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the "**Regulations**").

The review presented below is limited in scope and refers to events and changes in the state of the Company's affairs that occurred during the Report Period and have a material effect. The review should be read in conjunction with the Description of the Corporation's Business chapter in the periodic report as of 31 December 2024, the financial statements and the board of directors' report on the state of the Company's affairs for the year ended on the same date¹ (the "**2024 Periodic Report**"), and the update to the Corporation's Business chapter and the financial statements as of 30 September 2025.

Unless otherwise stated herein, the terms defined in Chapter A of the 2024 Periodic Report shall be afforded the meanings set forth alongside them.

The information in the board of directors' report is based on the consolidated financial statements as of 30 September 2025². The Company's financials and results of operations are affected by the financials and results of operations of the companies held thereby. In some cases, we present details of events that occurred subsequently to the date of the financial statements as of 30 September 2025 and up to the date of release of the report (the "Report Release Date"), while indicating the same, or additional figures and details that are strictly at Company-level. The materiality of the information included in this report has been examined from the Company's perspective. In some cases, an additional and detailed description is given to provide a comprehensive picture of the described issue, which the Company believes to be material for the purposes of this report.

¹ See the Company's report of 20 March 2025 (Ref. 2025-01-018529), which is incorporated herein by reference.

² The attached financial statements are prepared according to the International Financial Reporting Standards (IFRS). For further details, see Note 2 to the financial statements as of 30 September 2025.

1.2. Key Information from the Description of the Corporation's Business

1.2.1. Summary of Reported Operating Segments for the Nine and Three Months Ended 30 September 2025

In the Report Period and as of the Report Release Date, Azrieli Group continued to focus its business operations on various real estate sectors, and primarily on the leasable office (and other) space in Israel segment, the retail centers and malls in Israel segment, the data centers segment, the senior housing in Israel segment, the income-producing property overseas (mostly in the U.S.) segment, and the rental housing in Israel segment. In addition, during the Report Period the Company entered the development real estate segment following the closing on 9 September 2025 of the transaction for the acquisition of ~66.67% of the issued capital of Z.M.H Hammerman Ltd., which engages, *inter alia*, in the development and construction of residential projects for sale in Israel ("ZMH Hammerman"). As a result, starting from this report, the Company's operations in the residential sales segment is described as a reportable segment and ZMH Hammerman's financial data were consolidated in the Company's financial statements as of 30 September 2025. The Company is also developing several hotels. The Company additionally has minority interest holdings in Bank Leumi Le-Israel Ltd. ("Bank Leumi").

The Group's primary growth driver is the development of income-producing real estate projects: malls, offices, senior housing, data centers and rental housing in Israel. As of the report date, the Company has 10 projects at various development stages in Israel, the planned area of which is ~687 thousand sqm, as well as land for development. As aforesaid, on 9 September 2025 the transaction for the acquisition of 66.67% of the shares of ZMH Hammerman was closed as part of the Company's strategy to expand to the residential sales segment. For further details, see Section 1.2.3.6 below.

Below is a brief description of the Group's seven reported operating segments, as well as additional operations ("Others"):

1. **Retail centers and malls in Israel** – The Group has 23 malls and retail centers in Israel;

2. **Leasable office and other space in Israel** – The Group has 17 income-producing office properties in Israel;

3. **Income-producing properties in the U.S.** – The Group has 8 office properties overseas, mainly in the U.S;

4. **Senior housing** – The Group has 4 active senior homes in Israel;

5. **Data centers** – The Company owns (indirectly) 100% of the issued and paid-up share capital of GM which operates in Norway and Germany, as well as the entire share capital (100%) of a company operating in the data center industry in England;

6. **Rental housing in Israel** – The Group has 3 income-producing projects in the rental housing in Israel segment;

7. **Residential sales** – The Group holds 66.67% of the issued and outstanding share capital of ZMH Hammerman, which as of the Report Release Date, is involved in planning, development, construction and marketing stages of 20 residential and retail projects in Israel, and 24 suspended projects in the field of urban renewal.

Additional operations – As of the Report Release Date, the Group is developing several hotels and also holds ~2.3% of Bank Leumi shares. In addition, ZMH Hammerman and its investee companies perform contract construction works.

1.2.2. Breakdown of Asset Value by Operating Segment

Below is a breakdown of the total balance sheet assets by operating segment:³

Comparison of Segment Assets			Percentage of Segment Assets out of Total Assets	
As of	30.9.25	31.12.24	30.9.2025	
Retail centers and malls in Israel	16,824	16,145		
Leasable office and other space in Israel	18,239	17,282		
Income-producing properties in the U.S.	1,686	1,858		
Senior housing	4,333	3,571		
Data Centers	10,620	8,966		
Rental housing in Israel	2,122	2,056		
Residential sales	1,631	-		
Hospitality	626	571		
Others and adjustments	7,166	7,484		
Total	63,247	57,933		

Figures are presented in millions of NIS.

The Company's assets in the leasable office and other space in Israel segment constitute ~29% of the total balance sheet assets, the assets of the retail centers and malls segment constitute ~27% of the total balance sheet assets. The other income-producing real estate segments constitute, collectively, ~30% of the total balance sheet assets.

1.2.3. Summary of the Main Developments during and after the Report Period

1.2.3.1. Development pipeline

In the Report Period, the Group continued to invest in the development and construction of new properties as well as in expansion and renovation of existing properties. For details on developments in the Group's development pipeline during the Report Period, see Section 5.1 below.

1.2.3.2. Changes in the office of senior officers of the Company

In January 2025, Mr. Israel Keren, COO, stepped down from his position at the Company, and Mr. Tamir Amar assumed office as COO at the Company.

In May 2025, Mr. Daniel Koren stepped down from his position at the Company. Ms. Tsviya Orenstein Kacen was appointed to the role of VP Marketing at the Company and assumed office in September 2025.

On 1 April 2025, Mr. Eyal Henkin stepped down as CEO of the Company, and assumed office as CEO of GMG.⁴

On 1 April 2025, Mr. Ron Avidan assumed office as CEO of the Company.⁵

In April 2025, Mr. Rafi Wunsh stepped down as VP International Real Estate at the Company, and assumed office as Chief Investments Officer at GMG.

On 29 April 2025, Mr. Amihay Kilstein assumed office as Head of Property at the Company.

³ In its financial statements, the Company applied IFRS 8 – Operating Segments.

⁴ For further details, see the Company's immediate report of 9 March 2025 (Ref. 2025-01-015315), which is incorporated herein by reference.

⁵ For further details, see the Company's immediate report of 9 March 2025 (Ref. 2025-01-015317), which is incorporated herein by reference.

On 7 August 2025, the general meeting of the shareholders approved the appointment of Yossef Shachak and Varda Levy for an additional three-year term of office as outside directors from 23 August 2025.⁶

On 21 September 2025, Mr. Ron Avidan stepped down as CEO of the Company⁷, after receiving the approval of the Company's general meeting for the appointment of Ms. Danna Azrieli as Acting CEO of the Company, concurrently with her role as Chairwoman of the Board, with no additional compensation, for a period of six months.⁸

For further details regarding the senior officers of the corporation, see details in Sections 26 and 26A of Chapter D of the 2024 Periodic Report.

1.2.3.3. Update to the agreement for the provision of DC services to TikTok and engagement in an agreement for the financing of the project

In March 2023, GM, through a wholly-owned subsidiary thereof (the "**Service Provider**"), engaged in a service agreement with TikTok Norway AS, a Norwegian company that is part of a group of companies with global operations (the "**Customer**"), which is not affiliated with the Company, for the provision of 90MW of DC services on a campus built by GM in Norway (the "**Agreement**" and the "**Project**", as the case may be).

On 18 December 2024, the Service Provider engaged with two foreign banking corporations (the "**Lenders**") in a non-recourse loan agreement (the "**Loan Agreement**") for €371 million in financing for the Project. Provision of the loan was contingent, *inter alia*, on an amendment to the Agreement being signed with the Customer. On 14 January 2025, the amendment to the Agreement was signed, and on 6 February 2025, the loan was provided.

In addition, the Customer has given notice of exercise of the option to increase the Project's capacity by another 30MW, up to a total of 120MW. GM is examining the exercise notice and there is no certainty that the capacity increase will indeed go ahead.

For further details regarding the Agreement with the Customer and the amendment thereto, the Loan Agreement and the terms and conditions thereof and exercise of the option to increase the capacity, see the Company's immediate reports of 8 March 2023 (Ref. 2023-01-024873), 3 July 2024 (Ref. 2024-01-068701), 19 December 2024 (Ref. 2024-01-625507), 15 January 2025 (Ref. 2025-01-004247), 28 January 2025 (Ref. 2025-01-007395) and 6 February 2025 (Ref. 2025-01-009240), which are incorporated herein by reference.

1.2.3.4. Award of a tender for the construction of a senior housing project in Sde Dov

On 19 February 2025, the Company reported that it had learned that it had won a tender of the Israel Land Authority (ILA) for the purchase of leasehold rights in a lot in Tel Aviv, for the construction of a senior housing project and retail areas, in consideration for approx. NIS 550 million, plus VAT, and that the award is contingent on the taking effect of the zoning plan that applies to the lot. The land is designated for the construction of a senior housing project comprising ~350 apartments and retail areas. According to the terms and conditions of the tender, the Company shall pay, in addition to the cost of the land, approx. NIS 46 million for development costs. On 19 March 2025, the Company reported that final confirmation of the award has been received from the ILA. In June 2025, the balance of the consideration was paid.

For further details, see the Company's immediate reports of 19 February 2025 and 19 March 2025 (Ref. 2025-01-011815 and 2025-01-018468, respectively), which are incorporated herein by reference.

⁶ For further details, see the Company's immediate report of 11 August 2025 (Ref. 2025-01-059334), which is incorporated herein by reference.

⁷ On 17 August 2025, the Company's former CEO, Mr. Ron Avidan, informed the Company's Board that that morning he had notified the Chairwoman of the Board, Ms. Danna Azrieli, of his desire to step down as CEO of the Company, for personal reasons. For further details, see the Company's immediate reports of 17 August 2025 and 21 September 2025 (Ref. 2025-01-061044, 2025-01-071495 and 2025-01-071497, respectively), which are incorporated herein by reference.

⁸ For further details, see the Company's immediate reports of 21 September 2025 (Ref. 2025-01-071495, 2025-01-071492 and 2025-01-071494), which are incorporated herein by reference.

1.2.3.5. Negotiations with an international technology company for the provision of DC services by GM

On 21 December 2023, the Company released an immediate report incidentally to exploring the possibility of a bond raising, regarding negotiations being conducted by GM with a leading international technology company (in this section: the “**Customer**”; and together with GM: the “**Parties**”), for engagement in an agreement for the provision of ~120MW of DC services to the Customer, on a campus to be built by GM in Norway.

On 19 February 2025, the Company reported that due to a decision not to grant a regulatory permit required for the land on which GM was considering building the campus, GM is exploring other land alternatives for the construction of the project.

As of the Report Release Date, and as reported by the Company on 25 March 2025, until and insofar as an appropriate alternative is found for the Customer, the negotiations for the transaction in the current format are suspended.

The Company will continue reporting, as required by law, on any material development in connection with the transaction, if any.

For further details regarding the negotiations, see immediate reports of 21 December 2023, 3 July 2024, 19 February 2025 and 25 March 2025 (Ref. 2023-01-138762, 2024-01-068701, 2025-01-011820 and 2025-01-020091, respectively), which are incorporated herein by reference.

1.2.3.6. Closing of the acquisition of shares of Z.M.H Hammerman Ltd.

On 31 October 2024, the Company submitted to Z.M.H Hammerman Ltd., a public company whose securities are traded on the Tel Aviv Stock Exchange Ltd. and which is engaged, *inter alia*, in the enterprise, development and construction of residential real estate projects for sale in Israel (“**ZMH Hammerman**”), a proposal to conduct negotiations for engagement in a reverse triangular merger for acquisition of part of ZMH Hammerman shares.

ZMH Hammerman notified the Company that on 1 November 2024, ZMH Hammerman’s board of directors had decided to negotiate with the Company in connection with the engagement in a transaction through an independent board committee established thereby.

On 31 March 2025, the Company’s Board, and ZMH Hammerman’s board of directors and audit committee (as the Company was informed by ZMH Hammerman) approved the continued conduct of the negotiations for the merger agreement, based on a value for ZMH Hammerman in the transaction of NIS 855 million, subject to adjustments as shall be determined in the final agreement, and subject to completion of the due diligence on ZMH Hammerman by the Company.

On 19 June 2025, the parties entered into a binding merger agreement, and the Company engaged with the controlling shareholders of ZMH Hammerman (the “**Managers Group**”) in a shareholders’ agreement with respect to the parties’ holdings in ZMH Hammerman and management thereof after the closing of the transaction. According to the merger agreement, the Company shall acquire and hold ordinary shares of ZMH Hammerman in a quantity that shall constitute ~66.67% of its issued share capital, out of which shares constituting ~10% of ZMH Hammerman’s share capital shall be sold by the Managers Group (the “**Acquired Shares**”). The remaining shares, constituting ~33.33% of the issued share capital of ZMH Hammerman, shall continue to be held by the Managers Group. In addition, according to the merger agreement and the amendment thereto signed on 6 August 2025, the value of ZMH Hammerman in the transaction was linked to the CPI from 31 March 2025 until the transaction closing date, plus NIS 5 million, totaling, according to the known index as of the date of the amendment to the agreement, approx. NIS 873 million. Deductions and adjustments in the sum total of approx. NIS 7.7 million shall be deducted from the said updated value.

On 6 August 2025, the Competition Commissioner’s approval for the transaction was received, and on 7 August 2025, the approval of the meeting of ZMH Hammerman’s shareholders for the merger by a supermajority was received.

On 7 September 2025, the merger of ZMH Hammerman and the Company was registered at the Registrar of Companies, and the merger certificate was received from the Registrar of Companies.

On 9 September 2025, after fulfillment of all of the conditions precedent, the transaction was closed.

For further details, see the Company’s immediate reports of 3 November 2024, 31 March 2025 and 22 June 2025, 6 August 2025, 7 August 2025, 2, 7 and 9 September 2025 (Ref. 2024-01-613198, 2025-01-023164, 2025-01-043998, 2025-01-058261, 2025-01-058445, 2025-01-058568, 2025-01-058860, 2025-01-066276, 2025-01-067307 and 2025-01-068132, respectively), which are incorporated herein by reference.

1.2.3.7. Campus for SolarEdge Technologies Ltd.

Further to the Company's immediate report of 11 May 2021 (Ref. 2021-01-082779) in connection with the construction and lease of a campus for SolarEdge Technologies Ltd. ("**SolarEdge**"), on 20 March 2025, the Company reported that it had engaged with SolarEdge in an agreement whereby the estimated date for commencement of the term of the lease will be postponed, such that it will begin at the start of 2027, and SolarEdge will remain in the existing leased premises of the Company at "Azrieli Herzliya Business Park" until commencement of the lease. On 20 November 2025, the Company reported that it had engaged with SolarEdge in an amendment to the agreement therewith, whereby, per SolarEdge's request, and subject to an agreed payment thereby to the Company (in addition to payment for postponement of the date of commencement of the term of the lease described above), the area of the above-ground leased premises shall be reduced by ~40%, and 600 parking spaces shall be leased to the tenant (in lieu of 950 parking spaces).

In addition, in view of the fact that the project is expected to be used by several different tenants (in lieu of lease of all areas of the project to SolarEdge and its management thereby), the project will be managed by the Company or by a management company to be appointed thereby, which shall engage in management and maintenance of the project, against payment of management fees.

For further details, see the Company's immediate report of 20 March 2025 (Ref. 2025-01-018904) and of 20 November 2025 (Ref. 2025-01-089509), which is incorporated herein by reference.

1.2.3.8. Motion for class certification

On 18 May 2025, the Company received a motion for class certification against the Company and officers therein. The Motion raises claims with respect to the disclosure in the Company's reports regarding the negotiations specified in Section 1.2.3.5 above. For further details, see the immediate report of 18 May 2025 (Ref. 2025-01-034759), which is incorporated herein by reference.

1.2.3.9. Shelf prospectus

On 28 May 2025, the Company published a shelf prospectus bearing the date 29 May 2025, after having received a permit therefor from the Securities Authority (ISA) (the "**2025 Shelf Prospectus**"). For further details, see the immediate report of 28 May 2025 (Ref. 2025-01-038499), which is incorporated herein by reference.

1.2.3.10. Engagement in a term sheet for the purchase of rights in a solar-plus-storage facility and for the purchase of green electricity on a long-term basis

On 25 May 2025, the Company signed a term sheet (the "**Term Sheet**") with Shikun & Binui Energy Ltd. ("**SBEN**"). The Term Sheet includes a combined transaction for the acquisition of 50% of the rights in a project for the construction of a solar facility with an expected (not final) capacity of ~126 MW (DC), which includes an energy storage capacity of ~350 MWh (not final), in the Ramat Beka region over an area of ~847 thousand sqm (the "**Project**" or the "**Facility**"), which is currently under development and whose commercial operation is expected during 2028-2029; the sale of all of the power that is produced and stored in the Facility to a corporation wholly held by SBEN (the "**Supplier**"); and the purchase of all of the power that is produced in the Facility by the Company and the purchase of an additional quantity of power that is supplied by the Supplier to the Company from various sources, throughout the Facility's commercial operation period.

According to the Term Sheet, in consideration for the sale of 50% of the rights in the Project, SBEN will be entitled to reimbursement of 50% of the total development costs incurred thereby in connection with the Project to date, and to receive additional consideration in accordance with the mechanisms agreed between the parties, subject to the terms and conditions, the periods, and the milestones set forth in the Term Sheet and that shall be set forth also in the detailed agreement.

As part of the said transaction, 50% of the rights in a joint entity that shall hold the Project shall be transferred to the Company.

The Term Sheet determines, *inter alia*, the manner in which the costs and expenses shall be borne, agreement regarding the signing of a power purchase agreement, agreement that an electricity supply agreement shall be signed between the Supplier and the Company. All the arrangements and agreements are in accordance with, and subject to, the principles agreed in the Term Sheet and the terms and conditions that shall be set forth in a detailed agreement, which shall be signed (if signed)

within 120 days from the date of signing of the Term Sheet, or any other date on which the parties agree in writing.

In the Report Period, the Company agreed with SBEN on extensions of the timeframe for the signing of a detailed agreement until 31 December 2025.

For further details, see immediate reports of 26 May 2025, 29 September 2025 and 23 November 2025 (Ref. 2025-01-036963, 2025-01-070863 and 2025-01-090180, respectively), which are incorporated herein by reference.

1.2.3.11. Financing transactions

On 3 July 2025, the Company released a shelf offering report for the issuance and listing on TASE of up to approx. NIS 1,959,942 thousand par value, offered by way of expansion of the Company's Series I bond series, under the 2025 Shelf Prospectus. On 6 July 2025, the Company announced that, in accordance with the results of the offering, an additional approx. NIS 1,816,513 thousand par value of Series I bonds had been allotted, in consideration for approx. NIS 2 billion (approx. NIS 1,917.7 million net of issue expenses). For further details, see the Company's immediate reports of 3 July 2025 and 6 July 2025 (Ref. 2025-01-048474 and 2025-01-049221, respectively), which are incorporated herein by reference.

On 17 July 2025, the Company released a shelf offering report for the issuance and listing on TASE of up to approx. NIS 577 million par value of the Company's Series J bonds, under the 2025 Shelf Prospectus. On 20 July 2025, the Company announced that, in accordance with the results of the offering, approx. NIS 500 million par value of Series J bonds had been allotted, in consideration for approx. NIS 500 million (approx. NIS 496 million net of issue expenses). For further details, see the Company's immediate reports of 17 July 2025 and 20 July 2025 (Ref. 2025-01-053287 and 2025-01-053819), which are incorporated herein by reference.

1.2.3.12. Engagement in a financing agreement for development and expansion of a DC campus in England

On 13 June 2025, Green Mountain DC UK Ltd., a company wholly owned (indirectly) by the Company entered into an agreement with a lender for the receipt of financing in the sum total of £100 million for expansion of an existing DC campus in England, to be drawn in installments according to the terms and conditions of the agreement.

For further details, see immediate reports of 3 July 2024 and 15 June 2025 (Ref. 2024-01-068701 and 2025-01-042463, respectively), which are incorporated herein by reference.

1.2.3.13. Engagement in agreements for the provision of DC services

On 8 August 2025, a joint entity in which the Company holds a 50% stake entered into a set of agreements for the supply of 36 MW of DC services at a campus currently being built by the joint entity in the Frankfurt region of Germany.

For further details, see immediate reports of 2 July 2025 and 10 August 2025 (Ref. 2025-01-047754 and 2025-01-058928), which are incorporated herein by reference.

1.2.3.14. The Swords of Iron war

For further details in connection with the War's impact on the Company's operations, see Section 2.2 below.

1.2.4. Dividends distributed by the Company

	Date of Approval	Date of Payment	Total Dividend
Azrieli Group	19 March 2025	6 May 2025	NIS 800 million ⁹

On 19 March 2025, the Company's Board decided to approve a dividend distribution of NIS 800 million. For further details see the Company's immediate report of 20 March 2025 (Ref. 2025-01-018681), which is incorporated herein by reference.

1.2.5. Dividends distributed to the Company

	Date of Approval	Date of Payment	Company's Share of Total Dividend Distributed
Bank Leumi	3 March 2025	20 March 2025	Approx. NIS 16.4 million
Bank Leumi	19 May 2025	10 June 2025	Approx. NIS 16.8 million
Bank Leumi	12 August 2025	3 September 2025	Approx. NIS 22.9 million

⁹ As of 30 September 2025, the Company has distributable retained earnings in the sum of approx. NIS 21.4 billion (which balance also includes real estate revaluation profits).

2.1. Business Environment

The business environment in which the Company operates is described in Section 6 of Chapter A of the 2024 Periodic Report, which is incorporated herein by reference. The macroeconomic forecast of the Research Department of the Bank of Israel of September 2025 analyzes the principal macroeconomic variables (GDP, inflation and interest rates), under the assumption that the Swords of Iron war (the “**War**”) will end in Q1/2026. Based on the said assumption, the GDP is expected to increase in 2025 and 2026 by 2.5% and 4.7% (respectively), the expected rate of inflation in the next four quarters (ending Q3/2026) is 2.4%, and the expected rate of inflation in 2025 is 3% and in 2026 is 2.2%. The average interest rate is expected to be 3.75% in Q3/2026¹⁰.

The Company has loans and bonds that are linked to the Consumer Price Index (CPI). During the Report Period, the CPI in Israel rose by ~1.36%, leading to an increase in the Company's financing costs. Conversely, the Company's income-producing real estate in Israel, which as of the report date is estimated at approx. NIS 37 billion, is leased under CPI-linked lease agreements, and from an economic point of view, the Company considers this to be long-term inflationary protection. Consequently, as a rule, a rise in the CPI results in an increase in the Company's revenues from the lease of properties in Israel and an increase in the fair value of these properties, accordingly.

In view of the trend of easing of the inflation rate in Israel which characterized 2023 (compared with 2022), in January 2024, the Bank of Israel decided to reduce the interest rate by 0.25% to 4.5%, and since then the Bank of Israel has decided to leave the interest rate unchanged until 24 November 2025, when it decided to reduce the interest rate by 0.25%, such that as of the Report Release Date, the Bank of Israel interest rate is 4.25%. The Company funds its operations (other than in the residential sales segment) mainly by fixed-interest loans, and the amount of variable-interest loans is negligible. As a result, exposure to changes in short-term interest is low.

In the residential sales segment, changes in the interest rates may have a certain impact, considering the fact that such changes affect the cost of the credit for project financing, and affect the decisions of apartment buyers who need a mortgage-type bank loan to finance the purchase.

The Company determines the fair value of its properties, *inter alia*, using the cash flow discounting method, in which the future cash flows from the properties are discounted using a cap rate. The cap rate can be affected, *inter alia*, by the market risk-free interest rate. The margin between the weighted cap rate and the weighted cost of debt or the current marginal financing cost of the Company remains high, also compared to previous periods.

The Residential, Retail and Office Construction Input Indices also rose in the Report Period by 4.55% and 1.77%, respectively. The increase in the Construction Input Indices causes a rise in the Company's construction costs in the various projects across the country, because the agreements in which the Company engages with the construction contractors are linked to these indices.

2.2. The Swords of Iron War and Operation Rising Lion and their Impact

The War has impacted the Israeli economy as reflected, *inter alia*, in the temporary closing of businesses, restrictions on work at building sites, restrictions on the activity of the education system, significant recruitment of reservists, drops in prices on TASE, an increase in State expenditure and in the government deficit, and a rise in the yield on corporate bonds. The effects of the War on the Israeli economy have led to an increase in the State's risk premium, accompanied by negative rating actions by all the international rating agencies. Thus, in February 2024, the rating agency Moody's removed the credit rating of the State of Israel from its watchlist, downgraded the rating from 'A1' to 'A2', and changed the rating outlook to negative, and in May 2024 affirmed the rating, following which, in September 2024, it downgraded Israel's credit rating to 'Baa1' with a negative outlook. In April 2024, the rating agency Fitch removed the credit rating of the State of Israel from its watchlist, affirmed Israel's 'A+' credit rating, but changed the rating outlook to negative, and in August 2024 it downgraded Israel's credit

¹⁰ Bank of Israel – press release of 29 October 2025, Macroeconomic Forecast of the Research Department, September 2025. The Bank of Israel website: [Research Department Staff Forecast, September 2025 | בנק ישראל - הבנק המרכזי של ישראל](#)

rating to A, leaving the negative rating outlook. In April 2024, the rating agency S&P also downgraded Israel's credit rating from 'AA-' to 'A+', leaving the negative rating outlook, and in October 2024, it downgraded Israel's long-term rating to 'A', and in November 2025, it affirmed the 'A' rating and raised the outlook from negative to stable. Since the outbreak of the War, the Company has proceeded with its operations, subject to the circumstances and with ongoing monitoring of the security developments and in accordance with the instructions of the Home Front Command.

The impact of Operation Rising Lion on the retail centers and malls segment – Operation Rising Lion, which was carried out in June 2025, led to the closure of operations of some of the tenants in the Company's malls. The impact of the Operation on the results of the retail centers and malls segment is lower than the Company's estimate as provided in the Q2/2025 report.

The impact of the War on property development – The Company is continuing to develop and initiate the construction of new properties, and to expand and renovate existing properties. In this context, it is noted that given the fact that work on some of the properties was halted for some time at the start of the War and during Operation Rising Lion, and later resumed, in some cases on a partial basis, and given the shortage of workers in the construction industry, as of the Report Release Date, the Company estimates that some of the projects may be delayed.

The impact of the War on the residential sales segment through ZMH Hammerman – In the Report Period, the events of the War continued to cause security/political/geopolitical uncertainty in the region, and some of the consequences of the War that characterized 2024 continued (albeit at a lower intensity), such as: a shortage of workers in the construction industry due to the ban on entry for Palestinian workers and difficulty in finding professional manpower, and against this backdrop an increase in the cost of inputs in the industry; no raw material exports for the construction industry from Turkey to Israel; the lengthening of planning processes for new projects; a significant slowdown in the rate of apartment sales; uncertainty regarding the overall economic and financial repercussions in general, and the security situation in particular, both in the short-, and in the medium- and long-term, etc.

During the course of its operating activities in the residential sales segment, ZMH Hammerman may be exposed to various risk factors deriving from the war, including, *inter alia*: (1) closure of building sites and delays in the execution and completion of projects, including delays in the handover of apartments to buyers; (2) availability and increased cost of raw materials and manpower in the construction industry; (3) adverse effects on the rate of apartment sales and/or on the purchasing capacity of potential apartment buyers; (4) cancellation or reduction of projects; (5) decline in the financial resilience of material subcontractors and suppliers; (6) delays in the pace of advancement and approval of projects, various licensing processes, building permits, and project completion approvals; (7) slowdown in the rate of sales, including the need to incentivize sales and adapt them to market conditions by offering apartment buyers easier payment schedules, increased financing expenses, and exposure to differentials of linkage to the various indices; (8) delays in the pace of development and commencement of new projects; (9) financial risks, including a reduction or limitation of the scope of bank credit for the real estate sector, and the raising of threshold requirements for financing, changes in the construction input index, an increase in the cost of financing and/or worsening of the terms thereof, etc.; and (10) delays resulting from a shortage of laborers due to the non-entry of Palestinians into Israel for work. The government is working on bringing in foreign manpower, but in insufficient quantities and at a very slow pace. Consequently, ZMH Hammerman has been forced to pay extra for subcontractors and manpower corporations.

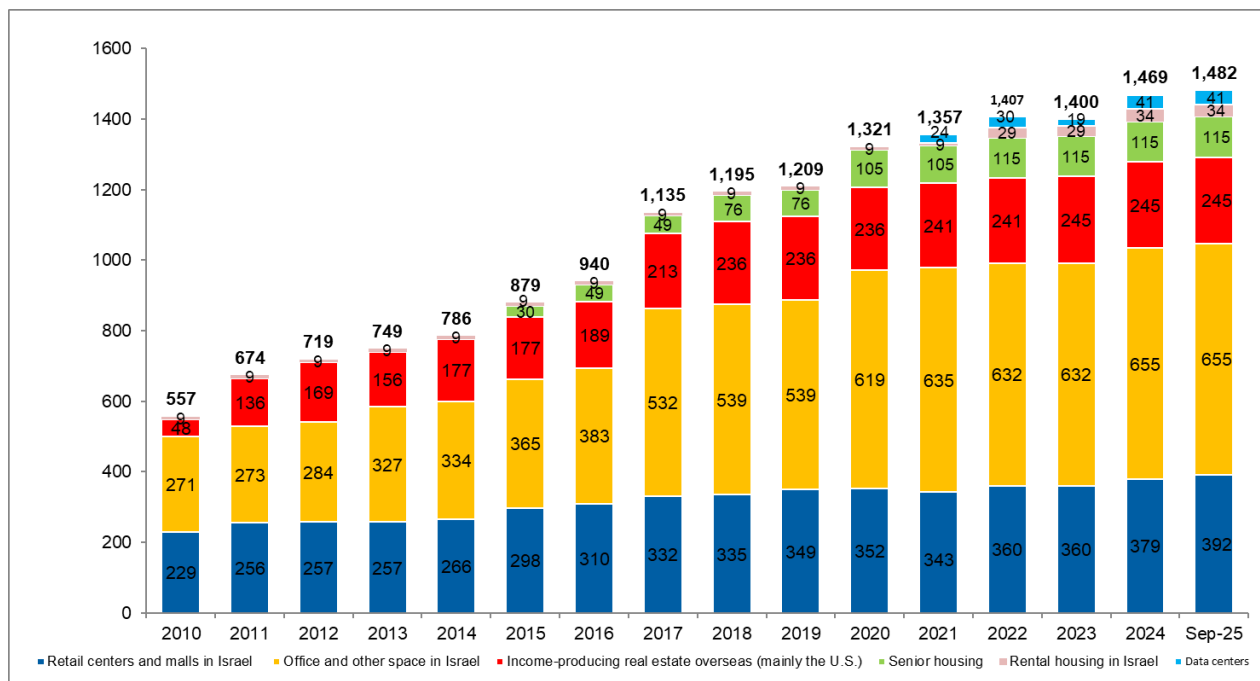
Aid and donations – Since the War broke out, the Group has given support both by financial donations and in-kind donations for civil aid on all fronts, including aid for evacuated families and for businesses in its properties. In this context, up to the Report Release Date, the Group made donations in cash and cash equivalents totaling approx. NIS 21 million.

As of the Report Release Date, and in view of the fact that these events are dynamic and characterized by significant uncertainty, *inter alia*, regarding the continuation of the ceasefire and/or resurgence of and/or an end to the War, and its future impact on the Israeli economy, the Company cannot assess the said impact on its future business, since the extent of the impact depends on the extent and scope of materialization thereof. In the Company's estimation, such factors may have material adverse effects on the domestic economy, including some of the markets and sectors in which the Company operates, as well as on some of the tenants in the Group's properties. The Company's management estimates that in view of its financial strength, as reflected in the total cash and cash equivalents available thereto, low leverage and a significant portfolio of unmortgaged properties, a long loan duration and its ability to raise financing under favorable conditions, and in view of the extensive diversification of the Company's asset portfolio, the variety of tenants and business segments, the Company will be able to continue financing its activity and meeting its liabilities.

The Group's above estimations with regards to the effects of the War on the Group's results, including the delays in projects under development, are merely subjective estimations of the Company's management and are forward-looking information, as defined in the Securities Law, 5728-1968 (the "Securities Law"). Actual results and effects may materially differ from the aforesaid estimations and from what they imply, for various reasons which are beyond the Company's control, including prolongation of the War and its expansion to additional fronts, a decline in demand, a deterioration of the economic situation in Israel, and more.

2.3. Consolidated GLA (Gross Leasable Area) Data

As of 30 September 2025



Figures represent thousands of sqm. Area data represent the Company's share.

2.4. Average Occupancy Rates in the Income-Producing Properties

Below are the average occupancy rates in the Group's income-producing properties as of 30 September 2025, by operating segments:

- Retail centers and malls in Israel – ~99%¹¹;
- Leasable office and other space in Israel – ~96%,^{11 and 12}
- Income-producing properties in the U.S. – ~63%;
- Senior housing in Israel – ~99%¹¹
- Data centers – ~99%¹³
- Rental housing in Israel – ~97%¹¹

¹¹ Excluding areas in properties whose construction has been completed, and which are in lease-up stages for the first time.

¹² Mainly in view of the departure of a major tenant of the Sarona project.

¹³ The average occupancy rate was calculated based on the figures of the lease agreements as of 30 September 2025 according to a weighted average of GM. The occupancy rate does not include areas under construction.

2.5. NOI of the Properties

Net Operating Income (NOI) is a metric that presents the net operating income of the properties: income after the deduction of the property's operating expenses and prior to the deduction of taxes and interest. This metric is one of the most important parameters in the valuation of income-producing real estate companies, as division thereof by the appropriate cap rate for the properties provides an indication for determination of the value of income-producing properties.¹⁴ In addition, after deduction of current maintenance expenses incurred to preserve the property's condition, NOI is used to measure the free and available cash flow for the service of financial debt undertaken to fund the purchase of the property.

It is emphasized that these parameters do not present cash flows from operating activities according to generally accepted accounting principles, nor do they reflect cash available for the funding of all of the Group's cash flows (including its ability to make distributions), and they are not meant to be deemed as a substitute for the net income in the evaluation of the results of the Group's operations.

2.5.1. NOI Data

For the purpose of calculating the NOI, on the revenues side – all of the income from tenants (including rent, management fees and other payments) is taken into account, and for the purpose of calculating the costs – all operating expenses in respect of the properties are taken into account, including management, maintenance and other costs.¹⁵

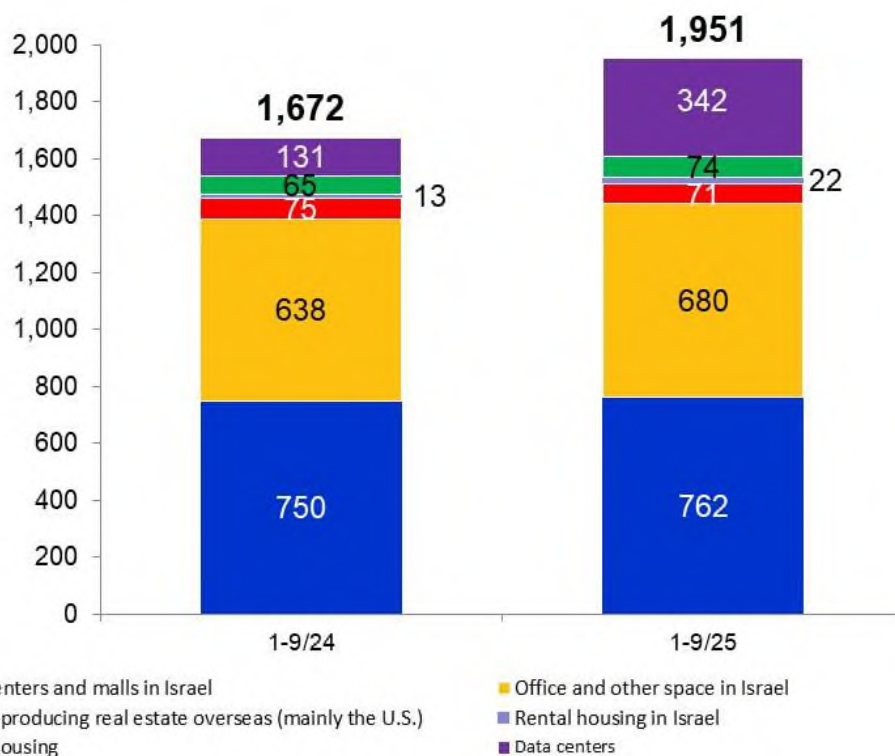
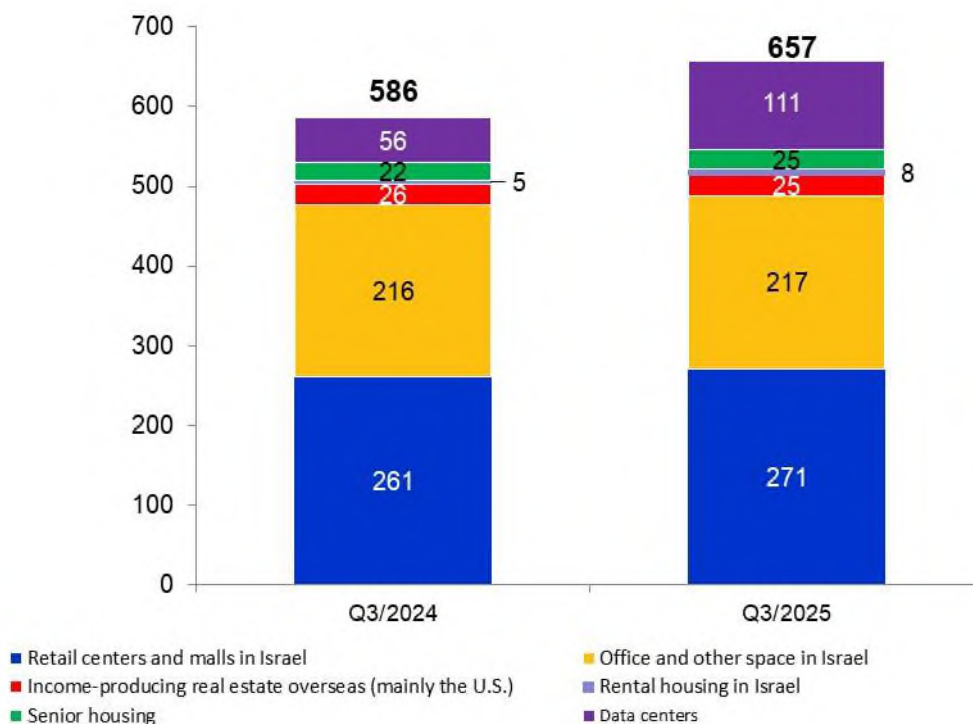
The NOI figures for the income-producing real estate portfolio are as follows:¹⁶

¹⁴ Additional indications are, for example: The market value of similar properties in the same area, and the sale prices of similar properties in recent transactions.

¹⁵ The Group prepares its financial statements based on international standards, and consequently, in the calculation of the cost of leasing and operating the properties classified as investment property, depreciation was not taken into account. Furthermore, for the purpose of calculating the aforesaid parameters, profit from the revaluation of properties was not taken into account.

¹⁶ Including properties from the segments: Retail centers and malls in Israel; leasable office and other space in Israel; income-producing properties in the U.S.; senior housing; Data Centers and rental housing in Israel.

NOI

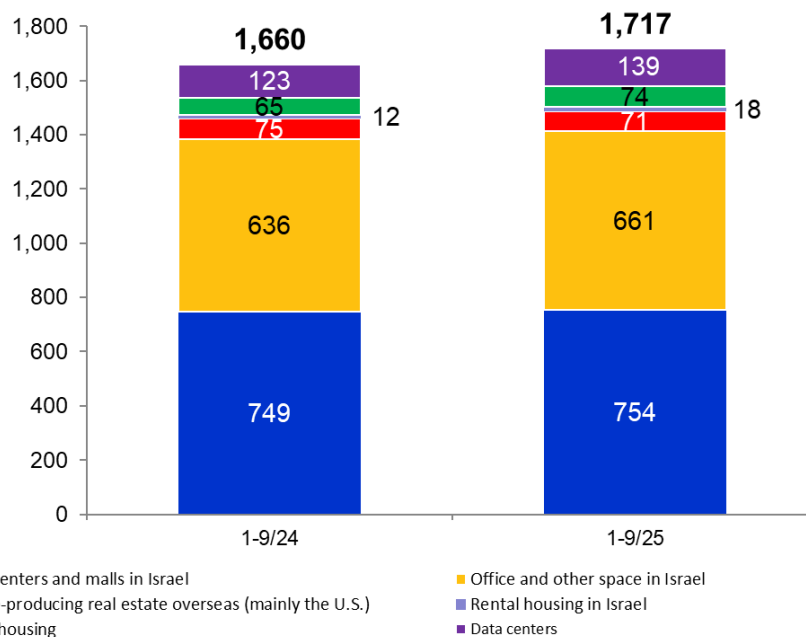
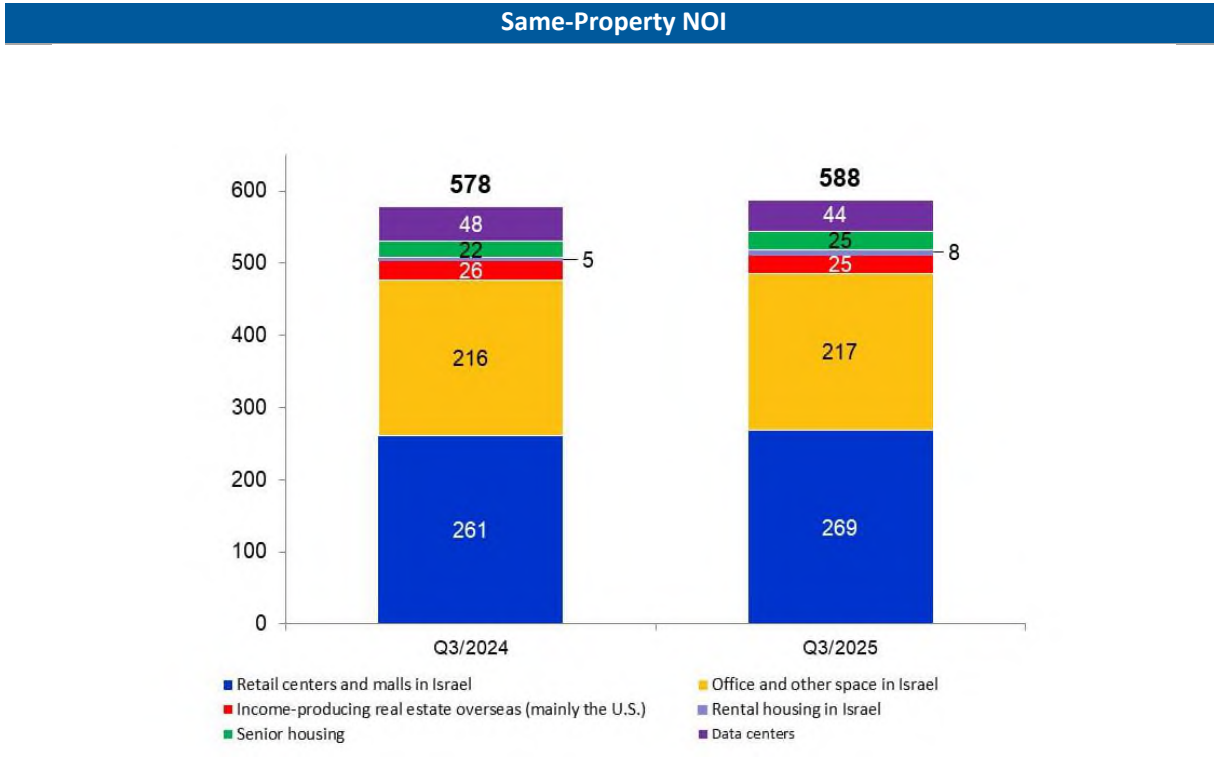


Figures are presented in millions of NIS.

For explanations with respect to the change in the NOI, see Sections 2.9, 2.10, 2.11, 2.12, 2.13 and 2.14 below.

2.5.2. Same-Property NOI Data

NOI is affected by changes in the property portfolio. In other words, the sale of a property or the addition of a new property to the Company's portfolio is reflected in a change in the NOI. Conversely, the same-property NOI metric discounts such changes and allows for an examination of changes in the profitability of the same portfolio of the Group's properties over time. For the purpose of calculation thereof, only properties that were part of the Group's property portfolio throughout the analysis period are taken into account. In the Report Period and the same period last year, this metric was as follows:



Figures are presented in millions of NIS.

The increase in the same-property NOI in the period was mainly affected by an increase in the office and other space in Israel segment which derived from rent increases upon tenant changeovers, from rises in the CPI owing to the fact that the lease contracts are linked to the CPI, from one-time compensation from a departing tenant net of the loss of revenues due to its departure, and from growth in the DC segment. With respect to the results versus the corresponding period, the results of the TikTok property were not included in the DC properties.

2.6. Weighted Cap Rate

The following table presents the calculation of the weighted cap rate derived from all of the income-producing real estate, excluding senior housing¹⁷, excluding Data Centers¹⁸, excluding rental housing¹⁹ and excluding hotels²⁰ of the Group, as of 30 September 2025:

Calculation of the Weighted Cap Rate for the Report Period	
Total investment property in the statement	51,742
Net of value attributed to investment property under construction	4,196
Net of value attributed to land reserves	1,920
Net of value attributed to income-producing senior housing	3,014
Net of value attributed to DC properties	8,738
Net of value attributed to building rights in income-producing properties and value attributed to income-producing properties not assessed according to cash flow discounting	1,702
Total value of income-producing investment property (including the fair value of vacant space)	32,172
Actual NOI in the Quarter ended 30 September 2025 (excluding senior housing, Data Centers and rental housing)	513
Additional future quarterly NOI ⁽¹⁾	50
Total standardized NOI	563
Proforma annual NOI based on the standardized NOI (excluding senior housing, Data Centers, and rental housing)	2,252
Weighted cap rate derived from income-producing investment property (including vacant space) ⁽²⁾	7.00%

Financials are presented in millions of NIS.

(1) The figure includes adjustment to the NOI as included in the valuations updated as of 30 September 2025, and therefore includes, *inter alia*, additional NOI for vacant space not yet fully occupied and space that was and shall be occupied in 2025 for a full year (the main amounts in this item are in respect of the Group's overseas properties, the office building in Holon on HaManor Street, the Sarona project, the Modi'in 21 project, and due to a period of tenant replacements in some of the malls and office buildings to change the tenant mix).

(2) Standardized annual NOI rate out of total income-producing investment property (including vacant space).

This figure does not constitute the Company's NOI forecast for 2025, and its sole purpose is to reflect the NOI assuming full occupancy for a full year in all the income-producing properties.

The Company's estimations as mentioned in this section include forward-looking information, as defined in the Securities Law. This information is uncertain and is based, inter alia, on information pertaining to contractual engagement with tenants as of the report date, parameters in the calculation of fair value and the Company's estimations regarding the occupancy of areas. Actual results may materially differ from the foregoing estimations and from what they imply, for various reasons which are not dependent on the Company, including immediate termination of lease agreements or a business crisis of any of the tenants, or a change in the fair value parameters or non-compliance with development or occupancy targets or the effects of the War.

¹⁷ Since the value of senior housing properties is derived from the FFO metric, rather than the NOI metric, these properties were not included in this calculation. The weighted senior housing cap rate as of the date of the report is 8.25%.

¹⁸ The DC properties are in stages of development and were therefore not included in the investment property. For some of the income-producing properties, the weighted cap rate is 7.31%.

¹⁹ A different valuation methodology was used for rental housing properties, which were therefore excluded from this calculation.

²⁰ Presented as property, plant and equipment and not measured at fair value because they are excluded from the definition of investment property.

2.7. Real Estate Business FFO²¹

Funds from Operations (FFO) is a metric that presents the cash flow from the real estate business. It is widely used worldwide and provides an adequate basis for comparing income-producing real estate companies. This metric is intended to reflect the Company's economic and operating results from its current core business of lease and management of real properties, and to provide investors with a tool for consistent and comparable evaluation.

This report presents the FFO in respect of the Group's income-producing real estate business.

It should be emphasized that the FFO does not reflect cash flow from operating activities according to generally accepted accounting principles, nor does it reflect cash held by the Company and its ability to distribute the same, and it is no substitute for the reported net income. It is further clarified that this metric is not a figure audited by the Company's auditors.

FFO from the Income-Producing Real Estate Business					
	For the Three Months Ended		For the Nine Months Ended		For the Year Ended
	30 Sept. 2025	30 Sept. 2024	30 Sept. 2025	30 Sept. 2024	31 Dec. 2024
Net income for the period attributable to shareholders	395 ⁽¹⁾	383	1,172 ⁽¹⁾	1,003	1,477
Profit adjustments:					
Net (increase) in the value of investment property and property, plant and equipment	(360)	(318)	(805)	(636)	(909)
Depreciation and amortization	2	4*	6	6*	8
Net non-cash flow financing and other income	(113)	(87)*	(221)	(224)*	(256)
Tax expenses	51	54	214	162	352
Non-recurring expenses ⁽²⁾	8	5	56	44	74
Total profit adjustments	(412)	(342)	(750)	(648)	(731)
Total nominal FFO according to the provisions of the Fourth Schedule to the Prospectus Details Regulations, attributable to the income-producing real estate business, excluding the cash flow of financing the development pipeline⁽⁴⁾	(17)	41*	422	355*	746
Expenses due to share-based payment	4	3	13	6	8
Special bonus for restructuring and establishment of GMG	-	-	28	-	-
Special bonus for sale of Compass	-	-	-	8	8
Total cash flow of financing the development pipeline ⁽⁶⁾	42	35	107	110	141
Linkage differentials and exchange rate differentials on assets and liabilities (net of tax effect)	383	344	727	747	744
Cash flow from incoming resident deposits net of outgoing resident deposits ⁽³⁾	28	46	50	95	119
Net of income from forfeiture of resident deposits	(16)	(15)	(46)	(42)	(57)
Total FFO attributed to the income-producing real estate business, according to the management's approach⁽⁵⁾	424	454	1,301	1,279*	1,709

Financials presented in NIS in millions.

(1) Includes a non-recurring payment of approx. NIS 12 million for restructuring and related costs at GMG.

(2) In the present Quarter, mainly revenues due to the sale of Compass net of costs that were written off due to non-consummation of a transaction, in 2024, and in the corresponding quarter mainly due to the sale of Compass and from e-commerce operations.

(3) Senior housing residents' deposits will be deemed as incoming or outgoing on the date on which the agreement is signed or terminated, as applicable, and not as they are presented in the cash flow report.

(4) Attributable to the shareholders only.

(5) Including FFO from the senior housing segment in the sum of approx. NIS 54 million and approx. NIS 29 million in the nine and three months

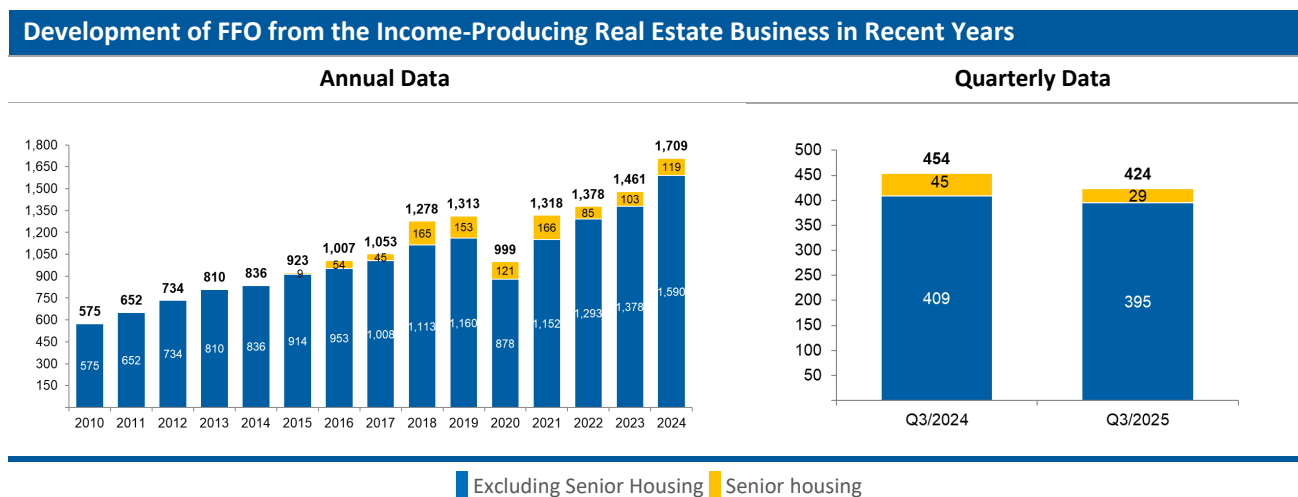
²¹ On 16 January 2025, the ISA released guidelines on the calculation and presentation of the FFO ("FFO According to the ISA's Approach"). The data presented in this section, including the comparison data, are presented in accordance with the FFO According to the ISA's Approach.

ended 30 September 2025 (approx. NIS 95 million and approx. NIS 45 million in the nine and three months ended 30 September 2024 and approx. NIS 119 million in Y2024).

(6) Calculated based on real credit costs in respect of the development pipeline.

* The comparison figures were updated following the position paper of the ISA of 16 January 2025 on calculation and presentation of the FFO metric.

The following chart depicts the development of the FFO of the Group's income-producing real estate business in recent years:



Figures are presented in millions of NIS.

Net of real credit costs for properties under development.

The comparison figures were updated following the position paper of the ISA on the issue of FFO.

2.8. The EPRA (European Public Real Estate Association) Indices

Azraeli Group is included in the EPRA Indices. EPRA is an organization that brings together the public income-producing real estate companies in Europe and worldwide. Being listed in the EPRA indices provides Azraeli Group greater exposure to international investors, according to its weight in the index.

In view thereof, the Group has decided to adopt the position paper published by EPRA with the purpose of improving the transparency, uniformity and comparability of financial information reported by real estate companies listed in the index. A report regarding three financial indicators calculated according to such position paper follows.

It is emphasized that the following indicators exclude the component of expected profit from projects under construction not yet recorded in the financial statements.

These figures do not constitute a valuation of the Group, are not audited by the Group's auditors and are no substitute for the figures in the financial statements.

2.8.1. EPRA NRV

The EPRA NRV index is a metric that reflects the net reinstatement value of the Company's net assets on a long-term basis, assuming continuation of future activity and non-disposal of real estate, therefore requiring certain adjustments, such as exclusion of the deferred taxes resulting from the revaluation of investment property.

EPRA NRV		
	30 September 2025	30 September 2024
Equity attributable to the Company's shareholders in the financial statements	24,770	23,786
Goodwill created against a reserve for deferred taxes	(226)	(236)
Plus a tax reserve in respect of the revaluation of investment property to fair value (net of minority interests)	5,861	5,487
EPRA NRV	30,405	29,037
EPRA NRV per share (NIS)	251	239

Figures are presented in millions of NIS, unless stated otherwise.

2.8.2. EPRA NTA

The EPRA NTA index is a metric that reflects the Company's net tangible asset value. The assumption underlying the index is that entities buy and sell assets, leading to adjustment of only part of the deferred taxes resulting from the revaluation of investment property.

EPRA NTA		
	30 September 2025	30 September 2024
Equity attributable to the Company's shareholders in the financial statements	24,770	23,786
Goodwill created against a reserve for deferred taxes	(226)	(236)
The balance of goodwill which is not against a reserve for deferred taxes as stated in the Company's balance sheet	(1,298)	(1,362)
Other intangible assets	(15)	(2)
Plus 50% of the tax reserve in respect of the revaluation of investment property to fair value (net of minority interests)	2,930	2,743
EPRA NTA	26,161	24,929
EPRA NTA per share (NIS)	216	206

Figures are presented in millions of NIS, unless stated otherwise.

2.8.3. EPRA NDV

The EPRA NDV index reflects the net disposal value of the Company's assets in case of sale of properties and repayment of liabilities. The index calculation takes into account all of the deferred taxes in respect of appreciation of the value of the properties that will apply upon sale of the properties, and an adjustment to fair value of the financial liabilities is made. This index should not be deemed as the net value of the Company's assets in dissolution, since in many cases the fair value does not represent the value of the properties in dissolution.

EPRA NDV		
	30 September 2025	30 September 2024
Equity attributable to the Company's shareholders in the financial statements	24,770	23,786
Goodwill created against reserve for deferred taxes	(226)	(236)
Balance of goodwill that is not against a reserve for deferred taxes as stated in the Company's balance sheet	(1,298)	(1,362)
Adjustment of the value of financial liabilities to fair value	644	867
EPRA NDV	23,890	23,055
EPRA NDV per share (NIS)	197	190

Figures are presented in millions of NIS, unless stated otherwise.

AZRIELI GROUP'S INCOME PRODUCING REAL ESTATE*

MALLS & SHOPPING CENTERS

Ayalon Mall	Azrieli Haifa Mall
Azrieli Hod Hasharon Mall	Azrieli Akko Mall
Azrieli Herzliya Outlet	Azrieli Or Yehuda Outlet
Azrieli Givatayim Mall	Azrieli Hanegev Mall
Azrieli Jerusalem Mall	Azrieli Rishonim Mall
Azrieli Modi'in Mall	Azrieli Sarona Mall
Azrieli Mall	Palace Modi'in
Azrieli Holon Center	Palace Lehavim
Azrieli Holon Mall	Azrieli TOWN
Azrieli Ramla Mall	Azrieli Modi'in West Complex
Azrieli Eilat Mall	Check Post Haifa
Azrieli Ra'anana	

OFFICES & OTHERS in Israel

Azrieli Towers	Azrieli Givatayim
Azrieli Sarona	Azrieli Hanegev
Azrieli Holon Business Center	Azrieli Rishonim Center
Azrieli Caesarea	Azrieli TOWN
Azrieli Herzliya Center	Azrieli Holon Hamanor
Azrieli Modi'in	Mikve-Israel Tel Aviv
Azrieli Petach Tikva	Azrieli Akko
Azrieli Jerusalem	Azrieli Modi'in West Complex
Azrieli TOWN building E	

OVERSEAS

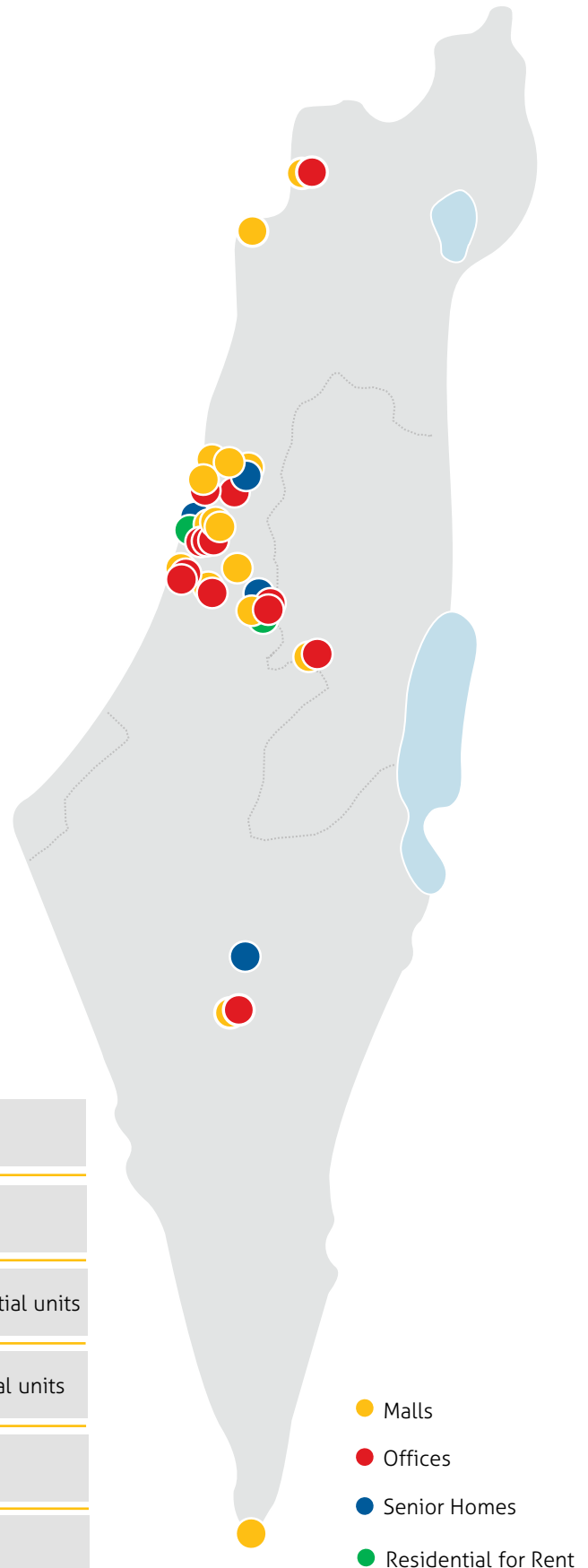
Galleria
1 Riverway
3 Riverway
Plaza
8 West
Aspen Lake II
San Clemente
Leeds

SENIOR HOMES

Palace Tel Aviv
Palace Ra'anana
Palace Modi'in
Palace Lehavim

RESIDENTIAL FOR RENT

Azrieli TOWN
Azrieli Modi'in
Azrieli TOWN Modi'in



***23 malls & retail centers 392 thousand sqm

17 office buildings 655 thousand sqm

4 senior homes 115 thousand sqm 1,141 residential units

3 Residential for rent properties 34 thousand sqm 357 residential units

8 office buildings overseas 245 thousand sqm

Total 1,441 thousand sqm

*As of September 30, 2025.

**GLA (gross leasable area) is based on the Company's share excludes DCs.

***Excluding the assets of Zemach Hammerman



Green Mountain

**100%
Ownership**

AZRIELI GROUP'S DATA CENTERS INVESTMENTS ⁽¹⁾

OSL1-Enebakk, Norway

Data center located 20 km outside Norway's capital



Max Sellable IT Power 76 MW

SVG1-Rennesoy, Norway

A former NATO ammunition storage facility converted into a unique, high-security colocation mountain hall data center



Max Sellable IT Power 25 MW

RJU1-RJUKAN, Norway

Colocation data center located at the nexus of hydro-electric power in a historic region of Norway



Max Sellable IT Power 33 MW

OSL2-Hamar, Norway

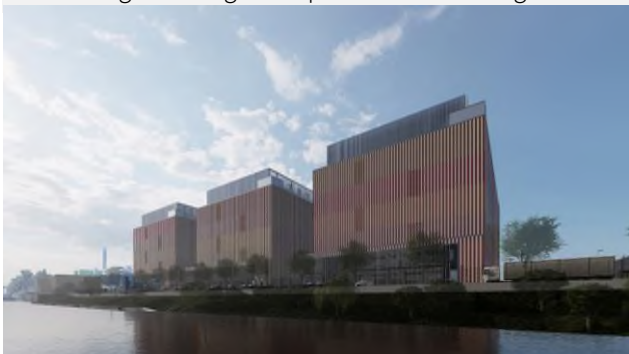
One of Europe's most sustainable data centers located in Norway



Max Sellable IT Power 120+30 MW

FRA1-Mainz, Germany ⁽²⁾ ⁽³⁾

A partnership between Green Mountain and KMW creating a strong sponsorship for a revolutionary sustainable data center, including a leading concept of district heating.



Max Sellable IT Power 54 MW

LON1-Romford, England

Existing operational data center, with significant potential for additional capacity.



Max Sellable IT Power 40 MW

(1) As of September 30, 2025.

(2) Illustration

(3) GM and KMW JV (50%-50%)

(4) The Maximum Sellable IT Power figures may be subject to the receipt of additional regulatory approvals.

2.9. Retail Centers and Malls in Israel Segment

Azrieli Group owns and manages a portfolio of high-quality malls and retail centers throughout the country, which are located in city centers, with convenient access to transportation and often in proximity to train stations. The Company takes a long-term view with respect to its properties, from the stage of locating the land, through development and construction of properties, to the holding, management and betterment of the properties over the years.

The store revenues reported by the Group's mall tenants in the period between January and September 2025 remained unchanged year-over-year (net of June and Modi'in West) and in the period between July and September 2025 were ~3.9% higher year-over-year.

The Group's malls are mostly characterized by the following:

- **Diverse and changing mix** – the malls segment has a dynamic retail mix that is renewed according to the market needs and public preferences. For example, malls were once characterized by significant presence of supermarkets or electronics stores, whereas today the tenant mix in malls has changed. In fashion it is evident that new brands periodically take the place of those which have become less relevant, with international fashion chains becoming more dominant in the market than local brands. The high-quality property portfolio, and the management thereof, grant the Company an advantage which enables it to get leading international fashion brands and to open their flag stores in the Group's malls.
- **A trend of increased store space** – in recent years, increased retail space is demanded by international brands, followed by domestic ones, which seek to combine complementing brands in one store in order to expand the product mix and create an improved customer experience, while increasing the sales.
- **Malls as entertainment venues** – the Company acts to improve the entertainment and dining experience in the malls, through a selection of restaurants and cafés in the malls and renovation of the fast-food courts, modern design and added crowd-attracting entertainment options such as the "Zappa" club and cinemas. The Group further acts to create family entertainment and service spaces in its malls, including play areas, diaper changing and nursing rooms.
- **Innovation** – in recent years the Company has been implementing technological improvements in the shopping experience and striving for leadership and innovation in the malls segment, including by way of creating a unique app which grants exclusive benefits to mall visitors and enables direct marketing based on customer preferences. The goal of technological innovation is to enhance customer experience in the mall while combining both digital and physical worlds.
- **Gift cards** – the Group's designated gift card, Azrieli Time, can be used in the Group's malls. The card is accepted in all the Group's malls, offering a huge range of more than 100 dining and entertainment, fashion, footwear and cosmetics brands.

The retail areas in Azrieli Group's malls and retail centers are leased to ~1,850 tenants.

Performance of the retail centers and malls in Israel segment and changes in value

Azrieli Group has 23 malls and retail centers in Israel with a total GLA of ~392 thousand sqm. (*)

Balance of the properties in the retail centers and malls in Israel segment – totaled approx. NIS 16.8 billion on 30 September 2025, compared with approx. NIS 16.1 billion on 31 December 2024. The change mainly derives from revaluation profits due to the rise in the CPI and from investments in the segment assets. The properties are presented according to valuations prepared by an independent appraiser as of 30 June 2025, which were adjusted to rises in the CPI up to the report date.

Change due to fair value adjustment of the segment's investment property and investment property under construction – the profit from fair value adjustment of the segment's investment property and investment property under construction in the Report Period totaled approx. NIS 210 million and mainly derived from the effect of the rise in the CPI on the value of the properties, compared with a profit of approx. NIS 266 million in the same period last year.

(*) The number of malls and retail centers does not include the income-producing real properties of ZMH Hammerman, although the area of these properties is included in the above GLA figure.

The table below presents a summary of the business results of the retail centers and malls in Israel segment:

Summary of the Business Results of the Retail Centers and Malls in Israel Segment							
	For the Three Months Ended			For the Nine Months Ended		For the Year Ended	
	Rate of Change	30.9.2025	30.9.2024	Rate of Change	30.9.2025	30.9.2024	31.12.2024
Revenues	3%	350	341	2%	981	962	1,285
NOI	4%	271	261	2%	762	750	1,009

Figures are presented in millions of NIS.

NOI in the retail centers and malls in Israel segment was mainly affected by the rise in the CPI since the lease contracts are linked to the CPI.

The table below presents the segment's NOI development:

Development of NOI of the Retail Centers and Malls in Israel Segment				
	For the Three Months Ended		For the Nine Months Ended	
	30.9.2025	30.9.2024	30.9.2025	30.9.2024
NOI from segment properties owned by the Company at beginning of period	269	261	754	749
NOI from properties whose construction was completed in 2024	2	-	8	1
Total NOI from all properties	271	261	762	750

Figures are presented in millions of NIS.

Same-property NOI in the retail centers and malls in Israel segment was mainly affected by the rise in the CPI since the lease contracts are linked to the CPI.

2.10. Office Segment

The Company's portfolio of properties of leasable office space mostly comprises office towers classified as Class A properties, which are generally located in CBDs, in proximity to major traffic arteries in the heart of the city. The location, quality and positioning of the office space enable the Company to maintain high occupancy rates, and over time increase the rent. The Company develops and builds office projects in significant scopes, which meet the international standards of employment centers in the world's largest cities, in all aspects pertaining to the management of the property and the quality thereof. Furthermore, the Company has leasable office areas which are part of malls, in which small tenants offer services to the public (e.g. medical institutes, health funds and independent service providers). The combination of offices and retail increases customer traffic in these properties.

The Company's leasable office properties are mostly characterized by the following:

- **Positioning:** among the Company's properties are projects which are considered to be leading and very significant in the field of leasable office spaces in Israel, and are an icon in Israeli landscape in general, and in Tel Aviv in particular, such as the Azrieli Tel Aviv Center and the Azrieli Sarona Tower.
- **Location:** the Company engages in the development of leasable office spaces and works to locate, develop and build its properties in this segment in areas which enjoy a high demand for offices. The Company's projects are mostly located in the heart of Israel's CBDs and in proximity to city centers and are characterized by convenient access by both private and public transportation. For example, the Company has several projects in Tel Aviv's northern CBD with both income-producing projects and projects under development and construction.
- **Large floors:** the Company's property portfolio includes a number of projects that can offer large floor spaces. These projects can meet the growing demand by large companies that are interested in creating one central site for employees,

and their spread over a smaller number of floors. The planning of the Azrieli Sarona project and the Azrieli Holon center, for example, enables tenant to unite several sites which were previously spread across the country.

- **Building standard:** the Group consistently applies high building standards to all of its properties, as expressed in the architectural design, the properties' functionality and the meticulous attention to high building qualities as well as to details such as new and fast elevators, advanced lighting and more. This is rooted in the long-term vision of properties that will be owned and managed by the Group for many years to come. The Group also complies with international green building standards (LEED) which guide the design, construction and operation of the Group's properties in the segment. Thus, for example, Azrieli Sarona, Azrieli Town and Azrieli Holon HaManor were built in compliance with the LEED Gold standard and Azrieli Rishonim was built in compliance with the LEED Silver standard.
- **Operational efficiency:** the size of the Company's properties facilitates operational efficiency which is reflected, *inter alia*, in the ability to implement technological improvements and infrastructure upgrades, including the installation of complex communication networks and energetic efficiency (LEED certification), enabling large international companies that require compliance with rigorous standards to lease space in the Company's properties. Thus, for example, the strict LEED O&M Gold standards certification has been received for existing properties at Azrieli Tel Aviv Towers, Azrieli Rishonim, Azrieli Herzliya Buildings G and E and Azrieli Holon Business Center, and LEED O&M Platinum certification has been received for Azrieli Town and Azrieli Sarona, with Azrieli Sarona being the first project in the Middle East and North Africa to receive LEED O&M Platinum V5 certification and one of only 11 projects worldwide to receive such certification.
- **Management:** all of the Group's leasable office spaces are managed by management companies which are subsidiaries of the Company and are committed to high service standard.

Azrieli Group's office areas in Israel are leased to ~690 different tenants. In each one of the Group's properties, there is a mix of tenants coming from various sectors. Some of the Company's office tenants are domestic or international mega-companies.

2.10.1. Performance of the Leasable Office and Other Space in Israel Segment and Changes in Value

Azrieli Group has 17 income-producing properties in this segment in Israel, with a total GLA of ~655 thousand sqm.

Balance of the Group's investment property in the leasable office and other space in Israel segment – totaled approx. NIS 18.2 billion on 30 September 2025, compared with approx. NIS 17.3 billion on 31 December 2024. The change mainly derives from investments in the segment properties and from an increase in the value of the segment properties. The properties are presented according to valuations prepared by an independent appraiser as of 30 June 2025, which were adjusted to rises in the CPI up to the report date.

Change due to fair value adjustment of the segment's investment property and investment property under construction – the profit from fair value adjustment of the segment's investment property and investment property under construction in the Report Period totaled approx. NIS 376 million and mainly derived from the effect of the rise in the CPI on the value of the properties, compared with a profit of approx. NIS 45 million in the same period last year, which mainly derived from the effect of the rise in the CPI on the value of the properties and from an increase in the value of the SolarEdge campus, which derives from adjustment of the expected rent based on the areas that shall actually be built, net of an increase in the cap rate, and from the adjustment performed in the Sarona project in view of departure notice by a major tenant occupying an area of ~31 thousand sqm.

The table below presents a summary of the business results of the leasable office and other space in Israel segment:

Summary of the Business Results of the Leasable Office and Other Space Segment							
	Rate of Change	For the Three Months Ended		Rate of Change	For the Nine Months Ended		For the Year Ended
		30.9.2025	30.9.2024		30.9.2025	30.9.2024	31.12.2024
Revenues	1%	274	271	6%	837	786	1,064
NOI	-	217	216	7%	680	638	865

Figures are presented in millions of NIS.

NOI in the office and other space in Israel segment in the current period was mainly affected by the rise in the CPI, since the lease contracts are linked to the CPI, and in addition, compared with the corresponding quarter, the said rise was offset by a loss of revenues due to a tenant's departure in the sum of approx. NIS 9 million.

The table below presents the segment's NOI development:

Development of the NOI of the Leasable Office and Other Space in Israel Segment				
	For the Three Months Ended		For the Nine Months Ended	
	30.9.2025	30.9.2024	30.9.2025	30.9.2024
NOI from segment properties owned by the Company at beginning of period	217	216	661	636
NOI from properties that were purchased or whose construction was completed in 2024	-	-	19	2
Total NOI from all properties	217	216	680	638

Figures are presented in millions of NIS.

Same-property NOI in the office and other space in Israel segment in the current period was mainly affected by rent increases upon tenant changeovers and by the rise in the CPI, since the lease contracts are linked to the CPI, and in addition, compared with the corresponding quarter, the said rise was offset by a loss of revenues due to a tenant's departure in the sum of approx. NIS 9 million.

2.11. Senior Housing Segment

The acquisition of land in Modi'in in 2014 marked the Group's entry into the senior housing segment, followed by the acquisition in 2015 of an operating senior home – Palace Tel Aviv, one of the most luxurious senior homes in Israel. Since the acquisition of Palace Tel Aviv, the Group has operated under the "Palace" brand in this segment and owns four running senior homes: Palace Tel Aviv, Palace Ra'anana, Palace Modi'in (construction of which was completed in Q3/2018) and Palace Lehavim. In addition, the Group is in advanced stages of building another project in Rishon LeZion, as specified below, and has won a tender for the construction of a senior housing project in Sde Dov, as specified in Section 1.2.3.4 above.

2.11.1. Performance of the Senior Housing Segment and Changes in Value

Azrieli Group has four operating senior homes with aboveground built-up areas of ~115 thousand sqm (excluding areas attributed to the LTC unit and to retail areas), which comprise ~1,141 senior housing units. The Company is also in advanced stages of building another project in Rishon LeZion with ~274 apartments of a total area of ~31 thousand sqm (excluding areas attributed to the LTC unit and to retail areas). For further details, see Section 5.1.1 below. The Company has also won a tender for the construction of a senior housing project comprising ~350 apartments. For further details, see Section 1.2.3.4 above.

Balance of the Group's properties in the senior housing segment – totaled approx. NIS 4.3 billion on 30 September 2025, compared with approx. NIS 3.6 billion on 31 December 2024. The increase mainly derives from the purchase of the land in Sde Dov. The properties are presented according to the valuations prepared by an independent appraiser as of 31 December 2024.

Change due to fair value adjustment of the segment's investment property and investment property under construction – loss from a NIS 33 million property value adjustment which derives from deduction of purchase tax expenses for the purchase of the land in Sde Dov compared with no change in the value in the same period last year.

The table below presents a summary of the business results of the senior housing segment:

Summary of the Business Results of the Senior Housing Segment							
	For the Three Months Ended			For the Nine Months Ended			For the Year Ended
	Rate of Change	30.9.2025	30.9.2024	Rate of Change	30.9.2025	30.9.2024	31.12.2024
Revenues	10%	75	68	10%	218	199	267
NOI	14%	25	22	14%	74	65	87

Figures are presented in millions of NIS.

The increase in revenues in the Report Period derives from continued resident move-ins at Palace Lehavim, and an increase in the occupancy rate in Palace Tel Aviv.

The table below presents the segment's NOI development:

Development of the NOI of the Senior Housing Segment				
	For the Three Months Ended		For the Nine Months Ended	
	30.9.2025	30.9.2024	30.9.2025	30.9.2024
NOI from segment properties owned by the Company at beginning of period	25	22	74	65
NOI from properties whose construction was completed in 2024	-	-	-	-
Total NOI from all properties	25	22	74	65

Figures are presented in millions of NIS.

2.12. Income-Producing Properties in the U.S. Segment

2001 marked the beginning of Azrieli Group's diversification of its investments in income-producing real estate overseas. In the previous decade, the Group expanded its activity significantly through the acquisition of office buildings in Houston and in Austin, Texas.

Most of the Group's overseas properties are concentrated in strong metropolitan areas, with a population of at least 2 million. The type of properties on which the Group focuses are offices. As of the Report Release Date, the Company is exploring the possibility of disposal of properties in this segment.

Most of the properties in the U.S. are financed separately from corporate finance, by means of dollar non-recourse loans, except in unusual circumstances as defined in the loan agreement and deemed acceptable in the U.S. market. It is noted in this context that in view of non-compliance with the terms of the non-recourse loan for funding the 1 Riverway property, the Company conducted negotiations with the lender in order to change the terms of the loan, which were completed in the Report Period, such that the terms of the non-recourse loan have been updated, and as of the report date, the Company is in compliance with the terms and conditions of the loan.

The downward trend in office occupancy rates in Houston continued also in the Report Period. Since the Covid pandemic and the rise of remote work, many tenants in the market have begun relocating from older offices and buildings to higher-quality buildings, and reducing their footprint. Market uncertainty, amid unclear U.S. tariff policies together with a high interest rate environment, contributed to weakness in leasing activity in the local market. However, the West Houston area continues to show lively activity due to an increasing concentration of energy sector tenants, and there is noticeable growing demand for office space also in the area of the city known as "The Galleria".

The office occupancy rate in Austin remains at historically low levels, due to increased supply of new office buildings intended for large tech tenants, combined with reduced demand from these tenants due to the rise of remote work. Leasing activity in the city remains strong but over smaller areas than before, and is negatively impacted by the existing stock of sublease spaces, mainly of technology companies.

2.12.1. Performance of the Income-Producing Properties in the U.S. Segment and Changes in Value

As of the report date, Azrieli Group has 8 income-producing properties in this segment, mostly in the U.S. with a total GLA of ~253 thousand sqm (on a consolidated basis) and ~245 thousand sqm (the Company's share) leased to ~140 tenants.²²

Balance of the Group's investment property in the segment – totaled approx. NIS 1.7 billion on 30 September 2025, compared with approx. NIS 1.9 billion on 31 December 2024. The change mainly derives from a decline in the dollar exchange rate as of 30 September 2025 compared with 31 December 2024. The properties are presented according to valuations prepared by an independent appraiser as of 31 December 2024.

Change due to fair value adjustment of the segment's investment property – profit from a NIS 1 million property value adjustment compared with a profit of NIS 4 million in the same period last year.

The table below presents a summary of the business results of the income-producing properties in the U.S. segment:

Summary of the Business Results of the Income-Producing Properties in the U.S. Segment							
	Rate of Change	For the Three Months Ended		Rate of Change	For the Nine Months Ended		For the Year Ended
		30.9.2025	30.9.2024		30.9.2025	30.9.2024	
Revenues	(8%)	54	59	(5%)	164	172	222
NOI	(4%)	25	26	(5%)	71	75	92

Figures are presented in millions of NIS.

The table below presents the segment's NOI development:

Development of the NOI of the Income-Producing Properties in the U.S. Segment				
	For the Three Months Ended		For the Nine Months Ended	
	30.9.2025	30.9.2024	30.9.2025	30.9.2024
NOI from segment properties owned by the Company at beginning of period	25	26	71	75
NOI from properties purchased in 2024	-	-	-	-
Total NOI from all properties	25	26	71	75

Figures are presented in millions of NIS.

The change in the same-property NOI in the income-producing properties in the U.S. segment mainly derives from the effect of the decline in the average U.S. dollar exchange rate.

2.13. Data centers

In 2019, after studying the market and the key players in the data centers (DC) sector, the Company made the decision to invest in a company engaged in this sector, while noting the growth potential that exists in the sector and with the intention that it would serve as another growth driver for the Company's business.

The first step of the Company's entry into the DC industry was made through an equity investment in Compass, which mainly operates in the DC industry in North America and is also active in EMEA. In 2023, the Company liquidated all of its holdings in Compass.²³

²² The "Company's share" – net of minority interests in certain companies.

²³ For further details regarding the disposition, see the Company's immediate reports of 20 June and 4 October 2023 (Ref. 2023-01-067815 and 2023-01-112449, respectively), which are incorporated herein by reference.

Further to the aforesaid, and as part of the Company's strategy to launch DC operations in Europe, in 2021, the Company closed the (indirect) acquisition of 100% of the share capital of GM, which operates in the industry in Norway.²⁴

In addition, in 2023, the Company closed the (indirect) acquisition of two U.K. companies: a company that leases land from a third party on which an operating data center stands, located in East London, England, and another company that owns vacant land that is adjacent to the operating data center.²⁵

As of the Report Release Date, the companies held by the Group in the DC segment have 5 income-producing properties, 4 of which in Norway, through the Company's holdings in GM, as well as an active DC campus in East London, as specified in the properties map following Section 2.8 of the Board of Directors' Report.

In 2024 and in the Report Period, work began to expand the leasable capacity at the active DC campus in East London by 14 MW. On 13 June 2025, the subsidiary engaged with a lender in a financing agreement for financing in the sum total of £100 million for the project, to be drawn in instalments according to the terms and conditions of the financing agreement. For further details, see Section 1.2.3.12 above.

As of the Report Release Date, the Company is working to consolidate its holdings in the DC segment in Europe under Green Mountain Global Ltd., a foreign special purpose holding company fully controlled by the Company. In the Company's estimation, the DC segment is expected to grow at a significant pace and can serve as a major growth engine for the Group's operations, while consolidating the holdings will enable it to raise capital from investors to support the accelerated development of the DC business.

Dr. Ariel Kor, a director of the Company, holds office as Chairman of the Board of GMG, and on 24 September 2024, the special general meeting of the Company's shareholders approved his terms of office and employment in connection with his role as Chairman of the Board of GMG.²⁶ On 1 April 2025, Mr. Eyal Henkin assumed the role of CEO of GMG, concurrently with his stepping down as CEO of the Company.²⁷

On 7 March 2023, GM, through a company wholly owned thereby (the "**Service Provider**"), engaged in a service agreement with TikTok Norway AS, a Norwegian company that is part of a group of companies with global operations (the "**Customer**"), which is not affiliated with the Company, for the provision of 90 MW of DC services on a campus built by GM in Norway (the "**Agreement**" and the "**Project**", as the case may be). In 2024, handover to the Customer of all 90 MW was completed. On 18 December 2024, the Service Provider engaged with two foreign banking corporations in a non-recourse loan agreement (the "**Loan Agreement**") for €371 million in financing for the Project. Provision of the loan was conditioned, *inter alia*, on the signing of an amendment to the Agreement with the Customer. On 14 January 2025, the amendment to the Agreement was signed, and on 6 February 2025, the loan was provided. In addition, the Customer has given notice of exercise of the option to increase the Project's capacity by another 30 MW, up to a total of 120 MW. GM is examining the exercise notice and there is no certainty that the capacity increase will indeed go ahead.²⁸

In addition, in 2023, GM engaged in an agreement for the construction of a DC campus to comprise several buildings in the Frankfurt region of Germany, in the context of a joint venture with a German company, in which the Company holds a 50% stake (the "**Joint Venture**" or the "**Joint Company**"), in respect of which the Joint Company conducted negotiations for engagement in an agreement for the provision of DC services to an international technology company (the "**Customer**"). On 25 June 2025, the Joint Company received a signed copy of the first of two agreements with the Customer. The first agreement relates to 18 MW of DC services. The first and second agreements (the "**Agreements**") are both governed by German law and

²⁴ For further details, see the Company's immediate reports of 13 and 19 July 2021 and 24 August 2021 (Ref. 2021-01-116121, 2021-01-118377 and 2021-01-136974, respectively).

²⁵ For further details, see the Company's immediate reports of 26 June 2022, 25 December 2022 and 24 January 2023 (Ref. 2021-01-078271, 2022-01-154633 and 2023-01-010848, respectively), which are incorporated herein by reference.

²⁶ For further details, see a notice of meeting report of 19 August 2024 (Ref. 2024-01-089680), which is incorporated herein by reference.

²⁷ For further details, see the Company's immediate reports of 19 August 2024, 18 November 2024 and 9 March 2025 (Ref. 2024-01-089761, 2024-01-616452, 2025-01-015315 and 2025-01-015317, respectively), which are incorporated herein by reference.

²⁸ For further details regarding the Agreement with the Customer and the amendment thereto, the Loan Agreement and the terms and conditions thereof and exercise of the option to increase the capacity in the Project, see the Company's immediate reports of 8 March 2023 (Ref. 2023-01-024873), 3 July 2024 (Ref. 2024-01-068701), 19 December 2024 (Ref. 2024-01-625507), 15 January 2025 (Ref. 2025-01-004247), 28 January 2025 (Ref. 2025-01-007395) and 6 February 2025 (Ref. 2025-01-009240), which are incorporated herein by reference.

jointly relate to a total of 36 MW of DC services, with an option for expansion to 54 MW at the campus currently being built by the Joint Company. Shortly after delivery of the first agreement, the Customer requested that the Joint Company introduce changes to the technical specification of the services set forth in the Agreements.

On 8 August 2025, the Joint Company entered into a set of agreements with the Customer, which includes the second agreement and addenda to the amendment to the first agreement and the second agreement, for the provision of 36 MW of DC services, with an option for the Customer to increase the capacity by 18 MW to a total capacity of 54 MW (the "Project").²⁹ The construction of the first building in the Project, with a planned capacity of 18 MW, is currently underway.

As of the Report Release Date, the Joint Company is in negotiations with lenders regarding financing for the Project. In addition, as of the Report Release Date, GM is in negotiations with a lender to obtain financing of approx. NOK 4,600 million (approx. €400 million) which is intended to refinance two existing loans of GM as a single senior debt loan.

On 21 December 2023, the Company released an immediate report, incidentally to exploring a possible bond raising, with respect to negotiations being conducted between GM and an international technology company for engagement in an agreement for the provision of ~120 MW of DC services to the said international technology company on a campus to be built by GM in Norway. For further details, see Section 1.2.3.5 of this Chapter A. On 19 February 2025, the Company reported that due to a decision not to grant a regulatory permit required for the land on which GM was considering building the campus, GM is exploring other land alternatives for the construction of the project. As of the Report Release Date, and as the Company reported on 25 March 2025, until and insofar as an appropriate alternative is found for the Customer, the negotiations for the transaction in the current format are suspended.

It is emphasized that as of the Report Release Date, there is no certainty that the negotiations specified in this section, in whole or in part, will lead to binding transactions, and there is no certainty as to the terms and conditions and scope thereof. The Company shall report as required by law on any material development in connection with the said negotiations.

The Company's assessments in this section regarding the growth potential in the DC industry and that concentration of the holdings in GMG will allow it to raise capital from investors are forward-looking information, as defined in the Securities Law, based on subjective estimates of the Company as of the Report Release Date and on sources of information external to the Company, and there is no certainty that they will materialize, in whole or in part, and they may materialize in a materially different manner, inter alia due to changes in project schedules, their actual scope and their marketing and due to factors beyond its control, including changes in the global DC market, regulatory delays or as a result of materialization of any of the risk factors specified in Section 29 of the 2024 Periodic Report.

2.13.1. Performance of the DC Segment and Changes in Value

As aforesaid, as of the report date, the companies held by the Group in the DC segment have 5 income-producing properties, 4 of which in Norway, through the Company's holdings in GM, and an active DC campus in East London.

Balance of the Group's properties in the segment – totaled approx. NIS 10.6 billion on 30 September 2025, compared with approx. NIS 9 billion on 31 December 2024. The change mainly derives from investments in the segment properties and from the revaluation profits recognized in the period. Some of the properties are presented according to valuations prepared by independent appraisers as of 30 September 2025 and some of the properties are presented according to valuations prepared by independent appraisers as of 30 June 2025.

Change due to fair value adjustment of the segment's investment property – the profit from fair value adjustment of the segment's investment property totaled approx. NIS 245 million in the Report Period, and mainly derived from lower cap rates in view of progress in the construction of the segment properties, compared with a profit of approx. NIS 322 million in the same quarter last year.

²⁹ For further details, see the Company's immediate reports of 2 April 2023 (Ref. 2023-01-037008), 3 July 2024 (Ref. 2024-01-068701), 2 July 2025 (Ref. 2025-01-047754) and 10 August 2025 (Ref. 2025-01-058928), which are incorporated herein by reference.

The table below presents a summary of the business results of the DC segment:

Summary of the Business Results of the DC Segment							
	For the Three Months Ended			For the Nine Months Ended			For the Year Ended
	Rate of Change	30.9.2025	30.9.2024	Rate of Change	30.9.2025	30.9.2024	31.12.2024
Revenues	126%	210	93	173%	633	232	417
NOI	98%	111	56	161%	342	131	230

Figures are presented in millions of NIS.

The increase in revenues and in NOI in the DC segment in the Report Period derives from commencement of income production from new contracts in the existing properties coupled with the commencement of income production from TikTok.

The table below presents the DC segment's NOI development:

Development of the NOI of the DC Segment				
	For the Three Months Ended		For the Nine Months Ended	
	30.9.2025	30.9.2024	30.9.2025	30.9.2024
NOI from segment properties owned by the Company at beginning of period	44	48	139	123
NOI from properties whose construction was completed in 2024	67	8	203	8
Total NOI from all properties	111	56	342	131

Figures are presented in millions of NIS.

2.14. Rental Housing in Israel Segment

The Group's operations in the rental housing in Israel segment focus mainly on the development, purchase, lease, management and maintenance of projects designated for long-term rental housing, as well as the operation and provision of high-standard related services (security, sports complexes, apartment fit-out, business services, and so forth). The Company deems the rental housing in Israel segment to be synergetic with its other businesses, while using the know-how accumulated by the Group's head office in its areas of business in income-producing real estate and the operating experience accumulated by the Company in senior housing. The Company intends to work on building a platform for long-term rentals while distinguishing its product and providing high-standard services.

In 2023, the Company won a tender issued by *Dira Lehaskir* – The State-Owned Housing & Rental Company Ltd. and the ILA (the "Tender"), for acquisition of leasehold rights in a site situated in Herzliya in consideration for approx. NIS 85 million plus VAT. According to the terms of the Tender, the Company will bear payment of development costs in the sum of approx. NIS 19 million. For further details with respect to the Tender won, see the immediate report released by the Company on 30 April 2023 (Ref. 2023-01-045585), which is incorporated herein by reference,

In May 2024, the Company began the process of occupancy of the apartments in the Modi'in West project, and as of the report date, it is fully occupied.

2.14.1. Performance of the Rental Housing in Israel Segment and Changes in Value

As of the report date, Azrieli Group has 3 income-producing properties in this segment in Israel, with a GLA of ~34 thousand sqm.

Balance of the Group's investment property in the rental housing in Israel segment – totaled NIS 2.1 billion as of 30 September 2025, similarly to the balance on 31 December 2024.

Change due to fair value adjustment of the segment's investment property and investment property under construction – the profit from fair value adjustment of the segment's investment property and investment property under construction in

the sum of NIS 6 million in the Report Period compared with a loss of approx. NIS 1 million in the corresponding period. The properties are presented according to valuations prepared by an independent appraiser as of 30 June 2025.

The table below presents a summary of the business results of the rental housing in Israel segment:

Summary of the Business Results of the Rental Housing in Israel Segment							
	For the Three Months Ended			For the Nine Months Ended			For the Year Ended
	Rate of Change	30.9.2025	30.9.2024	Rate of Change	30.9.2025	30.9.2024	31.12.2024
Revenues	43%	10	7	50%	27	18	26
NOI	60%	8	5	69%	22	13	19

Figures are presented in millions of NIS.

The increase in revenues and in the NOI in the Report Period derives from continued resident move-ins in the residential tower in the Azrieli Town Tel Aviv project and Modi'in West.

The table below presents the rental housing in Israel segment's NOI development:

Development of the NOI of the Rental Housing in Israel Segment				
	For the Three Months Ended		For the Nine Months Ended	
	30.9.2025	30.9.2024	30.9.2025	30.9.2024
NOI from segment properties owned by the Company at beginning of period	8	5	18	12
NOI from properties whose construction was completed in 2024	-	-	4	1
Total NOI from all properties	8	5	22	13

Figures are presented in millions of NIS.

2.15. Income-Producing Real Estate – Additional Operations

2.15.1. Hotels

As aforesaid, as part of the Company's business strategy, the Company periodically examines entry into operating segments tangent to its income-producing real estate operations. The Company explored expanding its operations into the hospitality industry, and after a review process conducted thereby, on 9 February 2020, the Company completed the first step in its integration into the hospitality industry through the acquisition of the Mount Zion hotel in Jerusalem (in this section: the "Hotel").

From the acquisition closing date and until 17 March 2020, the Company operated the Hotel through a wholly-owned management company. The Hotel's operation included ongoing management and operations, including the provision of accommodation, food and beverage, leisure services and other hospitality services.

On 17 March 2020, the Company closed the Mount Zion hotel in view of the encumbering directives imposed on the operation of hotels due to Covid. As of the Report Release Date, the Hotel is closed and the Company is working on planning the Hotel's renovation and exercise of the building rights for its expansion, such that it will comprise ~247 rooms/suites and an underground car park with ~210 parking spaces. The Hotel's renovation and expansion are subject to receipt of a building permit, and in November 2021 an excavation and shoring permit was received, and the work began. After its renovation and expansion, the Hotel is expected to be reopened. In April 2025, a building permit was received for the entire hotel. In the Report Period, an agreement was signed for the Hotel's management with the Kempinski chain.

In addition, in 2023, the Company acquired the Red Rock Hotel in Eilat.³⁰

As part of the Company's operations in the hospitality industry, the Company plans to build hotels within Group-owned mixed-use projects that confer, *inter alia*, building rights designated for hospitality, as follows: development of a hotel in the city of Modi'in (Modi'in West), situated near the Azrieli Modi'in mall, which comprises ~85 hotel rooms and suites and has been leased to a third party and was recently opened; and development of a hotel in the expansion of Azrieli Center (the Spiral Tower) in Tel Aviv, which is expected to comprise ~250 hotel rooms and suites.

The Company's assessments and intentions regarding the construction of hotels that are characterized by mixed use are forward-looking information, as defined in the Securities Law, which is based on subjective estimates of the Company as of the Report Release Date and on information sources that are external to the Company, and there is no certainty that they will materialize, in whole or in part, and may materialize in a materially different manner, inter alia due to factors that are beyond the Company's control, including changes in market conditions, in the hospitality industry and in the construction industry.

³⁰ For further details, see Section 1.2.2 of Chapter B of the 2023 periodic report, as released by the Company on 21 March 2024 (Ref. 2024-01-029448), which is incorporated herein by reference.

3.1. Entry into the Residential Sales Segment

As specified in Section 1.2.3.6 above, as part of the Company's growth strategy to expand into the field of residential real estate sales in Israel, on 9 September 2025, following fulfillment of all the conditions precedent, the transaction was closed for the acquisition of ZMH Hammerman, which engages, *inter alia*, in the enterprise, development and construction of residential real estate projects for sale in Israel. In view of the aforesaid, commencing from this report, the Company's operations in the residential sales segment is described as an operating segment and ZMH Hammerman's financial data were consolidated in the financial statements as of 30 September 2025.

3.2. General Information on the Residential Sales Segment

As of the Report Release Date, ZMH Hammerman is involved in 20 projects at various stages of planning, development, construction and marketing, as follows: (1) two residential projects in Ramat Gan; (2) six residential projects in Tel Aviv; (3) three residential and retail projects in Tel Aviv; (4) a residential and retail project in Nahariya; (5) a residential project in Ramat Hasharon; (6) a residential project in Lod; (7) a senior housing project in Karmiel; (8) a residential, retail and commercial project in Givatayim; (9) a land reserve in Hod Hasharon; (10) a residential project in Haifa; (11) a residential and retail project in Haifa; and (12) a residential and retail project in Netanya. The ZMH Hammerman projects include 4,774 apartments and 45,247 sqm of retail, of which 760 apartments are currently being offered for sale (including projects in which it is a partner with others). ZMH Hammerman is also involved in the promotion and planning of 24 conditional urban renewal projects and in initial negotiations regarding additional projects in this field.

As of the Report Release Date, ZMH Hammerman operates in several high-demand areas as well as in other areas throughout Israel, as part of a risk diversification strategy.

The development sector in Israel is broad and diverse. Many entities operate in this sector, engaging in residential development and construction at various scales, ranging from small developers building single projects that comprise a small number of apartments, to large companies that simultaneously build several projects comprising thousands of apartments and own a large land inventory.

The activity in this sector includes identifying potential investment opportunities, raising financing and/or recruiting investment partners, obtaining building permits, and constructing projects directly and/or through third parties.

For further details regarding the residential sales segment, see Annex A to Chapter B of this report.

4.1. Additional Activities

4.1.1. Investments in Financial Corporations

The Group has holdings in the financial sector by means of an investment in Bank Leumi. Below is a summary of changes in the investments in the Report Period:

Changes in Investments in Financial Companies	
	Bank Leumi ⁽¹⁾
Investment value in the financial statements as of 31 December 2024	1,516
Sale proceeds	-
Investment	-
Change in fair value in the Report Period	767
Fair value of the investment as presented in the financial statements as of 30 September 2025	2,283
Income from dividend recorded in the Report Period	56

Figures are presented in millions of NIS.

(1) The fair value of the investment in Bank Leumi was determined according to the value of the stock on TASE as of 30 September 2025.

5 | BUSINESS DEVELOPMENT – GROWTH ENGINES

5.1. Review of the Business Development Operations

5.1.1. Development of Income-Producing Properties

Azrieli Group's primary growth engine is expertise in development and unique architectural design of income-producing real estate projects: malls, offices, senior housing and rental housing. As of the report date, the Group has ten projects at various development stages in Israel.

Summary of the Information on the Development Pipeline

Name of Property	Use	Marketable Sqm ⁽¹⁾	Estimated Completion	Book Value of Project ⁽²⁾	Cost Invested ⁽³⁾	Estimated Construction Cost including Land ⁽³⁾
Development projects in the short and medium term						
Rishon LeZion Senior Home	Senior housing & retail	37,300	2025	546	482	540-560
Modi'in (Lot 10)	Offices & retail	37,000	2026	254	241	570-580
SolarEdge Campus	Offices	43,000	2027	821	696	820-840
Herzliya Glil Yam	Rental housing and retail	19,630	2027	112	115	380-400
Mount Zion hotel	Hospitality	⁽⁸⁾ 34,000	2028	483	418	985-1,015
Expansion of Azrieli Tel Aviv Center (Spiral Tower)	Retail, offices, hospitality & residence	⁽⁴⁾ 150,000	2028	2,532	1,609	3,030-3,230
Sde Dov	Senior housing & retail	42,000	2030	598	630	1,200-1,300
Total		362,930		5,346	4,191	7,525-7,925
Development projects under planning						
Azrieli Town Building E	Offices	⁽⁵⁾ 21,000	TBD	382	362	TBD
Holon 3 – Holon Industrial Zone	Retail & offices	⁽⁶⁾ 250,000	TBD	633	568	TBD
Petach Tikva land	Offices & retail	⁽⁷⁾ 53,000	TBD	97	101	TBD
Total		324,000		1,112	1,031	
Total		686,930		6,458	5,222	

Cost and value figures are presented in millions of NIS. Holding rate is 100% for all properties (except Azrieli Town Building E, which excludes ~450 sqm of office space).

1. With respect to uses of the senior housing and/or rental apartments, the figure represents rights in sqm.
 2. As of 30 September 2025.
 3. Includes land and excludes capitalizations and tenant fit-outs as of 30 September 2025.
 4. In April 2018, a zoning plan was validated which increases the building rights of the fourth tower and expansion of the mall by ~80 thousand sqm, to total building rights of ~150 thousand sqm.
 5. The building rights were purchased in the context of acquisition of the income-producing property in May 2018. The Company is working on increasing the building rights to ~90,520 sqm.
 6. Includes additional land (~27,000 sqm of marketable space) that was originally purchased in the framework of an ILA tender and was part of the Holon Manor land. In the context of consolidation of parcels, the building rights in the lot increased by ~30,000 sqm (such that the building rights in the consolidated lot total ~250,000 sqm).
 7. The data presented relate to the existing zoning plan for the land. The Group is in the process of increasing the building rights in the project to 280,000 sqm.
 8. Includes both the existing area and the additional rights, since the Company intends to expand and renovate the entire Hotel.
-

During the Report Period, the Group proceeded with the work on development and construction of its foregoing properties and with its efforts to obtain the approvals required for their continued development, on schedule and without significant delays. Furthermore, the Group is conducting negotiations and entering into agreements for the lease of the areas under construction, as specified below.

Description of the properties under construction and the land reserves

Palace Rishon LeZion senior home – The land, located in the Givat HaRakafot neighborhood in east Rishon LeZion, of an area of ~3,400 sqm, was purchased in March 2016 in a tender held by the ILA for the purchase of the leasehold rights in the land. The project is under construction. On the land, the Company plans to build a senior home which is expected to comprise up to 274 apartments, an LTC unit and ~3,000 sqm of retail space. In April 2018, the recommendation of the Local Committee was received for the deposit of a zoning plan for additional rights and was referred for discussion at the District Committee. In November 2018, the decision of the District Committee on the conditional deposit of the zoning plan was received. In April 2019, the zoning plan was published for objections, and in September 2019, a hearing was held at the District Committee on the objections that were submitted. In February 2020, the plan was published for validation and was approved in the Official Gazette.

In March 2020, the Company submitted an application for an excavation and shoring permit for the project. In June 2020, the permit was received and in early 2021 the work began. In May 2021, the Company filed an application for a basement permit that was conditionally approved in September 2021, and the permit was received in March 2022. In October 2021, the Company filed an application for a building permit for the entire project, which was received in January 2023, and the work for construction of the project is at advanced stages.

Mount Zion hotel – On 9 February 2020, the Company closed a transaction for the acquisition of the Mount Zion hotel in Jerusalem. The Company is working on planning the hotel's renovation and exercise of the building rights for expansion of the hotel to comprise ~247 rooms/suites and an underground car park with ~210 parking spaces. The hotel's renovation and expansion are subject to receipt of a building permit, and in November 2021, an excavation and shoring permit was received, and the work began. In April 2025, a building permit was received for the entire hotel.

SolarEdge campus – On 17 January 2022, a transaction was closed for the acquisition of a company which holds leasehold rights in land located in the North Gllot site, on part of which the Company will build a campus for SolarEdge Technologies Ltd. ("SolarEdge"). The project will include ~43,000 sqm of above-ground areas and ~950 parking spaces. The Company engaged in an agreement with SolarEdge for the lease of the campus for 15 years, with extension options up to a total period of 24 years and 11 months. In June 2022, an excavation and shoring permit was received, and the work began. In April 2023, receipt of a full building permit for the project was conditionally approved, and in October 2023, the building permit for the entire project was received³¹. In the Report Period, the Company and SolarEdge agreed on postponement of the estimated date of commencement of the term of the lease, such that it shall begin at the start of 2027, as well as on reduction of the

³¹ For further details, see the Company's immediate report of 11 May 2021 (Ref. 2021-01-082779) and the Company's immediate report of 18 January 2022 (Ref. 2022-01-007851), which are incorporated herein by reference.

area that shall be leased to SolarEdge by ~40% and reduction of the number of parking spaces, as specified in Section 1.2.3.7 above.

Land in Modi'in (Lot 10) – On 6 October 2019, the Company won a tender held by the ILA for the acquisition of leasehold rights in a lot located in the CBD of Modi'in-Maccabim-Re'ut, the area of which is ~17,000 sqm, designated for the construction of a retail and office project, with rights for ~37,000 sqm above-ground, in consideration for approx. NIS 51 million. According to the terms of the tender, the Company paid, in addition to the cost of the land, approx. NIS 37 million for development costs. The Company is working on promoting a plan for the project to be built on the land, and in October 2020, it submitted to the Local Committee a zoning plan for additional usages on the lot. In April 2021, a discussion was held on the plan, and it was decided on the conditional deposit thereof. In June 2021, the plan was deposited for objections. In October 2021, the plan was discussed and conditionally approved. In January 2022, the Local Committee finally approved the plan.

In addition, the Company submitted a building plan to the Local Committee which was conditionally approved, and also submitted an application for an excavation and shoring permit which was received in March 2022, and work began. In 2024, the Company entered into an agreement for the construction of a new medical center that will be leased to Clalit Health Fund on an area of ~8,100 sqm on part of the land. The Company promoted a plan for the addition of ~8,000 sqm below ground, which was approved in February 2024. In May 2024, a conditional building permit was approved for all areas of the project, and in November 2024, the full building permit was received, and the work on construction of the project is ongoing.

Expansion of Azrieli Tel Aviv Center (Spiral Tower) – The land, comprising an area of ~8,400 sqm, was acquired in May 2013, and construction commenced in September 2016. The land, which is adjacent to the Azrieli Tel Aviv Center, will allow for construction of the fourth tower and expansion of Azrieli Tel Aviv mall. In April 2018, a zoning plan was validated with an urban-mixed designation, which allows uses of retail, offices, hotels, residence and senior housing with above-ground building rights of ~147,260 sqm (gross), and, in addition, ~3,000 sqm of main retail areas underground.

As part of the zoning plan, the Company was required to approve an architectural design and development plan for the project, as a condition for an above-ground building permit. The Company also undertook to allocate from the said rights in the project a public floor for the City of Tel Aviv-Jaffa, and undertook to pay and perform various tasks in the vicinity of the project, including in Azrieli Center. The Company intends to construct retail space that will serve to expand the existing mall and a multi-story tower, the Spiral Tower. In January 2020, a basement permit was received for the project. In January 2021 the design plan was signed by the approving functions at the City of Tel Aviv. In July 2021, the Company filed an application for an aboveground building permit for the entire project, and in December 2021, the Local Committee's decision, conditionally approving the permit, was received. In June 2023, the aboveground building permit was received, and the construction work is ongoing.

Rental housing project in Herzliya – in April 2023, the Company won a tender of *Dira Lehaskir* – The State-Owned Rental Housing Company Ltd. and the ILA, for the purchase of leasehold rights in a site located in Herzliya (near Kibbutz Gilil Yam). According to the provisions of the tender, the land is designated for multi-family residential buildings, for long-term rentals for a period of no less than 20 consecutive years from the date of completion of construction. The project is expected to include 147 apartments, as well as retail areas. One half of the apartments in the project will be leased for price-controlled rent that will amount to 80% of the market-rate rent. The Company is working on promotion of building permits for the project. In April 2025, a full building permit was conditionally approved for lot 102, and the Company is working on fulfilling the conditions. In addition, in May and October 2025, excavation and shoring permits were conditionally approved for lots 102 and 100, respectively, and the Company is working on fulfilling the conditions.

Sde Dov – On 19 February 2025, the Company reported that it had learned that it had won a tender of the ILA for the purchase of leasehold rights in a lot in Tel Aviv, for the construction of a senior housing project and retail areas, in consideration for approx. NIS 550 million, plus VAT. The land is designated for the construction of a senior housing project comprising ~350 apartments and retail areas. On 19 March 2025, the Company reported that final confirmation of the award has been received from the ILA. For further details, see Section 1.2.3.4 above.

Azrieli Town Building E – On 14 May 2018, the Company closed a transaction for the acquisition of rights in land located on Menachem Begin Road in Tel Aviv, on which a four-story building is built above a retail ground floor, of a total area of 5,500 sqm and basement floors. The property includes unutilized building rights according to the zoning plan that applies to the land at a total scope of ~21,000 sqm. In July 2021, the Company purchased the land of the gas station which is located on the

property (which was not included in the original transaction for its acquisition) and whose activity has been stopped. In December 2022, the Company deposited, for objections, a zoning plan for building rights totaling 90,520 sqm (gross) of aboveground areas. In June 2023, after a discussion was held on the objections, the Local Committee's decision was received, conditionally approving the plan, and the Company has completed fulfillment of the conditions. An administrative appeal was filed from the Local Committee's decision, and in December 2024, the decision of the administrative appeals committee was received, whereby 1,019 sqm, constituting 13,043 sqm of gross built-up above-ground areas, will be deducted from the area of the plan for the calculation of rights, and that a leasable area allocated to the City will be converted into a public area. In April 2025, the administrative appeals committee re-heard a specific component of the administrative appeals committee's decision, and the committee's final decision has not yet been received. Earlier, in January 2025, an administrative petition was filed by the appellant in the administrative appeal against the decision of the administrative appeals committee of December 2024, which, as of the Report Release Date, is expected to be heard in court in February 2026.

Holon 3 - Holon Industrial Zone – The land is of an area of ~57,500 sqm, and the purchase thereof was closed in April 2016. Construction in the project commenced in March 2018 and excavation and shoring work in the project commenced in June 2018. In October 2018, a building permit was received for the project's underground parking levels, and in July 2019 a permit for additional underground parking levels was received. In May 2019, work began on the construction of the underground parking levels in the eastern part of the project, and a Form 4 (occupancy permit) with respect thereto was received in November 2020. In April 2021, a certificate of completion was received for the car parks. The land is located in proximity to the Azrieli Holon Center, for which there is a plan to build a mixed-use project, including commerce and retail, which will comprise up to ~250,000 sqm of leasable space. The project is in proximity to major traffic arteries.

Land in Petach Tikva – The land, which was purchased in November 2017, of an area of 19,000 sqm (the "Vacant Land"), is situated in the eastern part of the Kiryat Aryeh Industrial Zone in Petach Tikva, near an existing office project owned by the Group. The Vacant Land includes building rights for ~53,000 sqm as well as parking basements.

In July 2019, an application was filed for a shoring, excavation and basement permit. In January 2020, the Local Committee decided to grant conditional approval for the shoring, excavation and basement permit application.

In view of the approval of the Petach Tikva Kiryat Aryeh outline plan, the Local Committee and the Company jointly decided to promote a zoning plan subject to local jurisdiction only, for approval of the building rights to include 280 thousand sqm, which will mainly be used for offices and are planned to be built both on the Vacant Land and on the land on which the office project is located, in lieu of two other plans previously promoted by the Company. In April 2022, the zoning plan was discussed at the Local Committee and conditionally approved. The Company has fulfilled the required conditions and is awaiting the Committee's final approval.

The Company's assessments in this Section 5.1.1 above, with regards, inter alia, to the expected costs of and investments in properties under construction, the method of financing the projects, construction completion dates, receipt of various regulatory approvals required for the promotion of projects under construction or the results of administrative and legal proceedings, are forward-looking information, as defined in the Securities Law, which is based on the Company's subjective estimates as of the report date, and there is no certainty that they will materialize, in whole or in part, and may materialize in a materially different manner, inter alia for reasons which are beyond the Company's control, including changes in market conditions, changes in the Company's plans, the time required for approval of construction plans for execution, and changes in construction input prices.

The Company's management is acting to continue leading the income-producing real estate market, *inter alia* through the purchase of land reserves, the expansion of existing properties and the purchase of additional similar properties as aforesaid, in order to further increase the Company's future operating cash flow, insofar as the Company's Board shall deem fit, as well as to explore development of related and/or synergetic segments.

DEVELOPMENT PIPELINE*

* For further details, including in connection with the scope of the building rights in the development pipeline, see the footnotes in the development pipeline table above.

EXPANSION OF AZRIELI TEL AVIV CENTER (SPIRAL TOWER)



Use | Retail, offices, hotel and residence
GLA | 150,000 sqm

Estimated completion | 2028
Status | Under Construction

AZRIELI HOLON 3



Use | Retail and offices
GLA | 250,000 sqm
Estimated completion | TBD
Status | In planning

MOUNT ZION HOTEL JERUSALEM



Building rights | 34,000 sqm
No. of Rooms | 247
Estimated completion | 2028
Status | Under Construction

PALACE RISHON LEZION SENIOR HOME



Building rights | 37,300 sqm
No. of residential units | 275
Estimated completion | 2025
Status | Under construction

DEVELOPMENT PIPELINE*

* For further details, including in connection with the scope of the building rights in the development pipeline, see the footnotes in the development pipeline table above.

SOLAREEDGE CAMPUS RAMAT HASHARON



Use	Offices	Estimated completion	2027
GLA	43,000 sqm	Status	Under Construction

MODI'IN (LOT 10)



Use	Retail and offices
GLA	37,000 sqm
Estimated completion	2026
Status	Under Construction

PETACH TIKVA LAND



Use	Offices and retail
GLA	53,000 sqm
Estimated completion	TBD
Status	In planning

AZRIELI TOWN BUILDING E



Use	Offices
GLA	21,000 sqm
Estimated completion	TBD
Status	In planning

5.1.2. Betterment of Income-Producing Properties

Another growth engine of the Company is the betterment of its existing properties. The Company also examines, from time to time, options to promote zoning plans for additional building rights in its properties. For details with respect to the Company's activity for the betterment of its existing properties, see Section 4.1.2 of the board of directors' report for the 2024 Periodic Report, which is incorporated herein by reference, and Section 4 of Chapter B of this report – updates to the Description of the Corporation's Business chapter as of 30 September 2025.

5.1.3. Identification and Acquisition of Properties in the Company's Operating Segments

For details with respect to the Company's activities for the identification of properties in the Company's operating segments, see Section 4.1.3 of the board of directors' report for the 2024 Periodic Report, which is incorporated herein by reference.

6 | FUNDING OF THE BUSINESS

6.1. Leverage Ratio of the Group

The following table presents a summary of balance sheet figures out of the consolidated financial statements:

Summary of Balance Sheet Figures out of the Consolidated Statements			
	30 September 2025	30 September 2024	31 December 2024
Current assets	5,273	3,089	5,211
Non-current assets	57,974	52,269	52,722
Current liabilities	5,445	4,779	5,002
Non-current liabilities	33,007	26,767	29,094
Equity attributable to the Company's shareholders	24,770	23,786	23,807
Equity attributable to the Company's shareholders out of total assets (in %)	39%	43%	41%
Net debt to assets (in %)	37%	38%	34%

Figures are presented in millions of NIS.

The Group funds its business operations primarily out of its equity, cash and cash equivalents and by means of non-bank credit (mainly bonds and loans from institutional bodies), bank credit (short-term and long-term) and commercial paper.

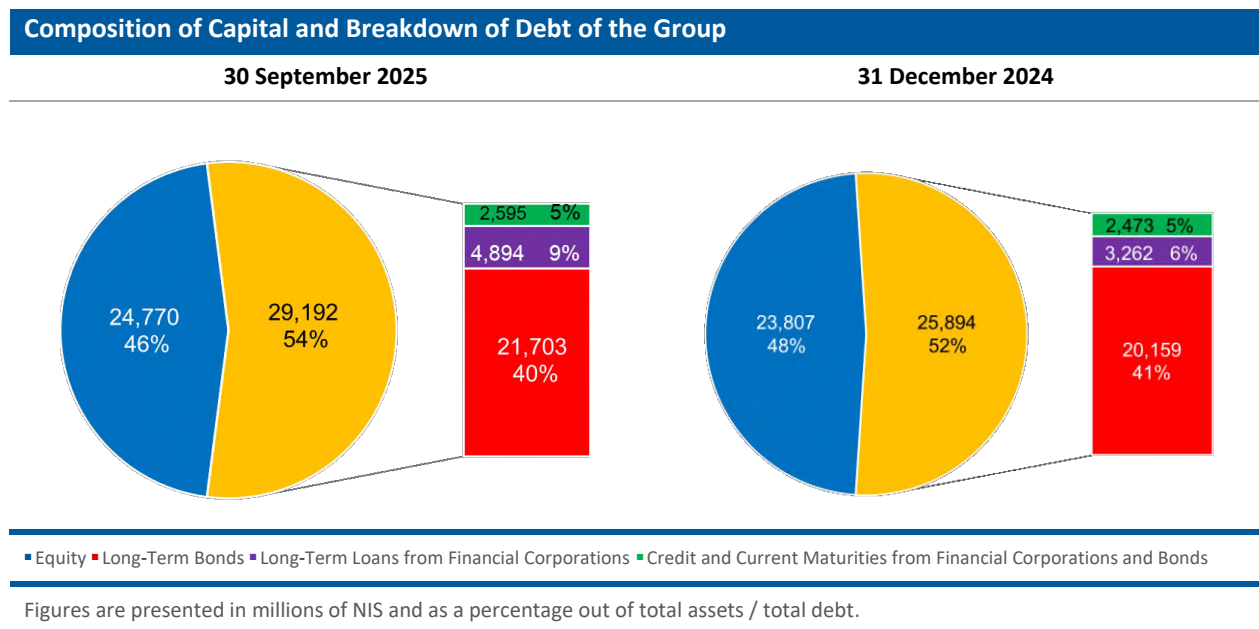
The Group's financial soundness, which is characterized by a low leverage ratio and considerable unencumbered assets, affords the Group available sources for the obtainment of financing on convenient terms.³² The Group's leverage ratio is low, compared to many of its major competitors. The Group's low leverage ratio converges with the Company's wide-scale real estate development and allows for flexibility also during times of crisis.

³² For further details, see Section 20 of Chapter A of the 2024 Periodic Report, which is incorporated herein by reference.

6.2. Composition of Financing Sources

The Group has three principal debt channels: bank debt, private loans from institutional bodies or public bonds. The Group currently enjoys very high accessibility to each of these financing channels.

The following chart presents a breakdown of the rate of borrowed capital in the Company's total capital, as well as a breakdown thereof by type:



The increase of approx. NIS 3,298 million in the total debt in the Report Period mainly derives from receipt of a loan of €371 million (approx. NIS 1.44 billion), which was taken against a pledge of the TikTok property, from receipt of a loan for the DC property in East London in the sum of approx. NIS 267 million, from expansion of the Series I bond series, the issuance of Series J bonds, the effect of the rise in the CPI on the linked debt, and consolidation of ZMH Hammerman's statements, net of repayment of principal of bonds and loans in the sum of approx. NIS 2,414 million.

As of the report date, the Group has a consolidated working capital deficit of NIS 172 million.

The Group estimates that, should it decide to raise debt at any given time, it will be able to do so in view of its financial strength and/or the scope of its unencumbered assets. Therefore, the Company's Board, at its meeting of 25 November 2025, after reviewing the Group's cash flow and financing sources, determined that the said working capital deficit is not indicative of a liquidity problem at the Company or of its ability to timely pay its liabilities.

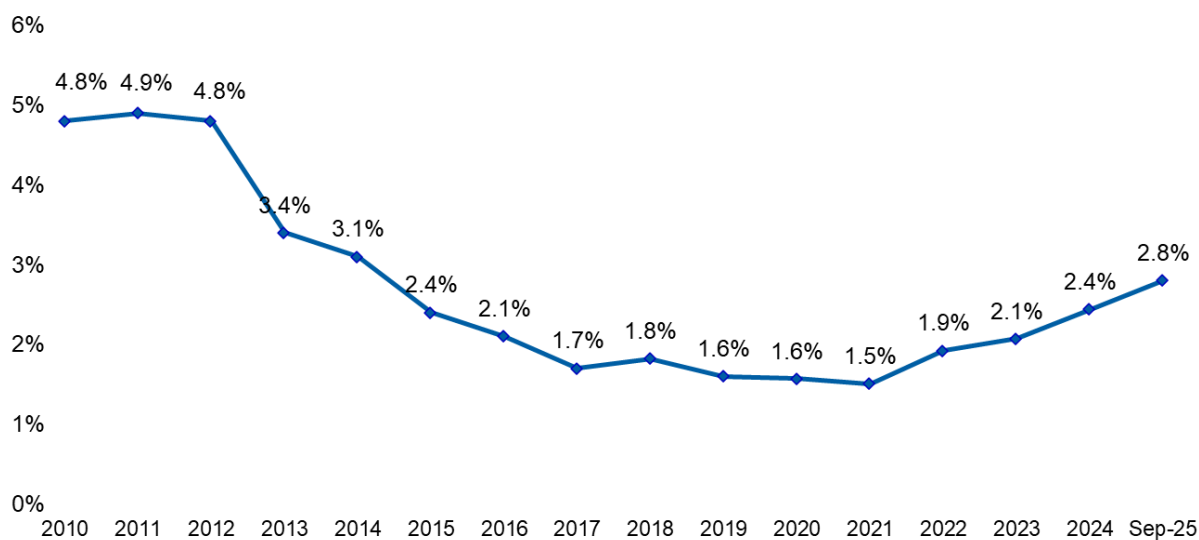
The Group's assessments in this Section 6.2 in connection with its liquidity and the availability of its financing sources are forward-looking information, as defined in the Securities Law, which is based on the Company's assessments with respect to developments in the markets, inflation levels and projected cash flows and on the conditions and options for obtaining credit on the report date. Such assessments may not materialize, in whole or in part, or may materialize in a manner that materially differs from the Company's assessments. The principal factors that may affect this are: changes in the capital market, which affect the conditions and options for obtaining credit, changes in the Company's plans, including the use of readily-available balances that shall exist for the purpose of seizing business opportunities, changes in the advantageousness of holding various investment channels or the advantageousness of using various financing avenues, deterioration of the economic situation in Israel or in the U.S. and decline into severe recession, and the Company or any of the companies of the Group encountering financing or other difficulties, in a manner that affects the Company's cash flow.

6.3. Financing Transactions

In recent years, the Company has been working to reduce the average interest rate on the debt and to extend the debt duration. In the Report Period, the Company raised debt through expansion of Series I and the offering of Series J bonds. For further details, see Notes 6A and B to the financial statements and Annex A to this chapter.

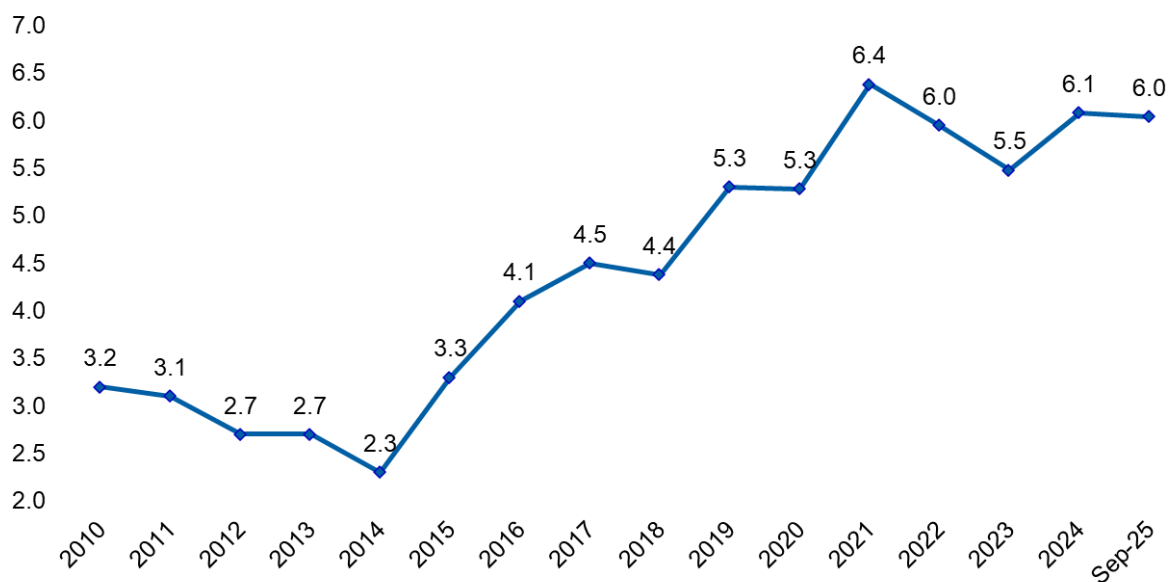
1. Interest Rate at End of Period

Reduction of Average Interest Rate Over the Years



2. Average Duration at End of Period

Extension of Average Duration of Debt



6.4. Rating

The Company has a high credit rating that reflects its financial strength, the quality of its assets and its low leverage ratio. As of the report date, the Company's credit rating is iIAA+/Stable/iIA-1+ by Ma'alot and Aa1.il with a stable outlook by Midroog. For details with respect to the rating of the Company's bonds, commercial papers and private loans, see Section 20.12 of Chapter A of the 2024 Periodic Report and Section 7 of Chapter B of this report, which is incorporated herein by reference.

6.5. Liabilities and Financing

Below is a summary of the Group's financial liabilities:

Breakdown of Financial Liabilities								
	Fixed Interest			Variable Interest		Total		Total
	Index-linked	USD-linked	Non-linked	Foreign Currency-linked	Non-linked	Fixed Interest	Variable Interest	
Short-term loans	-	-	-	-	791	-	791	791
Long-term loans	24,403	854	-	*3,144	-	25,257	3,144	28,401
Total	24,403	854	-	3,144	791	25,257	3,935	29,192

Figures are presented in millions of NIS, as of 30 September 2025.

*Most of the loan is protected by interest rate hedging.

As of 30 September 2025, short-term loans represented less than 3% of the total financial liabilities of the Group. The Company's management estimates that this rate is low and conservative in view of the low leverage ratio and the total unencumbered assets as specified below.

The Company's policy regarding the financing of its business, over and above the positive cash flow from operating activities and current assets, is implemented primarily by taking long-term index-linked fixed-interest loans, in order to minimize market risks resulting from changes in the market interest rates and to counteract the market risk resulting from changes in the CPI, while taking advantage of the fact that the Company's revenues are, for the most part, index-linked.

6.6. Designated Disclosure to Bondholders (Series D, E, F, G, H, I and J)

For details with respect to designated disclosure to the holders of the Company's Series D, E, F, G, H, I and J Bonds, see **Annex A** to this chapter.

6.7. Maturities of the Group's Financial Liabilities

The following table presents the maturity dates and amounts of the financial liabilities:

Forecast of Maturities of Financial Liabilities			
Year	Principal	Interest	Total
1	2,595	790	3,385
2	3,393	728	4,121
3	2,236	615	2,851
4	1,563	553	2,116
5 forth	19,405	3,247	22,652
Total	29,192	5,933	35,125

Figures are presented in millions of NIS, as of 30 September 2025.

The principal sources for funding the Group's financial liabilities are:

- Positive cash flow from operating activities, which totaled approx. NIS 1,280 million in the nine months ended 30 September 2025.
- Liquid assets and unencumbered assets.
- The Group has mortgaged income-producing properties, the fair value of which significantly exceeds the loan undertaken therefor.
- Refinancing of debts in the capital market and/or institutional bodies and/or banking institutions.

6.8. Unencumbered Assets Available to Serve as Collateral against the Receipt of Credit

As of 30 September 2025, the aggregate amount of liquid assets (cash and cash equivalents) held by the Group totaled approx. NIS 3.3 billion. The Company deems its liquid assets, the considerable cash flow from its operating activities and its unencumbered assets (in the total value of approx. NIS 38.5 billion, in addition to the aforesaid liquid assets of approx. NIS 3.3 billion), to be important to its financial soundness, its high financial flexibility due to its lack of dependence on the availability of external sources both in terms of debt repayment and in terms of the ability to seize investment opportunities at various times.³³ As pertains to additional possible liquid sources, the Group estimates that it has the ability to obtain financing on convenient terms in the economic conditions prevailing as of the Report Release Date.

Unencumbered Assets Available to Serve as Collateral against the Receipt of Credit	
Assets	Value of Assets as of 30 September 2025
Properties in the retail centers and malls in Israel segment	14,410
Properties in the leasable office and other space in Israel segment	17,763
Properties in the rental housing in Israel segment	2,122
Other properties (mainly hotels and senior housing)	1,950
The Company's holdings in Bank Leumi	2,283
Total	38,528

The figures are as presented in the financial statements and are in millions of NIS.

In addition, the Group holds mortgaged income-producing properties, the fair value of which exceeds the amount of the loan undertaken therefor.

The Group's assessments in this Section 6.8 above in connection with the Company's ability to obtain financing on convenient terms in the currently prevailing economic conditions, are forward-looking information as defined in the Securities Law, which is based on the Company's estimations as to the economic conditions and the liquidity level as of the Report Release Date. Such estimations may not materialize, in whole or in part, or may materialize in a manner that materially differs from the Company's estimations. The primary factors that may affect the above are: changes in the capital market affecting the conditions and possibilities of obtaining financing, changes in the Company's plans, including use of future available liquid balances in order to seize business opportunities, changes in the advantageousness of the holding of various investment channels or the advantageousness of using various financing channels, deterioration of the Israeli or U.S. economy and decline into severe recession, in a manner which affects the Company's ability to obtain financing on convenient terms.

³³ For details with respect to additional matters related to the Group's financing activities, see Section 20 of Chapter A of the 2023 periodic report, which is incorporated herein by reference.

6.9. Financial Position

Financial Position, Liquidity and Financing Sources		
Item	30 September 2025	31 December 2024
Total assets ⁽¹⁾	63,247	57,933
Current assets	5,273	5,211
Investment property ⁽²⁾	51,418	48,043
Short-term credit ⁽³⁾	2,595	2,473
Loans from banking corporations and other credit providers ⁽⁴⁾	4,894	3,262
Net bonds ⁽⁵⁾	21,703	20,159
Total equity ⁽⁶⁾	24,795	23,837

Figures are presented in millions of NIS.

- (1) The increase mainly derives from an increase in the investment property item in the sum of NIS 3.4 billion and from consolidation of ZMH Hammerman's statements in the sum of approx. NIS 2.2 billion, and an increase in financial assets in the sum of approx. NIS 0.8 billion. Net of a decrease in cash of approx. NIS 1.4 billion.
- (2) The increase mainly derives from the progress of the investments in projects under construction and in the income-producing properties in the Report Period, from a change in the fair value of the properties and a change in the exchange rate.
- (3) The increase derives from an increase in the current maturities of Series E bonds net of repayment of the last coupon of the Series B bonds and net of classification of the RW loan as long term in view of the signing of a refinancing agreement plus short-term credit of ZMH Hammerman.
- (4) The increase mainly derives from receipt of the TikTok loan and receipt of a loan for the DC property in East London.
- (5) The increase mainly derives from the issuance of Series J bonds and expansion of Series I bonds in the sum of approx. NIS 2.5 billion, net of current repayments in the period.
- (6) The increase mainly derives from the comprehensive income, net of a dividend distribution.

7 | BUSINESS RESULTS AT A GLANCE

7.1. Summary of Business Results

The following table presents the consolidated net income of the Group:

Consolidated Net Income Analysis					
	For the Three Months Ended		For the Nine Months Ended		For the Year Ended
	30.9.2025	30.9.2024	30.9.2025	30.9.2024	31.12.2024
Net income for the period attributable to the shareholders	395	383	1,172	1,003	1,477
Net income attributable to the shareholders and to non-controlling interests	396	383	1,173	1,003	1,482
Basic earnings per share (NIS)	3.27	3.16	9.67	8.27	12.22
Comprehensive income to shareholders and to non-controlling interests	361	523	1,745	1,238	1,261

Figures are presented in millions of NIS.

The net income in the Report Period totaled NIS 1,173 million, compared with NIS 1,003 million in the same period last year. The increase in the income in the Report Period was mainly affected by a NIS 279 million increase in the NOI, a NIS 169 million increase in profit from fair value adjustment, net of a NIS 89 million increase in general, administrative and marketing expenses, a NIS 143 million increase in net financing expenses and a NIS 55 million increase in tax expenses.

7.2. Comprehensive Income

The Group's capital and comprehensive income are also affected by various capital reserves, chiefly by capital reserves in respect of changes in the fair value of investments in equity instruments designated at fair value through other comprehensive income and by reserves for translation differences from foreign operations. The difference between the comprehensive income and the net income as presented in Section 7.1 above, for the nine-month period ended 30 September 2025 mainly derives from an increase in the fair value of financial assets net of tax in the sum of NIS 594 million, net of a loss due to cash flow hedging net of tax in the sum of NIS 10 million and a loss from translation differences from foreign operations in the sum of NIS 12 million. For the three-month period ended 30 September 2025, the difference mainly derives from an increase in the fair value of financial assets net of tax in the sum of NIS 73 million, net of a loss due to cash flow hedging net of tax in the sum of NIS 7 million and a loss from translation differences from foreign operations in the sum of NIS 101 million.

7.3. Results of Operations

The following table presents the general, administrative and marketing expenses, other income, financing expenses and taxes on income in the Report Period, compared with the same period last year:

Results of Operations				
	For the Three Months Ended		For the Nine Months Ended	
	30.9.2025	30.9.2024	30.9.2025	30.9.2024
General, administrative and marketing expenses ⁽¹⁾	99	78	317	228
Other income (expenses), net ⁽²⁾	17	11	9	(2)
Net financing expenses ⁽³⁾	460	380	990	847
Income tax expenses ⁽⁴⁾	79	74	283	228

Figures are presented in millions of NIS.

- (1) The increase in expenses in the current Quarter compared with the same period last year mainly derives from an increase in G&A expenses at GMG. The increase in expenses in the Report Period compared with the corresponding period mainly derives from an increase in G&A expenses at GMG, which included a special bonus in the sum of approx. NIS 28 million for the restructuring and establishment of GMG.
- (2) The increase in other income in the current Quarter compared with the same quarter last year mainly derives from an increase in the dividend received from Bank Leumi. The increase in other income in the Report Period compared with the expenses in the same period last year derives from an increase in the dividend received from Bank Leumi and from additional consideration from the sale of Compass following a favorable arbitration award, net of costs resulting from non-consummation of a transaction.
- (3) The increase in net financing expenses in the current Quarter compared with the same quarter last year mainly derives from an increase in interest expenses, a decrease in financing discounting and a loss from a change in the exchange rate. The increase in net financing expenses in the Report Period compared with the expenses in the same period last year mainly derives from an increase in interest expenses and a decrease in financing discounting, net of financing income due to refinancing of RW1.
- (4) The increase in tax expenses in the Quarter and in the Report Period mainly derives from an increase in income before tax in the period.

7.4. Cash Flows

The following table presents the cash flows generated by the Group in Q3/2025 compared with the same quarter in 2024:

Quarterly Cash Flows		
Quarter	Q3/2025	Q3/2024
Net cash flows generated by the Group from operating activities ⁽¹⁾	430	385
Net cash flows used by the Group for investment activities ⁽²⁾	778	810
Net cash flows generated by the Group from financing activities ⁽³⁾	954	1,442

Figures are presented in millions of NIS.

- (1) The cash flow in Q3/2025 and in the same quarter last year mainly derived from the operating income of the income-producing real estate in the sum of approx. NIS 657 million (in the corresponding period approx. NIS 586 million), plus net senior housing deposits, net of income taxes paid and a change in receivables and payables. The increase year-over-year mainly derives from an increase in the operating income of the income-producing real estate.
- (2) The cash flow in Q3/2025 was mainly used for the acquisition of and investment in investment property and investment property under construction in the sum of approx. NIS 387 million and for the acquisition of ZMH Hammerman in the sum of approx. NIS 536 million, net of institutions received for the purchase of assets in the sum of approx. NIS 100 million. The cash flow in the same period last year was mainly used for the acquisition of and investment in investment property and investment property under construction in the sum of approx. NIS 752 million, plus investments in property, plant and equipment in the sum of approx. NIS 50 million, plus a long-term loan given in the sum of approx. NIS 52 million.
- (3) The change year-over-year mainly derived from repayment of short-term credit in the current Quarter compared with the raising of short-term credit in the same quarter last year, net of an increase in the raising of bonds in the period.

Cash Flows for the Period

	For nine-month period ended 30.9.2025	For nine-month period ended 30.9.2024
Net cash flows generated by the Group from operating activities ⁽¹⁾	1,280	1,314
Net cash flows used by the Group for investment activities ⁽²⁾	2,923	2,563
Net cash flows generated (used for) by the Group from financing activities ⁽³⁾	281	(1,233)

Figures are presented in millions of NIS.

- (1) The cash flow in the period and in the same period last year mainly derived from the operating income of the income-producing real estate in the sum of approx. NIS 1,951 million (in the corresponding period – approx. NIS 1,672 million), plus net senior housing deposits and net of tax payments in the period and a change in receivables and payables.
- (2) The cash flow in the Report Period was mainly used for the acquisition of and investment in investment property and investment property under construction in the sum of approx. NIS 2,211 million, investment in property, plant and equipment in the sum of approx. NIS 111 million, the acquisition of ZMH Hammerman in the sum of approx. NIS 536 million, and the giving of long-term loans in the sum of approx. NIS 148 million. The cash flow in the same period last year was mainly used for the acquisition of and investment in investment property and investment property under construction in the sum of approx. NIS 2,401 million, investment in property, plant and equipment in the sum of approx. NIS 159 million and the giving of long-term loans in the sum of approx. NIS 156 million.
- (3) The change year-over-year mainly derived from an increase in the raising of long-term credit from financial corporations and an increase in the raising of bonds in the period, net of an increase in bond repayments and an increase in interest paid.

During and after the Report Period, no material changes occurred in the Company's corporate governance aspects, as specified in Chapters D-E of the 2024 Periodic Report, which is incorporated herein by reference.

8.1. Changes in the office of officers of the Company

See Section 1.2.3.2 above.

8.2. Granting of options to officers and employees of the Company

On 19 March 2025, the Company's Board, following the Compensation Committee's approval of 17 March 2025, approved the granting of 375,213 (non-listed) options to officers and employees of the Company at an exercise price of NIS 285.16 per share, reflecting the average share price on TASE in the 30 trading days preceding the date of the Board's decision. The options may be exercised according to a "cashless exercise" mechanism only. For further details, see a non-material private placement report of 20 March 2025 (Ref. 2025-01-018641), which is incorporated herein by reference.

8.3. Approval of a management agreement of the Company's former CEO and the granting of options

On 27 April 2025, the general meeting of the Company's shareholders approved its engagement in a management agreement with the Company's CEO, and the granting of options to the Company's CEO. For further details, see immediate reports in connection with the general meeting of 20 March 2025 (Ref. 2025-01-018605) and an immediate report on the results of the meeting of 27 April 2025 (Ref. 2025-01-029651), which are incorporated herein by reference. On 21 September 2025, Mr. Ron Avidan stepped down as CEO of the Company, and the options that were granted to him expired. For further details, see the Company's immediate reports of 17 August 2025 and 21 September 2025 (Ref. 2025-01-061044, 2025-01-071495 and 2025-01-071497, respectively), which are incorporated herein by reference.

8.4. Approval of remuneration for directors who are controlling shareholders of the Company

On 5 June 2025, the Company's Board (after receiving the Compensation Committee's approval) approved the terms of remuneration for Ms. Naomi Azrieli and Ms. Sharon Azrieli, who are controlling shareholders of the Company and hold office as directors thereof. For further details, see the Company's immediate report of 8 June 2025 (Ref. 2025-01-040709), which is incorporated herein by reference.

8.5. D&O insurance policy

In the Report Period, the Company's Compensation Committee approved an engagement for the purchase of a D&O insurance policy covering the liability of directors and officers of the Company and the Company's subsidiaries, from 1 July 2025 until 30 June 2026, with limits of liability of U.S. \$100 million per occurrence and in the aggregate, determining that the engagement is at market prices and is not material to the Company.

8.6. Approval of extension of the terms and conditions of the management agreement with the Active Chairwoman of the Company's Board

On 7 August 2025, the general meeting of the Company's shareholders approved, *inter alia*, an update to and extension of the terms and conditions of the management agreement with the Active Chairwoman of the Company's Board, Ms. Danna Azrieli. For further details, see an immediate report in connection with the summoning of the general meeting of 2 July 2025 (Ref. 2025-01-047742), and an immediate report on the results of the meeting, as amended on 11 August 2025 (Ref. 2025-01-059334), which are incorporated herein by reference.

8.7. Approval of the temporary appointment of Ms. Danna Azrieli, Chairwoman of the Company's Board, as Active CEO of the Company

On 21 September 2025, the general meeting of the Company's shareholders approved the temporary appointment of Ms. Danna Azrieli, Chairwoman of the Company's Board, as Active CEO of the Company. For further details, see an immediate report in connection with the summoning of a general meeting of 17 August 2025 (Ref. 2025-01-061049), and an immediate report on the results of the meeting of 21 September 2025 (Ref. 2025-01-071492), which are incorporated herein by reference.

9 | PROVISIONS ON DISCLOSURE IN RELATION TO THE COMPANY'S FINANCIAL REPORTING

9.1. Description of the Company's Operations during the Report Period and Update of the Description of the Corporation's Business for the Report Period, in accordance with Section 39A of the Regulations

For events and developments during the Report Period, see Chapter B hereof – Updates to the Description of the Corporation's Business chapter as of 30 September 2025 and Note 3 to the financial statements as of 30 September 2025.

9.2. Report on the Group's Liabilities

A report on the Group's liabilities, in accordance with Sections 39E and 9D of the Regulations is attached in a separate report form concurrently with the release of this report.

9.3. Disclosure of Highly Material Valuations

As of the report date, there has been no change in the parameters for disclosure and attachment of valuations, as published in the 2024 Periodic Report. The Company has updated some of the valuations of its assets as of 30 September 2025.

As specified in Section 9.3 of the board of directors' report, included in the 2024 Periodic Report, which is incorporated herein by reference, and after an examination of the relevant parameters according to ISA Staff Legal Position 105-23 on the parameters for examination of the materiality of valuations, it transpires that the Company has no highly material valuation that is required to be attached to the report.

9.4. Subsequent events

See Note 6 to the financial statements as of 30 September 2025.

9.5. Financials attributable to the Company as a Parent Company

In accordance with Sections 9C and 38D of the Regulations, financials out of the consolidated financial statements attributable to the Company as a parent company are attached with the auditor's opinion, in Chapter C.

9.6. Note on Forward-Looking Information

The Company's intentions mentioned in the introduction to the board of directors' report and the highlights to the board of directors' report, inter alia, in relation to the use of business opportunities and expansion of the operations, liquidity, financing sources and net financing expenses, the pace of progress of projects under construction, the projected costs of their construction, the effects of the economic situation on the Company's operating segments and with respect to possible debt raising, are forward-looking information as defined in the Securities Law, which is based on the Company's plans as of the report date, the Company's estimations with respect to developments in the markets, inflation levels and projected cash flows and on the conditions and possibilities of obtaining credit on the date of the Report.

Such estimations may not materialize, in whole or in part, or materialize in a manner that materially differs from the Company's estimations. The principal factors that may affect the above are: changes in the capital market that will affect the conditions and possibilities of obtaining credit, changes in the Company's plans, including use of future available liquid balances for the purpose of seizing business opportunities, changes in the advantageousness of holding various investment channels or the advantageousness of use of various financing channels, delays in the obtainment of permits or approvals required for the progress of projects under construction, changes in the regulation related to the Company's business, including planning and building regulation, an increase in the prices of construction materials, changes in the CPI, deterioration of the Israeli or U.S. economy and decline into severe recession, and the Company or any of the Group's companies encountering financing or other difficulties, in a manner affecting the Company's cash flow.

The Company's board of directors and management wish to express their high regard for the Company's officers, the managements of the various companies of the Group and their employees, for their welcome contribution to the Group's achievements in the Quarter ended 30 September 2025.

Irit Sekler-Pilosof, Director³⁴

**Danna Azrieli, Chairwoman of the
Board and Active CEO**

Date: 25 November 2025

³⁴ On 25 November 2025, the Company's Board authorized Ms. Irit Sekler-Pilosof to sign the Company's Board of Directors' Report.

Annex A - Designated Disclosure to the Bondholders

Set forth below are details regarding the bonds of the Company that are held by the public

Series	Date of issue	Par value on date of issue	Par value on report date	Par value on report date, including indexation	Amount of Interest accrued by report date	Fair value of series in the financial statements as of report date	Market cap as of report date	Type of interest	Annual interest rate	Principal payment dates	Interest payment dates	Indexation terms	Details about the Trustee
NIS in Millions													
Series D	7 July 2016	2,194.1	2,208.9	2,654.6	8.5	2,644.6	2,569.6	Fixed	1.34	From 5 July 2018 twice a year on 5 January and 5 July of each of the years 2018 through 2030	Starting January 2017, twice a year – on 5 January and on 5 July of each of the years 2017 through 2030	Indexation (principal and interest) to the increase in the Consumer Price Index (CPI) for May 2016*	Name of the trust <u>company</u> : Hermetic Trust (1975) Ltd. Address: Champion Tower, 13th floor, 30 Sheshet Ha-Yamim Road, Bnei Brak Tel.: 03-5274867
	30 March 2017	983.6											
	1 Feb. 2018	1,367											
	13 July 2022	625.6											
Series E	22 Jan. 2019	1,215.9	2,432.5	2,885.8	12.9	2,912.8	2,844.6	Fixed	1.77	On 30 June of each of the years 2022 through 2028	Starting 30 June 2019, twice a year – on 30 June of each of the years 2019 through 2028 and on 31 December of each of the years 2019 through 2027	Indexation (principal and interest) to the increase in the CPI for December 2018*	Fax: 03-5271039 E-mail address: hermetic@hermetic.co.il Contact person at the trustee: Dan Avnon or Meirav Ofer
	19 Dec. 2019	1,216.7											
	20 April 2020	810.7											
Series F	22 Jan. 2019	263.4	3,294.5	3,908.4	24.4	4,038.1	3,875.6	Fixed	2.48	On 31 December of each of the years 2025 through 2032	From 30 June 2019, twice a year on 30 June and on 31 December of each of the years 2019 through 2032	Indexation (principal and interest) to the increase in the CPI for December 2018*	
	19 Dec. 2019	932.6											
	20 April 2020	761.9											
	13 July 2022	1,336.5											
Series G	20 July 2021	1,903.6	2,695.6	3,150.6	7.0	3,021.7	2,815.8	Fixed	0.9	2 July of each of the years 2024	Starting 2 January 2022, twice a year – on 2	Indexation (principal and interest) to the	
	25 Dec. 2023	673.1											

Series	Date of issue	Par value on date of issue	Par value on report date	Par value on report date, including indexation	Amount of Interest accrued by report date	Fair value of series in the financial statements as of report date	Market cap as of report date	Type of interest	Annual interest rate	Principal payment dates	Interest payment dates	Indexation terms	Details about the Trustee
	24 July 2024	226.6								through 2036	January and on 2 July of each of the years 2022 through 2036	increase in the CPI for June 2021	
Series H	20 July 2021	1,751.5	4,363.0	5,099.3	21.2	4,752.0	4,550.6	Fixed	1.69	2 January of each of the years 2032 through 2041	Starting 2 January 2022, twice a year – on 2 January of each of the years 2022 to 2041 and on 2 July of each of the years 2022 to 2040	Indexation (principal and interest) to the increase in the CPI for June 2021	
	13 July 2022	926.4											
	25 Dec. 2023	1,685											
Series I	24 July 2024	990.5	5,098.9	5,323.0	48.2	5,485.0	5,758.7	Fixed	3.67	2 January of each of the years 2034 through 2046	Starting 2 January 2025, twice a year – on 2 January of each of the years 2025 to 2046 and on 2 July of each of the years 2025 to 2045	Indexation (principal and interest) to the increase in the CPI for June 2024	
	18 Dec. 2024	2,291											
	6 July 2025	1,816											
Series J	20 July 2025	500	500.0	505.3	2.7	501.0	507.6	Fixed	2.79%	One payment to be paid on 15 July 2033	Starting January 2026, twice a year – on 15 January of each of the years 2026 to 2033 and on 15 July of each of the years 2026 to 2033	Indexation (principal and interest) to the increase in the CPI for June 2025	
Total		24,471.7	20,593.4	23,527.0	124.9	23,355.2	22,922.5						

* The Series D, Series E, Series F, Series G, Series H, Series I and Series J bonds (jointly, the “Company’s Bond Series”) are protected, such that if the known index on the relevant payment due date is lower than the base index (stated in the table), the payment index will be the base index.

Further details about the Company's bonds held by the public:

1. The Company's bond series are material to the Company and are not secured by any collateral.
2. The Company may, at its sole discretion, carry out (partial or full) early redemption of the Company's bond series. For details, see Section 9.2 of the terms and conditions overleaf the indentures of each of the Company's bond series, and as follows:
 - 2.1. With respect to the indenture for the Series D Bonds, which was attached to the shelf offering report released by the Company, see the Company's report of 12 July 2022 (Ref. 2022-01-073659).
 - 2.2. With respect to the indenture for the Series E Bonds and the indenture for the Series F Bonds, both of which were attached to the shelf offering report released by the Company, see the Company's report of 20 April 2020 (Ref. 2020-01-035128).
 - 2.3. With respect to the indenture for the Series G Bonds, which was attached to the shelf offering report released by the Company, see the Company's report of 24 July 2024 (Ref. 2024-01-078292).
 - 2.4. With respect to the indenture for the Series H Bonds, which was attached to the shelf offering report released by the Company, see the Company's report of 24 December 2023 (Ref. 2023-01-115813).
 - 2.5. With respect to the indenture for the Series I Bonds, which was attached to the shelf offering report released by the Company, see the Company's report of 3 July 2025 (Ref. 2025-01-048474).
 - 2.6. With respect to the indenture for the Series J Bonds, which was attached to the shelf offering report released by the Company, see the Company's report of 17 July 2025 (Ref. 2025-01-053287).
3. The reports mentioned in Sections 2.1, 2.3, 2.4, 2.5 and 2.6 above (the "Indentures") are included herein by way of reference.
4. At the end of and during the report period, the Company has fulfilled all of the terms and conditions and undertakings according to the Indentures, and no conditions establishing grounds for acceleration of the Company's Bond Series have been fulfilled.
5. For details regarding an undertaking that the Company assumed in the framework of the Company's Bond Series, see Sections 5.2-5.6 of the Indentures.

Rating of the Company's publicly-held bonds:

Series	Name of rating agency	Rating assigned on date of issue	Rating assigned as of report release date	Date of assignment of current rating	Additional ratings assigned between the date of issue and the report date	
					Rating	Date of rating
Series D	Midroog	Aa1/stable outlook	Aa1il/stable outlook	30 December 2024 (**)	Aa1il/stable outlook	20 July 2016 27 March 2017 28 March 2017 31 December 2017 28 January 2018 31 January 2018 31 December 2019 19 April 2020 27 December 2020 30 December 2021 12 July 2022

						29 December 2022 31 December 2023 30 December 2024
Series E	Midroog	Aa1/stable outlook	Aa1il/stable outlook	30 December 2024 (**)	Aa1il/stable outlook	20 January 2019 17 December 2019 31 December 2019 19 April 2020 27 December 2020 30 December 2021 12 July 2022 29 December 2022 31 December 2023 30 December 2024
Series F	Midroog	Aa1/stable outlook	Aa1il/stable outlook	30 December 2024 (**)	Aa1il/stable outlook	20 January 2019 17 December 2019 31 December 2019 19 April 2020 27 December 2020 30 December 2021 12 July 2022 29 December 2022 31 December 2023 30 December 2024
Series G	Maalot	ilAA+/stable	ilAA+ stable	2 February 2025 (*)	AA+ stable	1 July 2021 21 December 2023 24 December 2023 4 February 2024 22 July 2024 23 July 2024 2 February 2025
Series H	Maalot	ilAA+/stable	ilAA+ stable	2 February 2025 (*)	AA+ stable	1 July 2021 12 July 2022 21 December 2023 24 December 2023 4 February 2024 2 February 2025

Series I	Midroog	Aa1il/stable outlook	Aa1il/stable outlook	3 July 2025 (***)	Aa1il/stable outlook	8 July 2024 23 July 2024 30 December 2024 2 July 2025 3 July 2025
Series J	Midroog	Aa1il/stable outlook	Aa1il/stable outlook	3 July 2025 (***)	Aa1il/stable outlook	2 July 2025 3 July 2025

* For Maalot's rating report on Series G and Series H bonds, see the Company's immediate report of 2 February 2025 (Ref.: 2025-01-008073), which is included herein by reference.

** For Midroog's rating report on Series D, Series E and Series F bonds, see the Company's immediate report of 30 December 2024 (Ref.: 2024-01-628535), which is included herein by reference.

*** For Midroog's rating report on Series I and Series J bonds, see the Company's immediate report of 3 July 2025 (Ref.: 2025-01-048249), which is included herein by reference.



PART B

Update of the Description of the Corporation's Business

AZRIELI GROUP LTD.

Update of the Description of the Corporation's Business Chapter in the Company's Periodic Report as of 31 December 2024 (the "Periodic Report")¹

In accordance with Section 39A of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, specified below are material developments that occurred in the Company's business in the nine and three months ended 30 September 2025 and until the Report Release Date, with respect to which no disclosure has yet been made in the Periodic Report, according to the order of the sections in the Description of the Corporation's Business chapter in the Periodic Report. The terms in this chapter shall bear the meaning afforded thereto in the Periodic Report, unless explicitly stated otherwise.

In this chapter: the "Report Release Date" – 25 November 2025; the "Date of the Statement of Financial Position" and the "Report Date" – 30 September 2025; the "Board of Directors' Report" – the Board of Directors' Report on the State of the Company's Affairs for the nine and three months ended 30 September 2025.

1. Developments that Occurred in the Group's Structure and Business until the Report Release Date

Update to Section 1.3 of the Description of the Corporation's Business chapter:

For details regarding: (1) the development pipeline; (2) changes in the office of senior officers of the Company; (3) an update to the agreement for the provision of DC services to TikTok and engagement in an agreement for the financing of the project; (4) winning a tender for the construction of a senior housing project in Sde Dov; (5) negotiations with an international technology company for the provision of DC services by GM; (6) Closing the acquisition of shares of Z.M.H. Hammerman Ltd.; (7) campus for SolarEdge Technologies Ltd.; (8) motion for class certification; (9) shelf prospectus; (10) engagement in a term sheet for the purchase of rights in a solar-plus-storage facility and for the purchase of green electricity on a long-term basis; (11) financing transactions; (12) engagement in a financing agreement for the development and expansion of a data center campus in England; (13) engagement in agreements for the provision of data centers services; and (14) the Swords of Iron War, see Section 1.2.3 of Chapter A hereof.

2. Development Real Estate Segment

Update to Section 2 of the Description of the Corporation's Business chapter:

The transaction for the acquisition of ~66.67% of the issued capital of Z.M.H Hammerman Ltd., which engages, *inter alia*, in the development and construction of residential projects for sale in Israel ("ZMH Hammerman"), was closed on 9 September 2025. As a result, starting from this report, the Company's operations in the residential sales segment is described as a reportable segment and ZMH Hammerman's financial data were consolidated for the first time in the Company's financial statements as of 30 September 2025.

¹ As reported by the Company on 20 March 2025 (Ref.: 2025-01-018529), which is incorporated herein by reference.

For further details on the residential sales segment, see Annex A to this Chapter B.

3. Dividends

Update to Section 4 of the Description of the Corporation's Business chapter:

On 6 May 2025, the Company paid a dividend to its shareholders in the sum total of approx. NIS 800 million. For details, see Section 1.2.4 of Chapter A hereof.

4. Development Pipeline

Update to Section 7.7 of the Description of the Corporation's Business chapter:

During the report period, the Group continued to invest in the development and construction of new properties, as well as in the expansion and renovation of existing properties. For further details, see Section 4 of Chapter A hereof. Below are updates in connection with the development pipeline and betterment of existing properties:

SolarEdge campus – In the report period, the Company and SolarEdge agreed to postpone the estimated date of commencement of the lease period at the campus to the beginning of 2027, and to reduce the area to be leased to SolarEdge by ~40% and to decrease the number of parking spaces as specified in Section 1.2.3.7 of the Board of Directors' Report.

Azrieli Eilat – In April 2025, the Committee's conditional approval was received for a building permit for the exercise of rights for an additional 500 sqm of main areas and service areas, and the Company is working on fulfilling the conditions.

Update to Section 14.1 of the Description of the Corporation's Business chapter:

Mount Zion hotel – In April 2025, a building permit was received for the entire hotel.

5. Financing

NON-BANK FINANCING FOR THE COMPANY

Update to Section 20.5 of the Description of the Corporation's Business chapter:

Commercial Paper (CP)

As of the Report Date, the Company has two CP series: a rated series totaling approx. NIS 53 million and an unrated series totaling approx. NIS 5 million. In the report period, the rated series was renewed for an additional 12-month period, and from 27 May 2025, the interest rate decreased to the Bank of Israel interest rate plus an annual margin of 0.1%, instead of an annual margin of 0.15%, with no change to the other terms and conditions of the rated CP series.

On 8 July 2025, the Company repaid the entire balance of the Series 1 CP (approx. NIS 638 million) on maturity. For further details, see the Company's immediate report of 8 July 2025 (Ref. 2025-01-050130) which is incorporated herein by reference.

Series B bonds of the Company

In the report period, principal and interest payments were made in accordance with the payment schedule thereof. Such payments completed the principal payments under the series terms and conditions.

Series D bonds of the Company

In the report period, principal and interest payments were made in accordance with the payment schedule thereof. As of the Report Date, the outstanding par value of the Company's Series D bonds in circulation is approx. NIS 2,209 million.

Series E bonds of the Company

In the report period, principal and interest payments were made in accordance with the payment schedule thereof. As of the Report Date, the outstanding par value of the Company's Series E bonds in circulation is approx. NIS 2,433 million.

Series F bonds of the Company

In the report period, an interest payment was made in accordance with the payment schedule. As of the Report Date, the outstanding par value of the Company's Series F bonds in circulation is approx. NIS 3,294 million.

Series G bonds of the Company

In the report period, principal and interest payments were made in accordance with the payment schedule. As of the Report Date, the outstanding par value of the Company's Series G bonds in circulation is approx. NIS 2,696 million.

Series H bonds of the Company

In the report period, an interest payment was made in accordance with the payment schedule. As of the Report Date, the outstanding par value of the Company's Series H bonds in circulation is approx. NIS 4,363 million.

Series I bonds of the Company

In the report period, an interest payment was made in accordance with the payment schedule.

On 3 July 2025, the Company released a shelf offering report for the issuance and listing on TASE of approx. NIS 1,960 million par value, offered by way of expansion of the Company's Series I bond series, under the 2025 shelf prospectus. On 6 July 2025, the Company announced that, in accordance with the results of the offering, an additional approx. NIS 1,817 million par value of Series I bonds had been allotted, in consideration for approx. NIS 2,000 million (approx. NIS 1,972 million net of issue expenses). For further details, see the Company's immediate reports of 3 July 2025 and 6 July 2025 (Ref. 2025-01-048474 and 2025-01-049221, respectively), which are incorporated herein by reference.

As of the Report Date, the outstanding par value of the Company's Series I bonds in circulation is approx. NIS 5,099 million.

Series J bonds of the Company

On 17 July 2025, the Company released a shelf offering report for the issuance and listing on TASE of up to approx. NIS 578 million par value of the Company's Series J bonds, under the 2025 shelf prospectus. On 20 July 2025, the Company announced that, in accordance with the results of the offering, approx. NIS 500 million par value of Series J bonds had been allotted, in consideration for approx. NIS 500 million (approx. NIS 496 million net of issue expenses). For further details, see the Company's immediate reports of 17 July 2025 and 20 July 2025 (Ref. 2025-01-053287 and 2025-01-053819, respectively), which are incorporated herein by reference.

As of the Report Date, the outstanding par value of the Company's Series J bonds in circulation is approx. NIS 500 million.

6. Credit Rating

On 3 July 2025, Midroog assigned a rating of Aa1.il with a stable outlook to the expansion of the Series I bonds in a sum of up to NIS 1,817 million par value, and a rating of Aa1.il with a stable outlook to the Series J bonds in a sum of up to NIS 500 million par value to be issued by the Company through a new series. For the full Midroog report of 3 July 2025, see Midroog's immediate report of 3 July 2025 (Ref. 2025-01-048249), which is incorporated herein by reference.

ANNEX A

RESIDENTIAL SALES SEGMENT

As part of the growth strategy of Azrieli Group Ltd. (the “**Company**”) to expand into the segment of residential real estate for sale in Israel, the Company entered this segment during the report period, through and following the acquisition of 66.67% of the issued and paid-up share capital of Z.M.H Hammerman Ltd. (“**ZMH Hammerman**”), by way of a reverse triangular merger (the “**Merger Transaction**”).¹ Upon the closing of the Merger Transaction and following ZMH Hammerman's full early redemption of the bonds, as of the report release date, ZMH Hammerman is a private corporation, whose reporting obligations are expected to end on 28 November 2025.²

ZMH Hammerman engages, *inter alia*, in the initiation, development, construction, management, marketing, and sale of real estate projects in Israel, including the advancement of urban renewal projects (the “**Residential Sales Segment**”).³

1. General Information on the Residential Sales Segment

1.1 General

As of the report release date, ZMH Hammerman is involved in 20 projects at various stages of planning, development, construction and marketing, as follows: (1) two residential projects in Ramat Gan; (2) six residential projects in Tel Aviv; (3) three residential and retail projects in Tel Aviv; (4) a residential and retail project in Nahariya; (5) a residential project in Ramat Hasharon; (6) a residential project in Lod; (7) a senior home project in Karmiel; (8) a residential, retail, and office project in Givatayim; (9) a land reserve in Hod Hasharon; (10) a residential project in Haifa; (11) a residential and retail project in Haifa; and (12) a residential and retail project in Netanya. ZMH Hammerman’s total projects (including projects in which it is a partner with others) comprise of

¹ For details regarding the transaction and closing thereof in the report period, see the Company’s immediate reports of 3 November 2024, 31 March 2025, 22 June 2025, 6 August 2025, 7 August 2025, 2 September 2025; 7 and 9 September 2025 (Ref: 2024-01-613198; 2025-01-023164; 2025-01-043998; 2025-01-058261; 2025-01-058568; 2025-01-058860; 2025-01-066276; 2025-01-067307; and 2025-01-068132, respectively).

² In accordance with Regulation 2(e1) of the Reporting Regulations, the last financial statements required to be submitted by ZMH Hammerman are for the period ended 30 September 2025. These financial statements of ZMH Hammerman were released on 20 November 2025.

³ ZMH Hammerman operates in two additional areas of activity: (a) The performance of construction contracting work for real estate projects in Israel, serving the business, private, and public sectors; and (b) The initiation, construction, operation and lease of properties for retail, residential, and parking uses. These activities do not constitute separate independent reportable segments in the Company’s statements. For further details, see Note 5 to the financial statements.

approx. 4,774 residential units and 45,247 sqm of retail space, of which 760 residential units are currently offered for sale (including projects in which it is a partner with others).

ZMH Hammerman is also involved in the advancement and planning of 24 conditional urban renewal projects, and is under initial negotiations regarding additional projects in this segment. For details regarding such projects, see Section 1.7 below.

The Residential Sales Segment in Israel is broad and diverse. This segment includes numerous entities that are in the business of residential development and construction at varying scales, ranging from small developers who perform single projects involving a limited number of residential units, to large companies that simultaneously execute multiple projects that include thousands of residential units and maintain a significant land inventory.

Operations in this segment include the locating of potential investment opportunities, raising funds and/or investment partners, the receipt of building permits, and the construction of projects directly and/or through third parties.

ZMH Hammerman's operations in the Residential Sales Segment is carried out on land in which ZMH Hammerman acquires rights (including by way of investment in other companies and joint transactions with third parties) in several typical methods: **(1)** Participation in tenders for the acquisition of leasehold rights from the Israel Land Authority ("**ILA**"), including by way of signing a development agreement (under which the ILA and the Ministry of Construction and Housing allocate the land to the buyer for the period specified in the development agreement, and the buyer undertakes to construct buildings on the land under the terms and timetables set forth in the agreement);⁴ **(2)** Acquisition of land rights or purchase of shares of a corporation holding rights in land in consideration for cash; **(3)** Acquisition of land rights through combination agreements; **(4)** Participation in tenders for residential projects under government programs such as Buyer's House Program ("*Mechir Lamishtaken*"), Target Price ("*Mechir Matara*"), and Reduced Price Housing ("*Diyur BeMechir Mufchat*"), in accordance with ZMH

⁴ As part of the development agreement, ILA undertakes that, subject to the purchaser's compliance with the terms and conditions of the agreement, ILA will lease the land to the purchaser pursuant to a lease agreement to be signed between the parties, for the period stipulated in the lease agreement and for the consideration specified therein (in most cases, capitalized lease payments). The development agreement also sets forth undertakings to meet the deadlines and the method of completion of construction on the land (and the interim stages therein).

Generally, ZMH Hammerman does not engage in lease agreements itself, but rather directs the purchasers of the units in the projects it constructs on such land, to engage directly in lease agreements with the ILA, each tenant with respect to the specific unit acquired by him.

Hammerman's strategy; (5) Acquisition of land rights within the framework of "urban renewal" projects – redevelopment sites or NOP 38/2.⁵

The construction of redevelopment projects is regulated, *inter alia*, by laws as detailed in Section 10 hereof, including the Redevelopment Law (Encouragement of Redevelopment Projects), 5766-2006 (the "**Redevelopment Law**"). This set of laws, led by the Redevelopment Law, was enacted to encourage urban renewal, *inter alia*, by providing a set of tools for addressing recalcitrant tenants (namely, by allowing the institution of legal proceedings against tenants who unreasonably refuse to participate in a redevelopment transaction). Under this Law, in general, the required consent rate of the existing apartment owners (as of 1 January 2022) is two-thirds of all of the apartments. Similarly, NOP 38/2 projects are, as of the date of the report, subject *inter alia* to the provisions of such outline plan, which sets out the arrangements for obtaining building rights in cases of a building's demolition and reconstruction.⁶ It is noted that, as part of the Arrangements Law for the years 2023-2024,⁷ an amendment was approved for the reduction of the consent rate required from the existing apartment owners in such projects to the rate applicable to redevelopment projects (namely, a reduction from 80% to two-thirds of all of the existing apartments in the project).

⁵ In transactions of this type, the developer engages with the owners of the residential units in an existing building, and typically works vis-à-vis the planning authorities to add building rights for the land. If such rights are granted, the existing structure is demolished and replaced by a new building constructed by the developer. The residential units in the new building are allocated between the original land owners (i.e., the owners of the residential units) and the developer, in accordance with a pre-agreed ratio. As a rule, the commencement of reconstruction projects is contingent on preliminary proceedings (including planning proceedings) that have unique characteristics and, in some cases, may be lengthy (including materially) including, *inter alia*: (a) The approval of a new zoning plan (where no valid zoning plan is in place that permits the execution of the project); (b) Obtaining the consent of all residents to vacate the land and their actual evacuation; (c) Application of a tax arrangement to the owners of the residential units. As a rule, the developer's expenses incurred until the fulfillment of such preliminary proceedings and the commencement of construction of the project are immaterial relative to the total cost of the project.

⁶ In 2019, the National Council for Planning and Building within the Planning Administration (the "**Council**") resolved not to renew the validity of NOP 38 and, as part of its resolution, the Council recommended that the Government of Israel act to advance legislative amendments that would, *inter alia*, serve as a basis for NOP 38 alternatives. Pursuant to the Council's recommendation, in 2022 the Knesset plenum approved an amendment to the Planning and Building Law, 5725-1965, the purpose of which is to replace NOP 38, subject to the amendment of specific regulations. The purpose of the amendment is, *inter alia*, to promote the demolition and reconstruction of individual buildings (without the need for densification or additions), remove height restrictions, and require the allocation of space for public needs. In this context, it is noted that as of the report date, the Council approved the extension of NOP 38 with respect to planning sites that met the conditions set out in the National Council's resolutions, until May 2026 or until the date of approval of the replacement plan (whichever is earlier).

⁷ The Economic Plan Law (Legislative Amendments for the Implementation of the Economic Policy for Budget Years 2023 and 2024), 5783-2023.

1.2 The nature of engagements with construction contractors

Following the completion of the engagement for the acquisition of the land rights and the receipt of the permits required by law for the construction of the project, ZMH Hammerman carries out the project construction work either independently or through third parties.

1.3 Types of uses of the inventory sold

ZMH Hammerman, under full ownership or together with partners, holds 12 residential projects, 8 mixed-use projects designated for retail, office and residential uses, which are presented as business inventory in ZMH Hammerman's financial statements. ZMH Hammerman is also involved in the advancement and planning of 24 conditional urban renewal projects, and is under preliminary negotiations regarding additional projects in this segment.

1.4 Project financing policy

For a project's development, ZMH Hammerman customarily engages with a financing bank, through which the project financing is obtained. The terms and conditions of the financing agreements vary according to the nature of the project. The bank financing agreements include the funding required by the developer for the acquisition of the land rights and for the construction of the project, as well as the framework for sale guarantees for the purchasers of residential units in the project, and, in projects involving combination transactions or urban renewal, guarantees in favor of the landowners. These agreements are contingent on the provision of equity by the developer or anyone on its behalf.

The equity percentage may vary from one project to another, depending on the bank's assessment of the project's inherent risk and the financial strength of the developer. The equity percentage generally ranges between 10% and 25% of the total financing required for the project. Such equity may be provided by way of a deposit and/or bank guarantee or by way of ongoing funding. Bank financing is provided in practice proportionately to the equity financing.

The project surpluses are typically released to ZMH Hammerman by the financing bank subject to the completion of construction and the sale of the residential units.

As part of the shareholders' agreement between the Company and the other shareholders of ZMH Hammerman, an arrangement was established regarding the financing of ZMH Hammerman pursuant to which, *inter alia*, the Company undertook to provide ZMH Hammerman with the financing required for its operations following the closing of the Merger Transaction, including the financing of specific activities and projects of ZMH Hammerman.

1.5 Project marketing

Generally, ZMH Hammerman starts the sale of residential units in a project several months before commencement of construction, aiming to complete the marketing of the project before the end of construction. The payment terms are generally determined according to standard practice in the industry prevailing at such time. In recent years, in most of the projects marketed by ZMH Hammerman, customers of ZMH Hammerman have been offered greater flexibility in payment terms, such as “contractor loans”⁸ and “20/80” offers⁹, etc., which effectively provide purchasers with an economic benefit in the apartment price, in accordance with market trends in this regard. Under “contractor loan” transactions, the bank providing the loan performs underwriting on the buyer to ensure that he meets all of his undertakings upon the provision of the loan. Under current market conditions, ZMH Hammerman does not foresee material exposure as a result of the payment-term flexibility granted to its customers as aforesaid.

On 6 April 2025, the Bank of Israel released directives tightening the conditions for granting “contractor loans” and instructed the banks to allocate additional capital in respect of transactions whose payment schedule is not linear.¹⁰ Accordingly, ZMH Hammerman limited the sales on a non-linear basis.

1.6 Legislative changes with a unique impact on the Residential Sales Segment

The operations of ZMH Hammerman in the Residential Sales Segment are subject, *inter alia*, to land law, planning and building law and tax law in Israel. These laws impose various regulatory and statutory requirements on ZMH Hammerman. For details, see Sections 10 below.

⁸ “Contractor loan” is a general term for a benefit granted by a project developer to an apartment purchaser, under which the developer pays the interest payments payable on a loan taken by the purchaser (in practice, a bullet loan under which the purchaser makes no monthly repayments), where in most cases, the purchaser undertakes to the lender to repay the loan's principal upon handover of the apartment and, in its place, typically takes a standard mortgage loan.

⁹ “20/80 offers” (or, as applicable, “90/10” etc.) are sales offers under which the customer pays 20% of the apartment price upon the signing of the sale agreement with the developer, and the remaining balance (in this example, 80%) only upon handover of the apartment. This differs from the ‘standard’ arrangement, under which payment is made in accordance with the progress of construction. In certain cases, the outstanding balance is not linked to the Construction Input Index or any other index.

¹⁰ Below is a link to Circular no. C-2816-06 released on 6 April 2025 by the Supervisor of Banks: <https://boi.org.il/media/xwkag15z/h2816.pdf> [Hebrew]

1.7 General data summary on the projects of ZMH Hammerman

Projects for which sales have commenced¹¹

Project	Construction company	Customer	Project location ¹²	Construction start date	Project end date (estimate) ¹³	Scope of RUs marketed ¹⁴	Construction area (sqm gross)	Status as of report date	The corporations' share in the project	Rate of completion as of 30.9.2025	Sales from 1.10.2025 until close to the date of release of the report	Sale of RUs Jan.-Sep. 2025	Sale of RUs Jan.-Sep. 2024	Sale of RUs July-Sep. 2025	Sale of RUs July-Sep. 2024	Total RUs sold as of 30.9.2025	Rate of sales
"Achziv" in Nahariya Stages A+B	ZMH Hammerman and Electra Construction Ltd.	Joint transaction Achziv	Nahariya residential	2015	2020	432	48,620	Completed	50%	100%	-	-	-	-	-	429	99%
"Achziv" in Nahariya Stage C	Electra Construction Ltd.	Joint transaction Achziv	Nahariya residential	2022	2025	192	24,621	Completed	50%	100%	-	6	5	3	4	175	91%
"Achziv" in Nahariya Stage D	ZMH Hammerman	Joint transaction Achziv	Nahariya residential	2025	2027	76	8,550	Structure	50%	34%	3	13	32	3	8	49	64%
"Achziv" in Nahariya Stage E	Construction agreement not yet signed	Joint transaction Achziv	Nahariya residential	2026	2029	170	19,508	Not yet started	50%	-	6	22	-	-	-	22	13%
"Givat Andromeda" in Jaffa	ZMH Hammerman	Joint transaction ZMH Hammerman, Carasso	Jaffa residential	2019	2022	56	14,400	Completed	33%	100%	-	1	1	-	-	53	95%

¹¹ The sales data presented in the tables do not include contracts that were cancelled with the consent of ZMH Hammerman.

¹² The type of engagement in all projects is turnkey, other than with respect to the Maccabi-Yafo Project, where the engagement type is cost+7.5%.

¹³ The data regarding the completion date of the project constitutes Forward-Looking Information, as defined in the Securities Law, and is based on the assessments of ZMH Hammerman's management, which rely on ZMH Hammerman's forecasts and/or work plans. Such assessments may not materialize, in whole or in part, or may materialize in a manner different than expected, including materially, as a result of economic conditions in the market (including financing difficulties, increase in interest rates, tightening of mortgage-lending policies, changes in construction-input costs, regulatory delays, statutory changes and/or various decisions of planning authorities, decisions by regulatory authorities relating to land (including with respect to preservation buildings and parking requirements), the manner in which the "Swords of Iron" war develops, its nature and duration, and/or the materialization of all or part of the risk factors listed in Section 14 below.

¹⁴ Excluding landowner units.

Project	Construction company	Customer	Project location ¹²	Construction start date	Project end date (estimate) ¹³	Scope of RUs marketed ¹⁴	Construction area (sqm gross)	Status as of report date	The corporations' share in the project	Rate of completion as of 30.9.2025	Sales from 1.10.2025 until close to the date of release of the report	Sale of RUs Jan.- Sep. 2025	Sale of RUs Jan.- Sep. 2024	Sale of RUs July- Sep. 2025	Sale of RUs July- Sep. 2024	Total RUs sold as of 30.9.2025	Rate of sales
		Real Estate, S. Vlodinger Real Estate															
"Weizmann-Pinkas" in Tel Aviv*	ZMH Hammerman	Ruzio Group Weizman-Pinkas Tel Aviv Ltd.	Tel Aviv-Jaffa residential	2022	2025	32	11,839	Advanced finishing work	50%	89%	1	1	7	-	3	27	84%
"HaAgam" in Ramat Gan*	ZMH Hammerman	Redevelopment Company – Ramat Hashikma Ltd.	Ramat Gan residential	2022	2025	125	15,121	Advanced finishing work	50%	85%	1	1	2	-	-	116	93%
"Neve Gan" Stage A Lots 28 and 30	ZMH Hammerman	Joint transaction, Neve Gan A	Ramat Hasharon residential & retail	2023	2027	299	37,539	Structure	50%	57%	-	2	7	-	2	261	87%
"Neve Gan" Stage B Lot 27	ZMH Hammerman	Joint transaction, Neve Gan B	Ramat Hasharon residential & retail	2023	2028	170	24,604	Structure	25%	22%	-	-	7	-	(1)	124	73%
"Mitzpeh Renah" Stage A**	ZMH Hammerman	ZMH Hammerman Ltd.	Lod residential	2025	2027	188	21,506	Parking lot structure	100%	18%	1	13	29	2	7	55	29%
"Jaffa-Tel Aviv" ("Maccabi Yafo"), Lots 103-105, 116, 117**	ZMH Hammerman	Joint transaction Maccabi Jaffa	Tel Aviv-Jaffa residential & retail	2024	2028	¹⁵ 343	30,062	Parking lot structure	33%	17%	78	42	58	21	14	189	42%
"New Krinitzi", Ramat Gan	ZMH Hammerman	Joint transaction New Krinitzi	Ramat Gan residential	2024	2027	56	10,963	Structure	33%	34%	2	4	23	2	23	32	57%

¹⁵ Of which – 177 RUs as part of the *Mechir Lamishtaken* program, and 166 RUs for marketing in the free market.

Project	Construction company	Customer	Project location ¹²	Construction start date	Project end date (estimate) ¹³	Scope of RUs marketed ¹⁴	Construction area (sqm gross)	Status as of report date	The corporations' share in the project	Rate of completion as of 30.9.2025	Sales from 1.10.2025 until close to the date of release of the report	Sale of RUs Jan.-Sep. 2025	Sale of RUs Jan.-Sep. 2024	Sale of RUs July-Sep. 2025	Sale of RUs July-Sep. 2024	Total RUs sold as of 30.9.2025	Rate of sales
"Easy" (Savoraim), Tel Aviv**	ZMH Hammerman	ZMH Hammerman and Ruzio Group	Tel Aviv-Jaffa residential	2026	2029	60	14,974	Not yet started	50%	-	1	11	-	11	-	11	18%
Total						2,303			--	--	93	116	111	42	92	1,543	67%

* The projects are constructed through investee companies accounted for using the equity method. Accordingly, the profit attributable to these projects is reflected in ZMH Hammerman's income statement under the item "the Group's share in profits of companies accounted for using the equity method, net" only. Since the acquisition of ZMH Hammerman was completed on 9 September 2025, ZMH Hammerman's financial results (profit and loss) are not reflected in the financial results of Azrieli Group Ltd. as of 30 September 2025.

** As of the report date, the conditions for revenue recognition have not yet been met with respect to part of the lots marketed in the said project, in accordance with IFRS 15.

Below are the apartment-sales figures, in financial terms, for the report period and thereafter, and compared with the same period last year and with 2024 (NIS in thousands). Since the acquisition of ZMH Hammerman was completed on 9 September 2025, ZMH Hammerman's financial results (profit and loss) are not reflected in the financial results of Azrieli Group Ltd. as of 30 September 2025:

Item	Sales from 1.10.2025 to close to the report release date	Sale of RUs Jan.-Sep. 2025	Sale of RUs July-Sep. 2025	Sale of RUs Jan.-Sep. 2024	Sale of RUs July-Sep. 2024	Sale of RUs for 2024*
Total financial amount (excluding VAT)	151,122	262,445	144,929	522,523	224,154	730,088
Total financial amount, share of ZMH Hammerman (excluding VAT)	58,560	131,353	67,669	234,265	94,377	322,866
Price of average RU (excluding VAT)¹⁶	1,625	2,262	2,264	3,056	3,736	2,645

¹⁶ The price is influenced primarily by the mix of the apartments sold during the period.

Development projects prior to commencement of sales

Project	Location	Corporation's share (%)	No. of RUs ¹⁷	No. of senior housing RUs	Sqm retail and offices	Project status
Neve Gan Stage A Lot 29	Ramat Hasharon	50%	79	-		In planning
"Jaffa-Tel Aviv" ("Maccabi Yafo"), Lots 102, 101, 113	Tel Aviv	33%	285	-	1,150	In planning
"Mitzpeh Renah" Stage B	Lod	100%	172	-	--	In planning
"Achziv" Stage F	Nahariya	50%	176	-	3,450	Land reserve
Efron ¹⁸	Hod Hasharon	100%	175	100	713	Land reserve
Neve Tzedek II	Tel Aviv	37.5%	60	-	--	Land reserve
Bezalel Market II	Tel Aviv	50%	--	-	--	Land reserve
"Lev Hair" Karmiel (Karmiel Senior Home) ¹⁹	Karmiel	50%	666	-	5,560	Land reserve
Korzin ²⁰	Givatayim	50%	46	-	32,200	Land reserve
"Heil HaYam"	Haifa	50%	348	-	1,056	Land Reserve – as part of Urban Renewal
"Dafna"	Tel Aviv-Jaffa	100%	135	-	--	Land Reserve – as part of Urban Renewal
Katzenelson	Netanya	100%	144	-	575	Land Reserve – as part of Urban Renewal
"Nativ Chen"	Haifa	100%	123	-	--	Land Reserve – as part of Urban Renewal
Arlosoroff 174, 176, 182, 184	Tel Aviv	50%	79	-	456	Land Reserve – as part of Urban Renewal
Ein Gev	Tel Aviv	100%	87	-	--	Land Reserve – as part of Urban Renewal
Total	--	--	2,575	100	45,160	

¹⁷ See footnote 1.

¹⁸ The final number of RUs is subject to completion of the zoning plan approval process and may differ materially from the figures presented in the table. The RUs are the Company's share according to the deposited plan (as of the date of this report, the RUs are under ownership in common).

¹⁹ The final number of RUs is subject to completion of the zoning plan approval process and may differ materially from the figures presented in the table.

²⁰ The project is owned by Even HaShoham Group Ltd., which is accounted for using the equity method; therefore, the inventory relating to the project is not included under the inventory item in ZMH Hammerman's financial statements.

Pending development projects in the urban renewal segment²¹

Serial no.	The project	Location	Corporation's share (%)	Project type	No. of existing RUs (no. of RUs to vacate)	No. of approved RUs according to current planning status	No. of RUs according to requested/expected planning status including owner's share	No. of RUs according to requested/expected planning status excluding owner's share	Start date for obtaining signatures from RU owners	Estimated date for completion of engagement with the required majority of the existing RU owners	Percentage of RUs for which a binding engagement was made out of the total existing RUs	Current statutory planning status
1	Rokach 18-20	Ramat Gan	50	Redevelopment	27	N/A	70	43	2020	N/A	89%	Zoning plan in preparation
2	Complex 104 (Hapodim)	Ramat Gan	50	Redevelopment	77	N/A	202	125	2021	N/A	65%	Zoning plan in preparation
3	Complex 22 – Pnei Hagiva	Ramat Gan	50	Redevelopment	72	N/A	187	115	2023	2025	53%	Zoning plan in preparation
4	Shmuel HaNatziv	Netanya	100	Redevelopment	56	N/A	179	123	2022	N/A	82%	Zoning plan in preparation
5	Jean Jaurès	Holon	100	Redevelopment	54	N/A	182	128	2022	N/A	72%	Initial planning
6	Complex 10	Ramat Gan	50	Redevelopment	30	N/A	78	48	2022	N/A	85%	Zoning plan in preparation
7	Masalent	Tel Aviv	100	Redevelopment	96	N/A	232	136	2022	N/A	80%	Zoning plan in preparation
8	Complex 34	Ramat Gan	50	Redevelopment	69	N/A	179	110	2023	N/A	73%	Zoning plan in preparation
9	Jabotinsky	Tirat HaCarmel	100	Redevelopment	96	N/A	578	482	2022	2026	44%	Initial planning
10	Moshe Sharet	Holon	50	Redevelopment	204	N/A	780	576	2022	N/A	71%	Zoning plan in preparation
11	Henrietta Szold Complex	Kiryat Shmona	50	Redevelopment	83	N/A	750	667	2023	2026	45%	Initial planning
12	Arlosoroff 178-180	Tel Aviv	50	Arlosoroff	32	N/A	72	40	--	2026	--	Initial planning

²¹ The figures regarding the number of residential units based on the requested/expected planning status and the estimated timetable for completion of the engagements with the required majority of the existing apartment owners constitutes Forward-looking Information, as defined in the Securities Law, and is based on assessments of ZMH Hammerman's management, which rely on ZMH Hammerman's forecasts and/or work plans. Such assessments may not materialize, in whole or in part, or may materialize in a manner that differs from expectations, including materially, as a result of changes in housing prices in a particular area or in the market as a whole; economic conditions in Israel (including financing difficulties, increases in interest rates, tightening of mortgage-lending policies, changes in tax policy, and reduced sales due to lower demand), changes in construction-input costs; statutory changes and/or various decisions of planning authorities, decisions by regulatory authorities relating to land (including with respect to preservation buildings and parking requirements); the manner in which the "Swords of Iron" war develops, its nature and duration; and/or the materialization of all or part of the risk factors listed in Section 14 below.

Serial no.	The project	Location	Corporation's share (%)	Project type	No. of existing RUs (no. of RUs to vacate)	No. of approved RUs according to current planning status	No. of RUs according to requested/expected planning status including owner's share	No. of RUs according to requested/expected planning status excluding owner's share	Start date for obtaining signatures from RU owners	Estimated date for completion of engagement with the required majority of the existing RU owners	Percentage of RUs for which a binding engagement was made out of the total existing RUs	Current statutory planning status
				Plan ²²								
13	Serlin	Tel Aviv	50	Redevelopment	224	N/A	550	326	2023	N/A	67%	Initial planning
14	Haneviim Complex	Ramat Hasharon	100	Redevelopment	96	N/A	276	180	2023	N/A	79%	Zoning plan in preparation
15	Yehezkel Complex	Pardes Hanna	50	Redevelopment	172	N/A	777	605	2024	2026	31%	Initial planning
16	Eli Cohen Complex	Kfar Saba	50	Redevelopment	223	N/A	700	477	2024	N/A	77%	Initial planning
17	Complex 3 ²³	Givatayim	50	Redevelopment	89	N/A	235	146	2025	2026	54%	Initial planning
18	Ben Gurion	Ramat Gan	50	Redevelopment	48	N/A	134	86	2024	N/A	83%	Initial planning
19	HaAmoraim	Tel Aviv	100	Shaked Alternative	76	N/A	172	96	--	2026	--	Initial planning
20	Yehoshafat	Ramat Gan	50	Redevelopment	76	N/A	216	140	2025	2026	34%	Initial planning
21	Herzliya Heights	Herzliya	50	Redevelopment	98	N/A	285	187	--	2026	--	Initial planning
22	Haneurim complex	Ramat Gan	50	Redevelopment	45	N/A	117	72	2025	2026	59%	Initial planning
23	Complex 35	Ramat Gan	50	Redevelopment	69	N/A	179	110	2025	2026	44%	Initial planning
24	Habroshim	Karmiel	50	Redevelopment	68	N/A	420	352	2025	2026	42%	Initial planning
Total		--	--		2,180	--	7,550	5,371			--	--

²² A plan that was approved by the Municipality of Tel Aviv, which allows for urban renewal under terms similar to the terms of NOP 38/2.

²³ One of the residential units has an attached lot of approx. 500 sqm. In addition to such area, it is also possible to construct approx. 23,000 sqm of office space.

1.8 Segment structure and changes therein

1.8.1 Development real estate and the residential construction industry in Israel²⁴

Over the past decade, residential real estate prices have risen consistently, primarily due to demand outpacing supply, a low-interest rate environment, population growth, and increased life expectancy.

The Ministry of Finance, the Ministry of Construction and Housing, and the Israel Land Authority (“**ILA**”) are responsible for determining residential real-estate policy, in coordination with the Planning Administration at the Ministry of the Interior and the planning and building authorities – including the National Council for Planning and Building and the district and local planning committees. Naturally, the policies adopted by such bodies affect the real-estate market and the demand for housing, and influence the scope of public and private residential construction, the policy for marketing State-owned land, the pace of approval of planning and licensing processes, subsidies, and tax policy.

The impact of this policy is reflected in apartment prices: increasing the volume of marketing of land residential construction and advancing the planning processes with respect thereto, lead to a rise in the number of new projects and increase in the supply of apartments compared with the existing demand, which may slow the rise in apartment prices and even lead to a decrease in prices.

In recent years, in response to public pressures in the real-estate market, government involvement has increased through various initiatives: shortening bureaucratic processes; releasing tenders for long-term lease through the government-owned company “*Dira Lehaskir*”; and implementing programs under the “*Dira BeHanacha*” framework, including, *inter alia*, “*Mechir Matara*” and “*Mechir Mufchat*,” which effectively replaced the former “*Mechir LaMishtaken*” program. Under the “*Mechir LaMishtaken*” program, developers competed to sell apartments at the lowest price per sqm in exchange for substantial subsidies on the land price. The program was intended to enable eligible purchasers to acquire apartments at affordable prices and, in practice, allowed many of them to obtain relatively high effective financing (sometimes up to approx. 90%) due to the gap between the subsidized apartment price and the apartment’s market value, despite the maximum financing cap of 75% imposed by the Bank of Israel.

In September 2021, the Israel Land Authority Council approved the “*Mechir Matara 2.1*” program, in cities where the average apartment price is up to NIS

²⁴ This part is based on publications of the Central Bureau of Statistics (“**CBS**”) and publications of the Bank of Israel, including the Bank of Israel’s Annual Report for 2024, which was released in March 2025, and CBS data for 2024.

20,000 per sqm and in towns with a socioeconomic index of 4 or below. Under the tender, the land is sold to the developer based on a fixed price per main built sqm, and developers compete on the land price, with the winner undertaking to sell the apartments at the predetermined target price. Under this program, buyers are entitled to a discount of up to 20% of the apartment price, and up to NIS 300,000, subject to the tender conditions.

Further measures were also taken to cool the market, including amendments to the Law in 2014 with respect to the imposition of appreciation tax, which cancelled the exemption from appreciation tax over the sale of another apartment (apartments that were previously exempt), and the increase in purchase tax on investment apartments – first in 2015, later reduced in 2020, and then raised again in 2021. These measures led to a moderate decline in investor demand. In 2023, the sharp rise in housing prices came to a halt, *inter alia* due to rising interest rates and the security situation.

In 2024, demand for housing increased, particularly in high-demand areas, while the luxury residential segment remained less active. At the end of 2024, approx. 75,940 new apartments remained available for sale, compared with 67,760 at the end of 2023. According to CBS data, the inventory of unsold apartments continued to grow during 2025.

In 2025, the Bank of Israel continued to strengthen its supervision of credit extended to the residential construction industry and in such context, restrictions were imposed on various financing arrangements offered by developers, with the aim of ensuring responsible risk management and long-term financial stability.

Concurrently, in 2025 the ILA continued to market land for residential purposes, including through the “*Dira BeHanacha*” and “*Mechir Matara*” programs, where the lotteries held in 2025 attracted strong public demand, with an exceptionally high number of applicants, indicating the continued substantial demand for housing²⁵.

At present, interest-rate reduction forecasts and the ending of the Swords of Iron war support the stability of residential construction prices over the medium and long term.

1.8.2 Urban renewal

Urban renewal constitutes one of the primary growth engines of Israel’s residential real estate market, and government policy in this segment directly affects the activity of developers, local authorities, landowners, and governmental entities. The definition of urban renewal in Israel includes a broad range of projects, chiefly redevelopment and NOP 38 projects (in their various forms), under which existing buildings are expanded or entirely

²⁵ The data regarding applicants for the lotteries are taken from the official website of the “*Dira BeHanacha*” program.

replaced with new residential complexes, while renewing or upgrading existing urban infrastructure, constructing public buildings, etc.

This policy is based on primary premises of reinforcement of existing construction, efficient land utilization, reinforcement of existing buildings, and increasing the supply of residential units in response to rising demand due to continued demographic growth and migration trends.

In 2015, the National Committee for Planning and Building of Priority Housing Areas was established with the aim of streamlining and expediting planning and building processes in large-scale sites. In recent years, the powers of the National Committee for Planning and Building of Priority Housing Areas have been expanded to include also major urban renewal sites, and it currently serves as a significant body in advancing such projects.

Within the scope of its powers, the National Committee for Planning and Building of Priority Housing Areas operates under an accelerated planning-approval framework, granting planning and tax reliefs to developers and local authorities, with the aim of enhancing the economic feasibility of urban renewal projects.

Government Resolution No. 2457 of 13 February 2017²⁶, which approved the housing strategic plan for 2017-2040, determined that Israel would be required to construct 1.5 million new residential units by 2040, and plan a total inventory of approx. 2.6 million residential units in order to maintain an adequate planning reserve. As part of this resolution, quantitative targets for urban renewal were also established, according to which an additional 9,000 residential units would be constructed during 2017-2020 and a further 14,000 residential units during 2021-2025, through the redevelopment, urban infill, and NOP 38 tracks.

Urban renewal processes are intended not only to address rising demand, but also to improve the quality of life of the existing population, upgrade buildings and infrastructure, and encourage diverse populations to return to city centers and long-standing neighborhoods. Moreover, urban renewal policy is also designed to reinforce the resilience of buildings and infrastructure *inter alia*, against earthquakes, and to ensure safe and modern living conditions in older urban areas, including the addition of protected spaces, the upgrading of protective systems, and the implementation of stricter construction standards.

From a regulatory perspective, urban renewal activity is managed through several tracks. Under the local authority track, the government supports the initiation of projects through the local authority, whose role is to advance the statutory planning of the site and, in some cases, also to initiate tenders for

²⁶ See link below to Government Resolution no. 2457:
https://www.gov.il/he/pages/2017_dec2457 [Hebrew]

developers and oversee the engagement between the developer and the land rights holders.

Under the private-developer track, the government declares a site pursuant to the recommendation of the Advisory Committee, and the developer advances the amendment of the detailed plan for the site in collaboration with the land rights holders.

In the taxation segment, land rights holders who engage in urban renewal transactions of various types benefit from various exemptions from appreciation tax and purchase tax, depending on the nature of the transaction. In addition, since Amendment 47 to the VAT Law in 2014, a zero-rate VAT was applied to construction services in NOP 38 and redevelopment projects, provided that such construction services do not exceed the maximum value that is exempt from appreciation tax under the Land Taxation Law, along with the possibility of deducting the full construction input VAT, including for the existing rights holders.

In the area of betterment levies, Amendment 115 to the Planning and Building Law of 2017 established a reduced mechanism for the betterment levy rate in projects by virtue of NOP 38, for new building rights granted to the developer up to and beyond 2.5 additional floors. In addition, under Amendment 133 to the Planning and Building Law of 2021, a reduced betterment levy rate was established for residential land set at one-quarter of the betterment while in certain cases, subject to the local authority's resolution, even a full exemption from betterment levy in residential land.

In 2021–2023, several significant legislative updates were enacted. The 2021 Economic Arrangements Law included reforms expanding eligibility for elderly and disabled homeowners, reducing the required majority for approving redevelopment projects, and increasing the powers of the Urban Renewal Authority. Additional legislative amendments in 2022 and 2023 introduced the 'Shaked Alternative,' and the extension of the tax benefits under NOP 38 and/or any plan that meets the definition of a "Reinforcement Plan" as set out in Chapter Five (5) to the Land Taxation Law, through December 2033.

The challenges in the urban renewal industry include, *inter alia*, the complexity and prolonged duration of the planning processes required for a project until the approval of a zoning plan and/or building permit for a project, which currently extend over many years, lack of coordination among the authorities, a shortage of skilled manpower in the construction industry; and dependence on project financing and on developers' ability to raise capital from the private market.

The continued growth of the urban renewal industry depends on government policy, economic incentives, and supportive legislation, alongside streamlining of the planning and performance processes, so as to enable the advancement

of large-scale projects and the creation of a sufficient housing supply, while maintaining optimal urban planning.

1.9 Restrictions, acts of legislation, regulations, and special constraints applicable to the segment

See Section 10 hereto.

1.10 Changes in the segment's scope of activity and profitability

An increase and/or decrease in demand in the residential construction segment affects the volume and profitability of activity. A deterioration in the financial condition may lead to a sharp decline in demand, a reduction in performance volumes, and significant decreases in sale prices. In addition, a slowdown in the growth rate, an increase in the cost of raising capital, and a continued rise in the prices of key construction inputs may moderate the contractors' willingness to enter into new projects.

In addition, the tightening of conditions imposed by banks in Israel for financing business activity in Israel, *inter alia*, the financing of real-estate projects, may lead to financing difficulties and even disruptions in the operations of several construction companies. These circumstances necessarily have an adverse effect on the profitability of contracting companies in construction projects.

In recent years, labor costs, which constitute a significant component of expenses in the construction-contracting segment, have increased. In addition, the reduction in quotas for foreign workers pursuant to various reforms initiated by the Government of Israel to restructure the employment of foreign workers in the construction industry, as well as the prohibition on the entry of Palestinian workers from the Judea, Samaria, and Gaza areas since the outbreak of the Swords of Iron war, have led to a shortage of workers in the industry, an increase in salary costs, and a decline in labor productivity, due to the employment of less-skilled local workers.

During the months June to August 2025, approx. 8,100 new apartments were sold in Israel (29% of which were government-subsidized), representing a decrease of approx. 2.8% compared to the previous three months (March-May 2025). The towns leading in sales of such apartments were Ofakim, Tel Aviv-Jaffa, and Netanya. As of the end of August 2025, the number of new apartments remaining for sale was approx. 83,360 apartments, and the months of supply (the number of months expected to pass until all remaining apartments are sold) was 28.4 months.²⁷ Concurrently, a comparison of

²⁷ From a press release issued by the CBS on 23 October 2025 – "Apartments in Real Estate Transactions – June-August 2025".

transactions performed in July-August 2025 versus June-July 2025 indicates that apartment prices decreased by 0.6%.²⁸

In addition, changes in interest rates in the economy affect credit pricing for project financing. An increase in interest rates raises the cost of credit, increases current financing expenses, and makes financing more expensive in cases of taking out new debt and refinancing required for the continuation of the Company's operations²⁹. During the report period and as of the date of this report, the Bank of Israel left the interest rate unchanged at 4.5% (a level that remained unchanged also after the report date). Furthermore, changes in the Construction Input Index directly affect the cost of construction of residential projects and the revenues from apartment sales, and consequently impact cash flows and operating results, as the Company's engagements with subcontractors and the sale of the apartments are linked to the Construction Input Index.

1.11 Critical success factors in the segment and changes therein

The critical success factors in the segment are:

- 1.11.1 The ability to identify business opportunities for the projects, pricing, adequate analysis and planning of potential projects;
- 1.11.2 Financial strength enabling the provision of financing and equity required for the projects;
- 1.11.3 Engagement with construction companies and subcontractors in the residential construction segment that have proven reliability, financial strength, and the ability to meet the standards and timetables;
- 1.11.4 Knowledge, experience, and reputation in the construction of residential buildings, including an efficient construction system and extensive knowledge in planning and building aspects;
- 1.11.5 Establishment of industry relationships in the market for the identification of viable transactions.
- 1.11.6 The quality of the project's planning and construction, and the capacity for and experience with projects with high planning complexity;

²⁸ From a press release issued by the CBS on 15 October 2025 – "Change in housing market prices – September 2025".

²⁹ In addition, changes in interest rates in the economy affect the decisions of apartment buyers who purchase for investment purposes, the decisions of customers whether to buy or rent an apartment for residential use, and the decisions of potential homebuyers who require a bank mortgage loan to complete their purchase.

- 1.11.7 High-quality and professional human capital for the high-level planning and performance of projects;
- 1.11.8 The ability to operate in a competitive market environment, including the capacity to adapt the nature of operations to frequent changes in regulation and market conditions.

1.12 The main entry and exit barriers in the segment and changes therein

Entry barriers

The main entry barriers in the Residential Sales Segment are:

- 1.12.1 The need for equity, financial strength, and access to external financing sources that enable the funding of operations in the segment while maintaining profitability;
- 1.12.2 Professional knowledge and experience in planning, management, supervision, and marketing in the development sector and in conducting vis-à-vis the planning authorities;
- 1.12.3 Reputation and branding that enable the rapid marketing of projects.

Exit barriers

The main exit barriers in the Residential Sales Segment are:

- 1.12.4 The performance period in the various projects extends over several years;
- 1.12.5 Difficulty with swift realization of completed projects or projects under construction, deriving, inter alia, from the location of the land, its planning status, and the prevailing market supply-and-demand conditions;
- 1.12.6 Long-term obligations, both contractual and statutory (including by virtue of the Sale Law), vis-à-vis rights holders, authorities, and purchasers;
- 1.12.7 Liability vis-à-vis apartment purchasers under the Sale Law (Apartments), including liability during the inspection period and the warranty period.

1.13 The segment's competition structure and changes therein

See Section 2 below.

2. Competition

The Residential Sales Segment is characterized by high competition. Most of the competition is among projects located in close geographical proximity to one another, although projects in other regions also have a competitive impact.

Competition exists both in price and in financing terms and in the technical specifications. In addition, in built-up areas, there is competition from the supply of second-hand apartments.

Competition exists both in the search for and identification of suitable land for initiation, development, construction, or sale purposes, and in the search for purchasers of ZMH Hammerman's assets. ZMH Hammerman designates the apartments constructed thereby to customers with varying economic means, depending on the geographic area in which it builds.

In urban renewal projects, competition is primarily against other developer entities seeking to obtain residents' approvals for such projects, and is reflected both in the ability to identify suitable sites and in the proposals offered to the residents.

To the Company's estimation, ZMH Hammerman's share of the market is immaterial, and it is therefore unable to identify any particular company as its main competitor.

3. Marketing and distribution

See Section 1.5 above.

4. Property, plant and equipment, land and facilities

ZMH Hammerman holds land assets and leasehold and/or ownership rights, which are classified in the Residential Sales Segment as inventory.

5. Human capital

The Residential Sales Segment shall be managed and coordinated by ZMH Hammerman. As of 30 September 2025, the Residential Sales Segment (through ZMH Hammerman) employs 220 permanent employees, primarily by way of written personal employment agreements.

6. Raw materials and suppliers

ZMH Hammerman has no material supplier, nor any dependency on any of the service providers or subcontractors with whom it works.

7. Financing

7.1 General

ZMH Hammerman's operations in the Residential Sales Segment are carried out through engagements with banks under project financing agreements and are financed by equity (ranging between 10% and 25%), proceeds from apartment

buyers (ranging between 35% and 50%), and bank credit (ranging between 25% and 40%).

Item ³⁰	31 December 2024	Finance received in the period	Repayments in the period	Revaluation	Current maturity	30 September 2025	Average credit
NIS in thousands							
Short-term credit							
Non-linked credit in banking corporations	597,198	67,818 ³¹	--	--	--	665,016	626,651
Current maturities of non- linked loans	33,200	--	--	--	35,242	68,442	59,340
Current liabilities of non-linked Series F and G bonds	113,301	--	--	--	(113,301)	--	91,420
Long-term credit							
Non-linked loans from banking corporations	34,658	584	--	--	(35,242)	--	8,665
Non-linked Series G and H bonds	193,598	--	(310,000)	3,101	113,301	--	193,816
Loan from the Company*	--	258,439	--	--	--	258,439	--
<u>Trade receivables</u>	69,302	--	--	--	--	190,814	123,959
<u>Trade payables</u>	96,276	--	--	--	--	116,646	101,744

* On 29 September 2025, ZMH Hammerman carried out a full early redemption of its Series G and H bonds, using a shareholder loan provided by the Company to ZMH Hammerman of approx. NIS 258 million for such purpose. As of the report release date, ZMH Hammerman has no bonds in circulation.

³⁰ The financing figures appearing in the table refer to ZMH Hammerman's total operations: development, construction and income-producing real estate segments.

³¹ Receipt of loans, net.

7.2 Financial criteria regarding other credit (which is not bonds)³²

Financial covenant	Calculation result or covenant compliance as applicable, as of 30 September 2025
Maintaining the minimum projected surplus ratio in the projects at Bank Leumi, compared to the outstanding balance of the loan at a ratio of X1.5.	ZMH Hammerman is in compliance with this covenant and according to the arrangement with the bank, the lower the surplus balance, the more the credit facility is reduced, at a multiple of 1.5.
The tangible equity ³³ -to-assets ratio, net of advances from apartment buyers and net of liabilities to landowners for combination transactions, shall be no less than 15%.	29.4% compliance with the covenant.
Tangible equity ³³ , net of investments in investee companies, shall be no less than NIS 60 million.	The tangible equity net of investment in affiliates totaled NIS 314,119 thousand – ZMH Hammerman is in compliance with this covenant.

ZMH Hammerman has credit facilities³⁴ from banks (including project-related bank financing), which totaled, as of 30 September 2025, approx. NIS 3,090 million (ZMH Hammerman's share only), allocated as follows: approx. NIS 929 million for cash credit; approx. NIS 1,766 million for Sale Law guarantees; and approx. NIS 395 million for other guarantees. As of such date, ZMH Hammerman had utilized approx. NIS 1,572 million of these facilities, allocated as follows: approx. NIS 837 million for cash credit; approx. NIS 539 million for Sale Law guarantees; and approx. NIS 196 million for other guarantees.

The average interest rates on loans from banking sources that were in effect on 30 September 2025, ranged from Prime + 0.6% to Prime +1.5%.

Over and above the existing liens registered in the various ZMH Hammerman projects as collateral in favor of lending entities, ZMH Hammerman has undertaken vis-à-vis four banking corporations not to create a floating charge over its assets (a negative floating charge).

³² Some of the covenants included in this table form part of loan/credit agreements that have been identified as immaterial to the Company; however, a breach thereof may lead to a breach of a loan/credit agreement that is material to ZMH Hammerman.

³³ **Tangible equity** – Equity, including retained earnings and reserves, less intangible assets (such as: goodwill, patents, trademarks, trade names, copyrights, etc.); less receivables from interested parties net of deferred expenses, guarantees provided by the Company to secure existing financial obligations of interested parties and net of guarantees provided by the Company to secure actual financial obligations that are not for the benefit of project financing arrangements of the Company's subsidiaries and/or affiliates, and net of capital reserves created as a result of asset revaluations and unrealized revaluation gains less goodwill which is part of the investment account in associates and plus shareholder loans in respect of which the Company and the provider of such shareholder loans have signed letters of subordination in favor of the bank.

³⁴ ZMH Hammerman's credit facility also includes the facilities relating to ZMH Hammerman's share in investee companies and in a registered partnership under the name of Kibolim Assets and Investments, in which the Company holds 50% (Kibolim Assets and Investments constructed, leases and holds 80% of "Sha'ar Hair" mall in Beit Shemesh as an income-producing real estate property).

8. Taxation

Pursuant to the provisions of Section 8A of the Income Tax Ordinance, profit from the sale of apartments is recognized for tax purposes upon completion of construction and subject to the conditions set forth in Section 8A of the Income Tax Ordinance. Under the provisions of Section 18D of the Income Tax Ordinance, financing expenses, marketing and general and administrative expenses are allocated to the cost of the projects during the construction period and are deductible for tax purposes as part of the project cost upon recognition of profit for tax purposes. Losses from the sale of apartments are recognized based on actual realization and subject to the conditions specified in Section 8A of the Income Tax Ordinance.

ZMH Hammerman has final assessments under the provisions of the Income Tax Ordinance up to and including the 2019 tax year.

9. Environmental risks

9.1 Environmental regulation

ZMH Hammerman is subject to legal provisions in various areas, including environmental matters (nuisances, sub-surface and surface contamination, hazardous waste, etc.), and is required to bear the costs entailed with compliance with such requirements.

As part of the process of obtaining a building permit for each project, at times even as part of the approval of a new zoning plan, the Ministry of Environmental Protection may require a soil survey and/or a groundwater contamination survey to identify pollutants (hazardous substances), and the remediation of the soil if necessary. In such cases, the issuance of the permit is contingent on the performance and results of the survey.

Similarly, during the construction of its projects, ZMH Hammerman is required to comply with the requirements of the law and the authorities regarding the environmental management of construction sites, the removal of soil and construction waste. Upon completion of construction, and as a condition for obtaining an occupancy permit from the local authority, ZMH Hammerman is required to prove that it met all of the environmental requirements.

In recent years, the obligation to comply with the Green Building Standard SI 5281 has been expanded in Israel, pursuant to the Planning and Building Regulations (Building Design) (Sustainable Construction), 5780-2020, which took effect gradually from 1 March 2022, and more broadly as of 1 September 2023. The standard establishes a national rating framework for sustainable construction, based on a scoring method that awards between one to five stars depending on compliance with requirements across various sectors, including

energy, water, materials, waste, land, transportation, site management, innovation, and user health and well-being (including acoustic aspects).

In most types of new construction, and depending on the building's use and scale, compliance with a minimum rating of "one star" is now mandatory as a condition at the licensing and occupancy stages, and the standard has become an integral part of the building permit and completion certificate processes with the local authorities. This trend reflects a strengthening of the regulatory standard aimed at promoting urban sustainability and reducing the environmental impacts of new construction projects.

9.2 ZMH Hammerman's environmental policy

ZMH Hammerman is committed to complying with all applicable laws in accordance with the requirements of environmental legislation that is relevant to its operations. ZMH Hammerman works to ensure compliance with environmental laws and regulations as required by law. ZMH Hammerman also works to provide adequate information and training to its employees and managers on environmental protection matters.

ZMH Hammerman undertakes various measures to prevent environmental risks and to protect the environment during the planning, licensing, and construction phases of its various assets. Examinations are conducted with the assistance of environmental consultants who specialize in the field and in full cooperation with the Ministry of Environmental Protection. The results of such examinations are also addressed with close guidance from expert consultants, both with respect to local remediation of contamination, if identified (such as the removal of contaminated soil to appropriate sites), and with respect to measures for preventing future contamination. The costs entailed with the implementation of these requirements are immaterial to the Company.

To the Company's estimation, as of the date of this report, it has no material exposure in respect of environmental matters.

10. Restrictions and oversight of the corporation's activities

10.1 The Planning and Building Law

The Planning and Building Law, 5725-1965 (the "**Planning Law**"), determines that construction work requires the receipt of a permit in advance from the competent authorities, and that construction without a permit or contrary thereto, constitutes a criminal offense under Sections 203-255 of the Law. In this context, Amendment No. 101 to the Law, also known as the "Balcony Reform", took effect gradually beginning in August 2014. The purpose of such amendment was to reduce the level of bureaucracy in the planning and building industry and to streamline approval and licensing procedures. Among the provisions determined were maximum timeframes for processing plans,

the establishment of independent supervisory institutes for licensing, and the transfer of numerous powers from the district committees to the local committees. Full implementation of the amendment was completed in early January 2016.

Further thereto, on 4 July 2016, the Planning and Building Regulations (Building Licensing), 5776-2016, were released, with the aim of making the building-licensing process more accessible and efficient. The regulations introduced the "Available Licesning" ("*Rishui Zamin*") system, which transformed all stages of the process – from preliminary information and planning, through permit issuance, supervision, and oversight of construction, and up to the issuance of a completion certificate – into a transparent and controlled online process.

In recent years, further adjustments to the Law have continued: additional powers were granted to the ministerial committee which is authorized to declare sites as intended for redevelopment, and planning-related powers were transferred from the Minister of the Interior to the Minister of Finance, including the Planning Administration itself. In the context of temporary provisions, planning relaxations were also established, such as the ability to add up to 20% in building rights with approval of the local committee, an addition of up to 10% residential units on a lot beyond the permitted amount, and the subdivision of ground-floor apartments to create an additional residential unit. Concurrently, a provision was added requiring a planning authority to demand letters of indemnification as a condition for depositing a plan.

The Economic Arrangements Law approved in November 2021 introduced another significant change: it was established that new plans, for which a decision to deposit them is made after January 2023, will be reviewed without the possibility of quantitative relaxations – such as increases in building areas, the number of residential units, or building heights. However, relaxations in other matters will be permitted only in cases expressly provided for in the regulations. Long standing plans were granted a three-year transition period under the previous relaxation regime, with a possibility of a two-year extension subject to the approval of the Minister of the Interior. It was clarified that the possibility of submitting applications under the old regulations will be reserved only for applications submitted before 31 December 2024.

On 3 April 2025, Amendment No. 160 to the Planning Law was released, enabling local planning committees to approve, within the framework of a local plan, all matters that could have been approved as relaxations prior to Amendment No. 134 to the Law (which led to the amendment of the Planning and Building Regulations regarding significant deviation from a plan). Of note, Amendment No. 134 to the Law was intended to streamline licensing proceedings in accordance with the new approach adopted by the Planning Administration "Licensing-Oriented Planning", aimed at reducing the gaps between the planning stage and the licensing stage, thereby creating planning certainty for the implementation of plans and accelerating licensing proceedings by narrowing the gaps between planning and execution.

10.2 Area-calculation regulations, the Swords of Iron war, and the Israel Land Authority

On 29 November 2023, the Planning and Building Regulations (Calculation of Areas and Building Percentages in Plans and Permits) (Amendment), 5784-2023, were released, taking effect on 3 December 2023. The updated regulations allow planning authorities, at their discretion, to divide the building areas in a plan into main areas and service areas, but no longer require them to do so. This change enables more flexible planning based on the total approved building areas, simplifies the regulatory framework, shortens processing times, and increases uniformity in the licensing proceedings.

Following the outbreak of the Swords of Iron war, the Extension of Periods and Postponement of Deadlines Law (Temporary Order – Swords of Iron) (Planning and Building and Public Land), 5784-2023, was enacted to regulate temporary extensions and postponements of deadlines prescribed under the Planning and Building Law and the Law for the Promotion of Construction. According to the law, in towns adjacent to the Lebanon border and the Gaza Strip, a suspension period (which is not included in the count of days) was set between 7 October and 15 December 2023, while in the rest of the country the suspension period was set between 7 October and 31 October, 2023.

The Israel Land Authority Law, 5720-1960, regulates the role of the Israel Land Authority (ILA) as the body responsible for managing, marketing and allocating state-owned land. The Authority, established as part of a reform intended to streamline the land industry and accelerate the expansion of the housing supply, is authorized to cancel transactions in cases of non-compliance with the construction completion timetables set forth in the agreements. In such cases, the ILA refunds the purchaser the amounts he paid, after making deductions in accordance with the provisions of the agreement.

10.3 Safety law, contractors and standards

The Contractors Registration for Construction Engineering Works Law, 5729-1969, regulates the registration and supervision of construction contractors in Israel, to ensure that whoever performs engineering construction work is a qualified and authorized professional. Under the Law, only a contractor registered in the Contractors Register of the Ministry of Construction and Housing, and holding the appropriate classification, may carry out construction work of certain scales, according to the registration industry – primary or secondary. The Law also defines the conditions for registration, the Registrar's powers, and the means of enforcement, including disciplinary and criminal proceedings against whoever operates without a valid license.

In addition, construction work is subject to the provisions of the Work Safety Ordinance [New Version], 5730-1970, and the regulations promulgated thereunder, which set forth mandatory directives for safety management at construction sites, the use of protective equipment, employee training,

ongoing supervision, and environmental quality control. To ensure compliance with the regulations, each site is required to employ site managers, safety assistants, safety officers, and project engineers, whose role is to supervise the actual implementation of safety procedures and risk-management control.

In view of the increase in workplace accidents in the construction industry, many companies in Israel invest in advanced monitoring measures, computerized safety-management systems, and periodic training. Standards published by the Standards Institution of Israel establish the construction standards and the materials used therein.

10.4 The Sale Law (Apartments) and Sale Law (Apartments) (Securing Investments of Apartment Buyers)

The Sale Law (Apartments), 5733-1973, regulates the relationship between apartment sellers and buyers thereof and is intended to protect buyers, *inter alia*, from construction defects, delays in handover, and information gaps vis-à-vis developers. The Law requires each apartment seller to attach to the sale agreement specifications and detailed plans of the apartment, and to provide operating and maintenance instructions upon handover thereof to the buyer. The Law imposes on the seller liability for the repair of defects discovered after handover and establishes two liability periods: the inspection period – from the date of handover and for the periods specified in the Law according to the type of defect; and the warranty period – three years from the end of the inspection period.

Subsequent amendments to the Law strengthened buyers' rights. Among others, Amendment No. 6 obligated contractors to release a price list for the apartment components and to allow changes to, or waivers of, certain items within a defined time limit; Amendment No. 7 reduced the legal fees that the contractor's attorney may charge the buyer; and Amendment No. 8 established a maximum on the interest rate applicable in the event of late payment by the buyer.

A significant amendment – Amendment No. 9 of 2022 – restricted the ability to index the apartment price to economic indices other than the Construction Input Index, and modified the compensation mechanism for handover delays: (a) for a delay of one month – no compensation shall apply; (b) for a delay of one to four months – compensation in the amount of the rent for a comparable apartment; (c) for a delay of five to ten months – compensation at a rate of 125% of the compensation under subsection (b); and (d) for a delay of eleven months forth – compensation at a rate of 150% of the compensation under subsection (b).

The provisions of the Law are mandatory and may not be deviated from, other than in favor of the buyer.

In addition, the Sale Law (Apartments) (Securing Investments of Apartment Buyers), 5735-1974, obligates developers to safeguard buyers' funds through one of the mechanisms listed in Section 2 of the Law, including the delivery of a bank guarantee or an insurance policy to the buyer, in an amount equal to each payment made. All project funds are managed within a closed and dedicated financing framework, under the supervision of the financing bank, which oversees the developer and the project throughout the project construction period and until the handover of the apartments to the buyers. An amendment to this Law in 2017 imposed the collateral obligation also for insurance companies and established that the guarantee shall apply only to the transaction amount excluding the VAT component, alongside the creation of a dedicated fund to ensure the reimbursement of the VAT component upon realization of the collateral.

10.5 Urban renewal – Redevelopment and NOP 38

Declaring a site as suitable for redevelopment is made by the government pursuant to Section 33A of the Planning and Building Law, and such projects are regulated under the Redevelopment Law (Encouragement of Redevelopment Projects), 5766-2006. The Law is intended to remove legal and economic barriers for developers and apartment owners and allows the court to order the consummation of the transaction even if some of the apartment owners oppose the same. The required majority for an urban renewal project is currently at least two-thirds of the apartment owners on the site, subject to additional conditions applicable to each individual building.

In recent years, the Law was amended several times, *inter alia* to provide additional protections for apartment owners including elderly or long-term care owners to establish an indemnification mechanism among residents, and to define a certified appraiser mechanism to examine the transactions' economic feasibility.

As part of the Economic Arrangements Law of 2023, new provisions were established, including, *inter alia*, a limitation on the engagement period in redevelopment transactions and the establishment of a mechanism for compensating the developer if the transaction is cancelled.

The Redevelopment Regulations (Encouragement of Redevelopment Projects) (Payment Due to Cancellation of an Urban Renewal Transaction), 5785-2025, establish the amount of compensation to which the developer is entitled in the event of transaction cancellation.

The Governmental Authority for Urban Renewal Law, 5776-2016, established a dedicated governmental body for promoting projects, providing incentives in peripheral areas, and reducing regulatory barriers. The Law enables municipal property tax relief for owners whose apartments have been upgraded as part of a project, and also expands the appreciation tax exemption to also include rights deriving from an applicable zoning plan and not only by virtue of NOP 38.

Upon the expiration of NOP 38 in August 2024, the "Shaked Alternative" was formulated – Amendment No. 139 to the Planning and Building Law which took effect in July 2022. The alternative establishes two main tracks: the first – demolition and reconstruction of up to 400% of the existing building area, with a possibility to increase to 550% subject to approval by the Minister of the Interior; and the second – a track for reinforcement and infill of existing buildings through building additions and in accordance with the planning needs of the local authority.

In January 2024, the Planning and Building Regulations (Fast-Track Licensing Plan), 5784-2023, took effect, implementing the provisions of the amendment and enabling a shortened and supervised track for the processing of plans and building permits.

The Land Law (Reinforcement of Condominiums Against Earthquakes), 5768-2008, provides a legal framework for protecting buildings and approving projects even in the absence of consent among all of the residents. Under the Law, the Condominium Supervisor is authorized to approve a reinforcement project or a demolition-and-reconstruction project once the agreement for its execution has been signed by the required majority of apartment owners.

These measures are intended to ensure that the advancement of urban renewal projects is carried out with transparency and efficiency, while balancing the rights of apartment owners, the rights of developers, and the national objectives for increasing the housing supply in Israel.

10.6 Land taxation in urban renewal

Engagements in transactions for the purchase and sale of land are subject to the Land Taxation Law (Appreciation and Purchase), 5723-1963. In transactions carried out under NOP 38, existing apartment owners are granted a significant relief in the form of an exemption from betterment tax, subject to the conditions and limits prescribed by the Law. On 23 May 2023, significant tax amendments relating to urban-renewal projects were included in the Economic Arrangements Law. The amendments include, inter alia: limiting the exemption for receipt of consideration in cash in a redevelopment transaction, such that consideration in cash will be exempt from appreciation tax only up to the exemption limit and only with respect to one apartment per seller on site; regulating tax aspects in cases of transfer of rights between developers or the issuance of shares in urban renewal transactions; granting a tax exemption also to owners of two existing apartments in the same building in NOP 38/2 (demolition and reconstruction) projects; entitling an owner in a "preferred area" or an "elderly person", as defined in the Law, to an exemption with respect to two apartments received in exchange for one existing apartment; entitling an owner in a "peripheral area", or in the sale of rights in a public-housing apartment, to an exemption for one or more apartments in the building; aligning the tax benefits granted to elderly owners in NOP 38/2 transactions with the benefits granted to them in redevelopment transactions;

extending the validity of Chapter Five (5) to the Land Taxation Law which provides the exemptions applicable to NOP 38 projects until 31 December 2033, and reducing the required majority in redevelopment transactions to two-thirds of the apartment owners to whom three-fifths of the common property in the condominium is attached.

In addition, in 2013 an amendment to the Land Taxation Regulations (Appreciation and Purchase) (Purchase Tax), 5735-1974, took effect, allowing a buyer of land right to receive a refund of one-sixth of the purchase tax paid thereby, to the extent that such tax was not deductible under the Income Tax Ordinance, provided that the purchase concerns land right in land for which a plan is in place, permitting the construction of at least one apartment designated for residence purposes, and that no later than 24 months from the date of purchase of the right, a permit was granted for the construction of at least one residential apartment. Following the Swords of Iron war, temporary relief was granted with respect to the calculation of such 24-month period.

Further thereto, on 15 October 2024, the Israel Tax Authority released a professional position paper regarding taxation in NOP 38/2 projects. According to the position paper, in cases where an apartment owner chooses to upgrade his consideration apartment to another apartment of higher value and pays the difference in cash, such action, under certain conditions, will not be deemed as a sale of a right in land that is liable for tax, but rather as a transaction for the commissioning of construction services and payment to the developer for such services, without any transfer of additional land rights. However, if the Land Taxation Administrator views the same as a sale transaction – purchase-tax may be charged depending on the circumstances.

11. Material Agreements

ZMH Hammerman is not a party to agreements which are material at the Group level.

12. Legal Proceedings

ZMH Hammerman is not a party to legal proceedings which are material at the Group level.

13. Objectives and Business Strategy; Development Forecast

13.1 The Company objectives include:

- 13.1.1 ZMH Hammerman focuses exclusively on the construction and Residential Sales Segment in Israel, within the urban segment and with national presence.
- 13.1.2 The Company aims to work in the future to expand ZMH Hammerman's current operations.

13.2 Strategy and development forecast in the coming year:

- 13.2.1 ZMH Hammerman focuses its core operations on the initiation of urban, multi-family residential sites in Israel, while maintaining and developing an executive arm for high-quality contract construction work, both for itself and for third parties. ZMH Hammerman's focus on the residential industry is based primarily on the perception of housing as an essential and evolving consumer product, with an expected steadily increasing gross demand in the urban segment and relatively stable gross profit margins. ZMH Hammerman intends to continue this trend also in the coming years.
- 13.2.2 ZMH Hammerman customarily enters into investments in residential projects for realization either in the short term or for betterment and realization in the medium to long term, namely between 3 and 10 years. ZMH Hammerman aims to realize the projects in which it is involved as quickly as possible and, accordingly, it places particular emphasis on planning, execution, and marketing efforts from the early stages of project initiation and throughout the construction period.
- 13.2.3 ZMH Hammerman's policy, based on the experience of its managers, is to acquire land, for cash or through combination transactions, on which valid building rights exist and from which building permits may be obtained. ZMH Hammerman also examines the acquisition of land with a zoning plan in effect and/or land intended for redesignation, utilization, and betterment. At this time, ZMH Hammerman prefers to engage in combination transactions and urban renewal transactions for reasons of cash flow, leverage, and the reduction of financing expenses in the high-interest-rate environment.
- 13.2.4 Review of investments in the income-producing real-estate sector in Israel, as part of the ZMH Hammerman's establishment as an experienced and reputable development company. However, in view of the sharp increase in interest rates over the past two years, ZMH Hammerman is refraining from expanding into this segment until a renewed assessment is conducted during the current year.
- 13.2.5 Expansion of ZMH Hammerman's operations in the urban renewal industry.

- 13.2.6 The Company and ZMH Hammerman may, from time to time, update their objectives and their business strategy in order to maximize the return on their assets, in view of changing market conditions.
- 13.2.7 ZMH Hammerman seeks to open additional stages in its active projects and to advance the projects currently in the construction phase. ZMH Hammerman also continuously reviews opportunities to enter new projects in the Residential Sales Segment in Israel.

14. Discussion on risk factors of ZMH Hammerman (through which the Company operates in the Residential Sales Segment)

14.1 Macro risks

- 14.1.1 The security and political situation in Israel – Demand in the real-estate sector is influenced, *inter alia*, by security-related events, such as the Swords of Iron war, which may cause a slowdown in the economy in general and in the real-estate sector in particular. The security-political situation in Israel has a direct impact on the real-estate industries, by way of a decline in demand for residential units and rising construction costs. A deterioration in the security and political situation in Israel may, and in practice does, lead *inter alia* to a shortage of manpower in the construction industry, an increase in construction-work costs, reduced demand for residential units and commercial space, and the halt of construction work pursuant to government or local-authority directives, and accordingly also adversely affect the operations of ZMH Hammerman through which the Company operates in the Residential Sales Segment, and its results.
- 14.1.2 Public health crisis – Public health emergencies (such as the effects of Covid) may impact the global economy and the Israeli economy, and accordingly cause, *inter alia*, a slowdown in the real estate industry and adversely affect the scope and results of operations of ZMH Hammerman, through which the Company operates in the Residential Sales Segment.
- 14.1.3 Availability and cost of credit – Since ZMH Hammerman obtains extensive bank financing for the purchase of land and for financing its operations, changes in the cost and availability of financing affect the profitability of the Residential Sales Segment. An increase in interest rates has a material impact on higher financing expenses and on real estate prices. To the Company's estimation, its access to

relatively convenient and low-cost financing sources may also assist in reducing ZMH Hammerman's existing financing costs³⁵.

14.2 Industry risks

- 14.2.1 Recession and market-wide sensitivity – A slowdown in the economy, which may even lead to a recession, has an impact on the demand for purchase of residential units in ZMH Hammerman's areas of operation, and may lead to a decrease in their selling prices and a reduction in the activity of ZMH Hammerman, through which the Company operates in the Residential Sales Segment.
- 14.2.2 Changes in interest rates in the economy – Changes in prevailing interest rates in the economy affect the financing expenses and profitability of the various projects. In addition, interest rates impact apartment buyers, who generally take mortgage loans to finance the purchase of the apartments. An increase in mortgage interest rates affects the buyers' repayment capacity and moderates the volume of apartment sales.
- 14.2.3 Governmental and municipal policies in construction matters – The construction sector is influenced by government and local authority policies relating to construction, land-marketing policies, policies aimed at encouraging and incentivizing apartment buyers and local authorities in various regions of the country, as well as regulation and statutory processes related to the sector. Changes in such policies affect, *inter alia*, the pace of project planning and licensing proceedings, the supply and availability of land, and may also affect the timetables for realization and completion of projects, thereby influencing the business of ZMH Hammerman through which the Company operates in the Residential Sales Segment.
- 14.2.4 Change in the Construction Input Index – An increase in construction input costs may affect the engagement prices between ZMH Hammerman and the subcontractors and

³⁵ The statements regarding the Company's access to convenient and low-cost financing sources and the potential to contribute to a reduction in ZMH Hammerman's financing costs constitute forward-looking information, within the meaning thereof in the Securities Law, based solely on the Company's assessments and estimates. Since ZMH Hammerman obtains extensive bank financing, the actual results may differ materially from the ones anticipated. The main risk arises from factors beyond the Company's control, such as changes in the cost and availability of the credit (in particular, an increase in interest rates), which may materially increase financing expenses and affect real estate prices and the profitability of the Company's Residential Sales Segment. This forward-looking information should not be deemed as certain.

suppliers with whom it works, as such prices are linked to fluctuations in this index. However, ZMH Hammerman customarily links the prices of the apartments it markets to changes in this index, to the extent permitted by law, thereby minimizing its exposure to index increases.

- 14.2.5 Prices of second-hand apartments – A decline in prices in the secondary housing market impacts the prices of new apartments, particularly for housing upgrades. Prices of second-hand apartments are influenced by a range of factors, including economic growth.
- 14.2.6 Government and Bank of Israel policy in the mortgages, loans and grants segments – Government and Bank of Israel policies in these areas primarily affect the level of demand for residential apartments. Changes in such policies, including the imposition of restrictions on banks in the mortgage segment, may result in higher mortgage interest rates paid by homebuyers (*inter alia*, due to banks being required to meet capital adequacy requirements in the real estate sector, and the banks' unwillingness or inability to absorb the increased cost of mortgages without rolling it over to customers, in order to maintain their return on equity from their mortgage operations). Consequently, such changes may lead to reduced demand for apartments and may also adversely affect the business of ZMH Hammerman through which the Company operates in the Residential Sales Segment and/or its results.
- 14.2.7 Rise of the interest on mortgages for purchase of apartments – An increase in such interest, together with a tightening of banks' policies regarding the amount of equity and collateral required from apartment buyers, may reduce the buyers' buying power and affect demand for apartments, and may consequently have an adverse effect on the results of ZMH Hammerman through which the Company operates in the Residential Sales Segment.
- 14.2.8 Planning and building laws and regulatory changes – The operations of ZMH Hammerman, through which the Company operates in the Residential Sales Segment are influenced by, and subject to, the requirements of the law in the planning and building segment, and other regulatory requirements. In addition, construction in Israel is subject to hundreds of construction standards and standard marks relating to construction methods, material quality and safety, including statutory provisions intended to enhance, maintain and enforce safety at construction sites. Any

change in planning and building provisions, regulatory requirements, and/or any tightening and/or addition of construction standards and standard marks may impose additional expenses on ZMH Hammerman, impair the pace of planning and licensing proceedings for projects, and affect project completion timetables, and may consequently have an adverse effect on the results of ZMH Hammerman, through which the Company operates in the Residential Sales Segment.

- 14.2.9 Tax laws – The operations of ZMH Hammerman, through which the Company operates in the Residential Sales Segment is subject to various tax laws. Among others, transactions for the sale of areas by ZMH Hammerman are liable for VAT. An increase in the VAT rate, particularly during recession, may adversely affect demand for apartments. In addition, ZMH Hammerman is liable for various levies and mandatory payments by virtue of planning and building law and land taxation law. An increase in betterment levies, construction fees and development levies, sales tax, the imposition of property tax, and other mandatory payments applicable to ZMH Hammerman, without its ability to roll over the additional costs to its customers, may adversely affect the financial results of ZMH Hammerman through which the Company operates in the Residential Sales Segment.
- 14.2.10 Environmental protection – In its operations, ZMH Hammerman is subject to environmental standards applicable to land in which it holds rights. Changes to such standards may require ZMH Hammerman, in order to comply with these standards, to incur expenses for implementing the necessary adjustments to these properties, which may amount to material sums.
- 14.2.11 Foreign workers – ZMH Hammerman employs foreign workers in the projects in which it is involved, through subcontractors and licensed corporations. Changes in the security situation in Israel, as well as changes in government policy that result in reduced quotas of foreign manpower in Israel, may affect the availability of labor in the construction industry, ZMH Hammerman's ability to timely complete the projects, and construction costs.
- 14.2.12 Availability and sharp fluctuations in raw material prices – The real estate segment is affected by the availability of construction raw materials and by changes in the prices of such materials. The prices of raw materials required for

construction, such as concrete, cement, stone, glass, aluminum and steel, are subject to extreme fluctuations over short periods, which may increase construction costs thus affecting the financial results of ZMH Hammerman, through which the Company operates in the Residential Sales Segment. Shortages in raw materials, *inter alia* as a result of changes in the security and/or political situation, labor disputes at seaports, developments in the global commodities market and in global consumption, supply chain disruptions, inflation, and events affecting the ability to import raw materials into Israel (including foreign restrictions on exports to Israel arising from economic or other boycotts), including public health emergencies, may lead to supply delays and price increases in the real estate industry.

- 14.2.13 Inherent risk in the Residential Sales Segment – The Residential Sales Segment is characterized by a relatively high level of risk. The risk inherent in operations in this segment is relatively high due to its unique characteristics, particularly given the exposure to risks associated with the land acquisition process, obtaining zoning plans and permits, securing financing, investing in construction, changes in construction input prices, and the availability of construction manpower.
- 14.2.14 Financial strength of subcontractors and suppliers – ZMH Hammerman generally acts as the turnkey main contractor in most of the projects in which it is involved. A deterioration in the financial strength of subcontractors in various trades and of suppliers, may impair the results of ZMH Hammerman through which the Company operates in the Residential Sales Segment, particularly due to the additional costs involved in replacement of a subcontractor or supplier before completion of the project.
- 14.2.15 Difficulties in obtaining financing – A tightening of bank credit policies in general, and in the construction industry in particular, may affect ZMH Hammerman's ability to obtain financing for its operations, as well as the cost of raising the capital required for the construction of various projects, and create difficulties in the purchase and/or sale of assets (to third parties who require financing for such purchase), and may consequently impact the business results of ZMH Hammerman, through which the Company operates in the Residential Sales Segment.

- 14.2.16 Non-commencement of new residential projects – Non-commencement of new residential projects for a significant period (whether due to cash flow constraints, an economic slowdown, economic crises, public health emergencies (such as the effects of Covid), security events (including war), government policies regarding land marketing, increases in construction costs, reduced availability and higher cost of financing sources, or for any other reason) may, particularly over the long term, lead to a reduction in the operations of ZMH Hammerman, through which the Company operates in the Residential Sales Segment and thereby adversely affect its financial results.
- 14.2.17 Non-compliance with financial covenants and undertakings under the projects' financing agreements with the lending institutions may materially impair the financial results of ZMH Hammerman, through which the Company operates in the Residential Sales Segment.

14.3 Special risks in the Residential Sales Segment

- 14.3.1 Yields lower than costs of credit – If the yields on ZMH Hammerman's liquidity balances are lower than ZMH Hammerman costs of credit, the ongoing profitability of ZMH Hammerman will be adversely affected.
- 14.3.2 Impact of ZMH Hammerman's managers – The operations of ZMH Hammerman, through which the Company operates in the Residential Sales Segment are, to some extent in the short term, influenced by the availability, relationships, and capabilities of ZMH Hammerman's management to continue to engage in and develop the segment.
- 14.3.3 Geographic dispersion – A decline in apartment prices in the Dan Region may adversely affect the results of ZMH Hammerman, through which the Company operates in the Residential Sales Segment, given that ZMH Hammerman has significant (in terms of profitability) projects in the Dan Region.
- 14.3.4 Operations through investee companies and joint transactions – A significant portion of ZMH Hammerman's operations is conducted with business partners through joint transactions or investee companies of ZMH Hammerman. To the best of the Company's knowledge, such business partners of ZMH Hammerman are themselves exposed to the risk factors characterizing ZMH

Hammerman's operations (macro-economic risks and industry risks). Accordingly, economic and other difficulties faced by such partners as a result of such (and other) risk factors may themselves constitute a risk factor for ZMH Hammerman through which the Company operates in the Residential Sales Segment *inter alia*, by creating exposure vis-à-vis a project's lender, causing project delays or halts, leading to breaches of undertakings vis-à-vis third parties, requiring the provision of financing over and above ZMH Hammerman's pro rata share in the project, etc., and may consequently impair the results of ZMH Hammerman, through which the Company operates in the Residential Sales Segment.

The risk factors detailed above are presented below in a table ranking their estimated impact on the business of ZMH Hammerman, through which the Company operates in the Residential Sales Segment, classified by type of risk:

	Major impact	Medium impact	Minor impact
Microeconomic and financial risks			
Public health crisis		X	
Availability and cost of credit	X		
The security and political situation in Israel	X		
Industry risks			
Recession and market-wide sensitivity	X		
Changes in market interest rates	X		
Government and municipal policy on construction matters	X		
Change in the Construction Input Index			X
Second-hand apartment prices		X	
Government policy in the mortgages, loans and grants segment	X		
Increase in mortgage interest rates for the acquisition of apartments	X		
Planning and building laws and regulation changes		X	
Tax laws	X		
Environmental protection			X
Foreign workers	X		
Availability of, and sharp fluctuations in, raw material prices	X		
Inherent risk in the Residential Sales Segment		X	
Financial strength of suppliers			X
Difficulties in obtaining financing	X		
Non-commencement of new residential projects	X		
Non-compliance with financial covenants and undertakings by virtue of financing agreements	X		
Specific risks in the Residential Sales Segment			
Yields lower than costs of credit		X	
Impact of ZMH Hammerman's managers		X	
Geographic dispersion			X
Operations through investee companies and joint transactions		X	



PART C

Consolidated Financial Statements Dated 30 September 2025

Azrieli Group Ltd.

**Condensed Consolidated Financial Statements
as of 30 September 2025**

(Unaudited)

Azrieli Group Ltd.

**Condensed Consolidated Financial Statements
As of 30 September 2025**

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Auditors' review report to the shareholders of Azrieli Group Ltd.

Introduction:

We have reviewed the accompanying financial information of **Azrieli Group Ltd.**, the company and consolidated companies (the "**Company**") which includes the Condensed Consolidated Statement of Financial Position as of 30 September 2025 and the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income, Changes in Capital and Cash Flows for the nine- and three-month periods then ended. The board of directors (the "**Board**") and management are responsible for the preparation and presentation of the financial information for these interim periods in accordance with IAS 34 "Interim Financial Reporting", and they are responsible for the preparation of information for these interim periods under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. Our responsibility is to express a conclusion on this interim financial information, based on our review.

We did not review the condensed financial information of a consolidated company whose assets included in the consolidation constitute approx. 2.58% of the total consolidated assets as of 30 September 2025 and the condensed financial information of an investment accounted for at the equity method, the investment in which is approx. NIS 175 million as of 30 September 2025. The condensed financial information of such companies was reviewed by other auditors whose review report was provided to us, and our conclusion, insofar as it relates to the financial information of such companies, is based on the review report of the other auditors.

Scope of Review:

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel – "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Generally Accepted Auditing Standards in Israel, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

Based on our review and on the review report of other auditors, nothing has come to our attention that causes us to believe that the accompanying financial information has not been prepared, in all material respects, in accordance with IAS 34.

In addition to the statements in the previous paragraph, based on our review and on the review report of other auditors, nothing has come to our attention which causes us to believe that the accompanying financial information does not meet, in all material respects, the disclosure provisions under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Brightman Almagor Zohar & Co.
Certified Public Accountants
A Firm in the Deloitte Global Network

Tel Aviv, 25 November 2025

Azrieli Group Ltd.
Condensed Consolidated Statements of Financial Position

	<u>As of 30 September</u>		<u>As of 31 Dec.</u>
	<u>2 0 2 5</u>	<u>2 0 2 4</u>	<u>2 0 2 4</u>
	<u>NIS in</u>	<u>NIS in</u>	<u>NIS in</u>
	<u>millions</u>	<u>millions</u>	<u>millions</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
<u>Assets</u>			
Current assets			
Cash and cash equivalents	3,245	2,471	4,633
Short-term investments and deposits	13	1	1
Trade accounts receivable	455	125	132
Other receivables	555	404	359
Inventory	17	11	3
Inventory of buildings and apartments for sale	902	-	-
Current tax assets	86	77	83
Total current assets	<u>5,273</u>	<u>3,089</u>	<u>5,211</u>
Non-current assets			
Investments in companies accounted for using the equity method	415	59	45
Loans and receivables	901	585	729
Financial assets	2,290	1,280	1,523
Investment property and investment property under construction	51,418	47,878	48,043
Property, plant and equipment	985	867	907
Inventory of land	404	-	-
Intangible and other assets	1,561	1,600	1,475
Total non-current assets	<u>57,974</u>	<u>52,269</u>	<u>52,722</u>
Total assets	<u>63,247</u>	<u>55,358</u>	<u>57,933</u>

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Financial Position
(Continued)

	As of 30 September		As of 31 Dec.
	2025	2024	2024
	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Audited)
Liabilities and capital			
Current liabilities			
Credit and current maturities from financial corporations and bonds	2,595	2,373	2,473
Trade payables	648	486	617
Payables and other current liabilities	681	460	484
Deposits from senior housing customers	1,516	1,419	1,425
Current tax liabilities	5	41	3
Total current liabilities	5,445	4,779	5,002
Non-current liabilities			
Loans from financial corporations	4,894	3,409	3,262
Bonds	21,703	17,868	20,159
Other liabilities	437	434	406
Deferred tax liabilities	5,713	5,056	5,267
Liabilities for an option granted to non-controlling interest holders	260	-	-
Total non-current liabilities	33,007	26,767	29,094
Capital			
Ordinary share capital	18	18	18
Share premium	2,518	2,518	2,518
Capital reserves	797	659	206
Retained earnings	21,437	20,591	21,065
Total equity attributable to the shareholders of the Company	24,770	23,786	23,807
Non-controlling interests	25	26	30
Total capital	24,795	23,812	23,837
Total liabilities and capital	63,247	55,358	57,933

25 November 2025

**Date of approval of the
financial statements**

**Danna Azrieli
Chairwoman of the Board
and Acting CEO**

**Irit Sekler-Pilosof
Director***

**Ariel Goldstein
CFO**

* According to authorization by the Company's Board of 25 November 2025 for the signing of the financial statements, in view of the fact that the Chairwoman of the Board also holds office as Acting CEO.

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December
	2025	2024	2025	2024	2024
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Revenues from rent, management and maintenance fees and sales, net	2,860	2,369	973	839	3,281
Cost of revenues from rent, management and maintenance fees and sales	909	697	316	253	979
	<u>1,951</u>	<u>1,672</u>	<u>657</u>	<u>586</u>	<u>2,302</u>
Gross profit					
Sales and marketing	53	51	18	17	75
G&A	264	177	81	61	263
	<u>1,634</u>	<u>1,444</u>	<u>558</u>	<u>508</u>	<u>1,964</u>
Operating profit before other income and expenses					
Net profit from fair value adjustment of investment property and investment property under construction	805	636	360	318	913
Share in the results of a company accounted for using the equity method, net of tax	(2)	-	-	-	(5)
Other income (expenses), net	9	(2)	17	11	(3)
	<u>2,446</u>	<u>2,078</u>	<u>935</u>	<u>837</u>	<u>2,869</u>
Operating profit after other income and expenses					
Financing income	247	120	45	37	141
Financing expenses	1,237	967	505	417	1,086
	<u>1,456</u>	<u>1,231</u>	<u>475</u>	<u>457</u>	<u>1,924</u>
Income before income taxes					
Taxes on income	(283)	(228)	(79)	(74)	(442)
	<u>1,173</u>	<u>1,003</u>	<u>396</u>	<u>383</u>	<u>1,482</u>
Net income for the period					
Other comprehensive income (loss):					
Amounts that will not be carried in the future to profit or loss, net of tax:					
Change in the fair value of financial assets, net of tax	594	191	73	146	377
Amounts that were or will be carried in the future to profit or loss, net of tax:					
Profit (loss) from cash flow hedging, net of tax	(10)	2	(7)	(10)	12
Translation differences from foreign operations	(12)	42	(101)	4	(610)
Total	<u>(22)</u>	<u>44</u>	<u>(108)</u>	<u>(6)</u>	<u>(598)</u>
Other comprehensive income (loss) for the period, net of tax	<u>572</u>	<u>235</u>	<u>(35)</u>	<u>140</u>	<u>(221)</u>
Total comprehensive income for the period	<u>1,745</u>	<u>1,238</u>	<u>361</u>	<u>523</u>	<u>1,261</u>

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income (Continued)

	For the nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December
	2025	2024	2025	2024	2024
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Net income for the period attributable to:					
shareholders of the Company	1,172	1,003	395	383	1,477
non-controlling interests	1	-	1	-	5
	<u>1,173</u>	<u>1,003</u>	<u>396</u>	<u>383</u>	<u>1,482</u>
Total comprehensive income for the period attributable to:					
shareholders of the Company	1750	1,237	361	524	1,256
non-controlling interests	(5)	1	-	(1)	5
	<u>1,745</u>	<u>1,238</u>	<u>361</u>	<u>523</u>	<u>1,261</u>
	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>	<u>NIS</u>
Basic and diluted earnings (in NIS) per ordinary share of par value NIS 0.1 attributable to shareholders of the Company:					
Basic	<u>9.67</u>	<u>8.27</u>	<u>3.27</u>	<u>3.16</u>	<u>12.22</u>
On a fully diluted basis	<u>9.67</u>	<u>8.27</u>	<u>3.26</u>	<u>3.16</u>	<u>12.17</u>
Weighted average of number of shares used for calculating the basic and diluted earnings per share:					
Basic	<u>121,272,760</u>	<u>121,272,760</u>	<u>121,272,760</u>	<u>121,272,760</u>	<u>121,272,760</u>
On a fully diluted basis	<u>121,338,821</u>	<u>121,272,760</u>	<u>121,393,216</u>	<u>121,272,760</u>	<u>121,784,503</u>

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Changes in Capital

For the nine-month period ended 30 September 2025 (Unaudited)

	Share capital	Share premium	Capital reserve for changes in the fair value of investments in equity instruments designated at fair value through other comprehensive income	Capital reserve for translation differences from foreign operations	Other capital reserves	Retained earnings	Total attributable to the shareholders of the Company	Non-controlling interests	Total
NIS in millions									
Balance as of 1 January 2025	18	2,518	908	(733)	31	21,065	23,807	30	23,837
Movement in the report period:									
Net income for the period	-	-	-	-	-	1,172	1,172	1	1,173
Change in fair value of financial assets, net of tax	-	-	594	-	-	-	594	-	594
Translation differences from foreign operations	-	-	-	(6)	-	-	(6)	(6)	(12)
Loss from cash flow hedging, net of tax	-	-	-	-	(10)	-	(10)	-	(10)
Total comprehensive income for the period	-	-	594	(6)	(10)	1,172	1,750	(5)	1,745
Share-based payment capital reserve	-	-	-	-	13	-	13	-	13
Dividend to the shareholders of the Company	-	-	-	-	-	(800)	(800)	-	(800)
Total transactions with the shareholders of the Company	-	-	-	-	13	(800)	(787)	-	(787)
Balance as of 30 September 2025	18	2,518	1,502	(739)	34	21,437	24,770	25	24,795

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Changes in Capital
(Continued)

For the nine-month period ended 30 September 2024 (Unaudited)

	Share capital	Share premium	Capital reserve for changes in the fair value of investments in equity instruments designated at fair value through other comprehensive income	Capital reserve for translation differences from foreign operations	Other capital reserves	Retained earnings	Total attributable to the shareholders of the Company	Non- controlling interests	Total
	NIS in millions								
Balance as of 1 January 2024	18	2,518	531	(123)	11	20,588	23,543	25	23,568
Movement in the report period:									
Net income for the period	-	-	-	-	-	1,003	1,003	-	1,003
Change in fair value of financial assets, net of tax	-	-	191	-	-	-	191	-	191
Translation differences from foreign operations	-	-	-	41	-	-	41	1	42
Profit from cash flow hedging	-	-	-	-	2	-	2	-	2
Total comprehensive income for the period	-	-	191	41	2	1,003	1,237	1	1,238
Share-based payment capital reserve	-	-	-	-	6	-	6	-	6
Dividend to the shareholders of the Company	-	-	-	-	-	(1,000)	(1,000)	-	(1,000)
Total transactions with the shareholders of the Company	-	-	-	-	6	(1,000)	(994)	-	(994)
Balance as of 30 September 2024	18	2,518	722	(82)	19	20,591	23,786	26	23,812

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Changes in Capital
(Continued)

For the three-month period ended 30 September 2025 (Unaudited)

	Share capital	Share premium	Capital reserve for changes in the fair value of investments in equity instruments designated at fair value through other comprehensive income	Capital reserve for translation differences from foreign operations	Other capital reserves	Retained earnings	Total attributable to the shareholders of the Company	Non-controlling interests	Total
	NIS in millions								
Balance as of 1 July 2025	18	2,518	1,429	(639)	37	21,042	24,405	25	24,430
Movement in the report period:									
Net income for the period	-	-	-	-	-	395	395	1	396
Change in fair value of financial assets, net of tax	-	-	73	-	-	-	73	-	73
Translation differences from foreign operations	-	-	-	(100)	-	-	(100)	(1)	(101)
Loss from cash flow hedging, net of tax	-	-	-	-	(7)	-	(7)	-	(7)
Total comprehensive income for the period	-	-	73	(100)	(7)	395	361	-	361
Share-based payment capital reserve	-	-	-	-	4	-	4	-	4
Total transactions with the shareholders of the Company	-	-	-	-	4	-	4	-	4
Balance as of 30 September 2025	18	2,518	1,502	(739)	34	21,437	24,770	25	24,795

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Changes in Capital
(Continued)

For the three-month period ended 30 September 2024 (Unaudited)

	Share capital	Share premium	Capital reserve for changes in the fair value of investments in equity instruments designated at fair value through other comprehensive income	Capital reserve for translation differences from foreign operations	Other capital reserves	Retained earnings	Total attributable to the shareholders of the Company	Non- controlling interests	Total
	NIS in millions								
Balance as of 1 July 2024	18	2,518	576	(87)	26	20,208	23,259	27	23,286
Movement in the report period:								-	
Net income for the period	-	-	-	-	-	383	383	-	383
Change in fair value of financial assets, net of tax	-	-	146	-	-	-	146	-	146
Translation differences from foreign operations	-	-	-	5	-	-	5	(1)	4
Loss from cash flow hedging	-	-	-	-	(10)	-	(10)	-	(10)
Total comprehensive income for the period	-	-	146	5	(10)	383	524	(1)	523
Share-based payment capital reserve	-	-	-	-	3	-	3	-	3
Total transactions with the shareholders of the Company	-	-	-	-	3	-	3	-	3
Balance as of 30 September 2024	18	2,518	722	(82)	19	20,591	23,786	26	23,812

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Changes in Capital
(Continued)

For the year ended 31 December 2024 (Audited)

	Share capital	Share premium	Capital reserve for changes in the fair value of investments in equity instruments designated at fair value through other comprehensive income	Capital reserve for translation differences from foreign operations	Other capital reserves	Retained earnings	Total attributable to the shareholders of the Company	Non-controlling interests	Total
NIS in millions									
Balance as of 1 January 2024	18	2,518	531	(123)	11	20,588	23,543	25	23,568
Net income for the year	-	-	-	-	-	1,477	1,477	5	1,482
Change in fair value of financial assets, net of tax	-	-	377	-	-	-	377	-	377
Translation differences from foreign operations	-	-	-	(610)	-	-	(610)	-	(610)
Profit from cash flow hedging, net of tax	-	-	-	-	12	-	12	-	12
Total other comprehensive income for the year	-	-	377	(610)	12	1,477	1,256	5	1,261
Share-based payment capital reserve	-	-	-	-	8	-	8	-	8
Dividend to the shareholders of the Company	-	-	-	-	-	(1,000)	(1,000)	-	(1,000)
Total transactions with the Company's shareholders	-	-	-	-	8	(1,000)	(992)	-	(992)
Balance as of 31 December 2024	18	2,518	908	(733)	31	21,065	23,807	30	23,837

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Cash Flows

	For the nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December
	2 0 2 5	2 0 2 4	2 0 2 5	2 0 2 4	2 0 2 4
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Cash flows – operating activities					
Net income for the period	1,173	1,003	396	383	1,482
Depreciation and amortization	16	13	6	4	20
Forfeiture of senior housing residents' deposits	(46)	(42)	(16)	(15)	(57)
Profit from fair value adjustment of investment property and investment property under construction, net	(805)	(636)	(360)	(318)	(913)
Net financing and other expenses	936	808	439	370	888
Share in results of an associate accounted for using the equity method	2	-	-	-	5
Expenses due to share-based payment	13	6	4	3	8
Taxes recognized in the income statement	283	228	79	74	442
Income taxes paid, net	(58)	(88)	(8)	(39)	(151)
Change in inventory	(14)	(5)	2	(4)	3
Change in trade and other receivables	(395)	90	(282)	(115)	35
Change in trade and other payables	88	(152)	138	(12)	(51)
Receipt of deposits from senior housing residents	158	148	57	70	204
Return of deposits from senior housing residents	(58)	(57)	(20)	(17)	(90)
Change in employee provisions and benefits	(13)	(2)	(5)	1	(9)
Net cash – operating activities	1,280	1,314	430	385	1,816
Cash flows – investment activities					
Proceeds from liquidation of property, plant and equipment	1	-	-	-	-
Proceeds from disposition of investment property	-	31	-	-	31
Acquisition of and investment in investment property and investment property under construction	(2,211)	(2,401)	(387)	(752)	(2,882)
Acquisition of and investment in property, plant and equipment and intangible assets	(111)	(159)	(18)	(50)	(235)
Investments in companies accounted for using the equity method	(2)	(23)	-	-	(24)
Change in short-term deposits	(70)	-	-	-	-
Provision of long-term loans	(148)	(156)	-	(52)	(218)
Collection of long-term loans	1	2	-	1	2
Interest and dividend received	186	143	63	43	187
Acquisition of companies consolidated for the first time (Annex A)	(536)	-	(536)	-	-
Taxes paid for assets	(33)	-	-	-	-
Institutions received for the purchase of assets	-	-	100	-	-
Net cash – investment activities	(2,923)	(2,563)	(778)	(810)	(3,139)

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Cash Flows
(Continued)

	For the nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December
	2025	2024	2025	2025	2024
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Cash flows – financing activities					
Dividend distribution to shareholders	(800)	(1,000)	-	-	(1,000)
Repayment of bonds	(1,649)	(1,355)	(571)	(312)	(1,355)
Issuance of bonds net of issue expenses	2,467	1,189	2,467	1,189	3,626
Receipt of long-term loans from financial corporations	1,598	1,079	-	77	1,115
Repayment of long-term loans from financial corporations	(107)	(695)	(43)	(35)	(715)
Short-term credit from financial corporations, net	(658)	(91)	(658)	637	(90)
Payment of lease liabilities	(8)	(17)	(7)	(6)	(22)
Repayment of deposits from customers	(6)	(4)	(1)	(1)	(4)
Deposits from customers that were received	6	-	-	-	5
Paid interest	(562)	(339)	(233)	(107)	(485)
Net cash – financing activities	<u>281</u>	<u>(1,233)</u>	<u>954</u>	<u>1,442</u>	<u>1,075</u>
Increase (decrease) in cash and cash equivalents	(1,362)	(2,482)	606	1,017	(248)
Cash and cash equivalents at beginning of period	4,633	4,915	2,643	1,446	4,915
Effect of exchange rate changes on cash balances held in foreign currency	(26)	38	(4)	8	(34)
Cash and cash equivalents at end of period	<u>3,245</u>	<u>2,471</u>	<u>3,245</u>	<u>2,471</u>	<u>4,633</u>

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

Azrieli Group Ltd.
Condensed Consolidated Statements of Cash Flows
(Continued)

Annex A - Acquisition of Companies Consolidated for the First Time:

	For the nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 Dec.
	2025	2024	2025	2024	2024
	NIS in millions (Unaudited)	NIS in millions (Unaudited)	NIS in millions (Unaudited)	NIS in millions (Unaudited)	NIS in millions (Audited)
Working capital (excluding for cash and cash equivalents)	734	-	734	-	-
Inventory of buildings and apartments for sale	(902)	-	(902)	-	-
Land inventory	(404)	-	(404)	-	-
Non-current assets and intangible assets	(532)	-	(532)	-	-
Liabilities for an option granted to non-controlling interest holders	260	-	260	-	-
Long-term liabilities including current maturities	308	-	308	-	-
Total	(536)	-	(536)	-	-

The notes attached to the Condensed Consolidated Financial Statements form an integral part hereof.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 September 2025
(Unaudited)

Note 1 – General

- A.** Azrieli Group Ltd. (the “**Company**”) is a company domiciled and incorporated in Israel and whose registered address is 1 Azrieli Center, Tel Aviv.

The Company is listed on the Tel Aviv Stock Exchange (“**TASE**”) and is included, *inter alia*, in the “Tel Aviv 35” Index and in the “Tel Aviv Real Estate” Index.

The Company has bond series (Series D-J) that have been issued to the public as well as commercial paper (CP 1). In the report period, the Company repaid the balance of the Series B bonds according to the payment schedule, and the balance of the CP 1 was repaid on maturity.

The Group’s Consolidated Financial Statements as of 30 September 2025 include those of the Company and of its subsidiaries (jointly, the “**Group**”), as well as the Group’s rights in associates and in jointly-controlled entities.

As of the report release date, Azrieli Holdings Inc., the controlling shareholder of the Company (“**Azrieli Holdings**”), directly and/or indirectly holds (through its holding of the entire share capital of Nadav Investments Inc. (“**Nadav Investments**”)), (both private companies registered in Canada), ~55.62% of the Company’s share capital and ~61.31% of the Company’s voting rights.

As the Company was informed, each one of Sharon Azrieli, Naomi Azrieli and Danna Azrieli, holds, directly and through a Canadian holding corporation controlled by them (“**Canadian Holding Corporation**”), ~28.02% of the capital rights in Azrieli Holdings and ~33.13% of the voting rights in Azrieli Holdings, and they jointly hold ~84.06% of the capital rights in Azrieli Holdings and ~99.39% of the voting rights therein. The remainder of Azrieli Holdings’ shares are mainly held by the Azrieli Foundation of Canada (an interested party of the Company), which holds (indirectly, through a holding of shares of a Canadian Holding Corporation) ~15.93% of Azrieli Holdings’ shares, with no voting rights (which constitutes, indirectly, a holding of ~8.86% of the capital rights of the Company), in addition to and separately from its direct holding of ~8.55% of the capital and voting rights in the Company.

As of the report date, Sharon Azrieli, Naomi Azrieli and Danna Azrieli are the Company’s controlling shareholders.

- B.** These Condensed Consolidated Statements should be reviewed in the context of the Group’s annual financial statements as of 31 December 2024, and for the year then ended (the “**Annual Financial Statements**”), and the notes attached thereto.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 September 2025
(Unaudited)

Note 2 – Significant Accounting Policies

A. The basis for the preparation of the Financial Statements:

The Group's condensed consolidated financial statements ("Interim Financial Statements") were prepared in accordance with IAS 34 – Interim Financial Reporting ("IAS 34").

In the preparation of these Interim Financial Statements the Group has applied the accounting policy, rules of presentation and methods of calculation identical to those used in the preparation of its financial statements as of 31 December 2024 and for the year then ended.

The condensed consolidated financial statements were prepared in accordance with the disclosure provisions in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

B. The operating cycle period:

The Group has two operating cycles. The operating cycle does not exceed 12 months, other than in the contractor work (project development) field, where the Group's operating cycle exceeds one year and extends over a period of two to five years. As a result, the current assets and current liabilities include items that are designated and expected to be realized during the operating cycle of these activities, which lasts up to five years.

C. Use of estimates and discretion:

(1) In the preparation of the condensed financial statements in accordance with IFRS, the Group's management is required to use discretion, evaluations, estimates and assumptions which affect the application of the policy and the amounts of assets and liabilities, revenues and expenses. It is clarified that the actual results may differ from such estimates.

The evaluations and discretion used by the management to apply the accounting policy and prepare the Consolidated Interim Financial Statements were identical to those used in the preparation of the Financial Statements as of 31 December 2024.

(2) Further to Note 3B to the Annual Financial Statements, as of 30 September 2025, the Group has updated the valuations for some of its investment property assets. The profit from fair value adjustment of investment property and investment property under construction of retail and offices mainly derived from the effect of the rise in the index on the value of the properties, in the DC segment it mainly derived from a decrease in the cap rates in view of the progress in construction of the segment's properties. In the senior housing segment, the loss from fair value adjustment of investment property under construction derived from reduction of purchase tax for the purchase of the land in Sde Dov.

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Note 2 – Significant Accounting Policies (Cont.)

D. Rates of exchange and linkage basis:

- (1) Balances that are stated in foreign currency or linked thereto are recorded in the Financial Statements according to the representative exchange rates published by the Bank of Israel and which were effective as of the end of the report period.
- (2) Balances that are linked to the Consumer Price Index (CPI) are presented according to the last known CPI at the end of the report period (the CPI for the month preceding the month of the date of the financial statement) or according to the CPI for the last month of the report period (the CPI of the month of the financial statement), according to the terms and conditions of the transaction.
- (3) The following is data on the significant exchange rates and the CPI:

	Representative Exchange Rate of		CPI in Israel	
	NOK	Dollar	"For"	"Known"
Date of the Financial Statements:				
As of 30 September 2025	0.3311	3.306	263.42	264.95
As of 30 September 2024	0.3524	3.710	257.11	257.58
As of 31 December 2024	0.3222	3.647	256.64	257.35
Rates of change:				
	%	%	%	%
For the nine-month period ended:				
30 September 2025	2.76	(9.35)	2.64	2.95
30 September 2024	(0.98)	2.29	3.43	3.52
For the three-month period ended:				
30 September 2025	(0.96)	(1.96)	0.48	1.36
30 September 2024	0.09	(1.30)	1.31	1.59
For the year ended:				
31 December 2024	(9.47)	0.55	3.24	3.43

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Note 3 – Material Events during the Report Period

- A. On 19 March 2025, the Company's Board decided upon the distribution of a dividend to the shareholders of the Company in the sum of NIS 800 million (reflecting NIS 6.60 per share), which was paid on 6 May 2025.
- B. On 14 January 2025, an amendment (the "**Amendment**") was signed to a service agreement between Green Mountain AS ("**GM**"), through a company wholly owned thereby (the "**Service Provider**"), and TikTok Norway AS (the "**Customer**"), for the provision of 90MW of data center services to the Customer on a campus that was built by GM in Norway. In accordance with the Amendment, the parties agreed that any delay in the construction and provision of the services that occurred until the date of the Amendment would not establish a right to termination of the agreement by the Customer, and the parties further agreed on an updated future date on which the Customer shall have a right of termination for any delay in the construction of the then remaining 30MW. The Amendment does not derogate from the Customer's right to reduction of payments due to the delays that occurred to date in the provision of the services, in accordance with the provisions of the agreement. According to the Amendment, in any case of imposition of regulatory restrictions the Customer will be entitled to terminate the agreement subject to payment of termination fees that apply to termination for any reason in lieu of reduced termination fees. In addition, according to the Amendment, in any case of the imposition of regulatory restrictions that prevent the Service Provider from providing the services to the Customer, a right to terminate the agreement was added in favor of the Service Provider, which is subject to certain terms and conditions as stated in the Amendment (with no entitlement to receipt of termination fees from the Customer in such a case). In 2024 the process of delivery to the Customer of the entire 90MW was completed.

On 28 January 2025, the Customer had given notice of exercise of the option to increase the capacity by another 30MW. GM is examining the exercise notice and there is no certainty that the capacity increase will go ahead.

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Notes to the Condensed Consolidated Financial Statements
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Note 3 – Material Events during the Report Period (Cont.)

- C.** On 6 February 2025, GM was provided with a non-recourse loan in the sum of approx. Euro 371 million (approx. NIS 1.4 billion) by two foreign banking corporations to finance the project with the Customer. According to the financing agreement signed on 18 December 2024, the loan will bear variable interest with a margin spread of 4.3% above the 3M EURIBOR interest rate. The interest will be paid on a quarterly basis and in addition, a payment of 2.5% of the original loan amount will be paid at the end of the loan period. The principal will be repaid at a rate of 2.5% annually and the outstanding principal will be repaid at the end of the loan period. The term of the loan is 5 years from the date of signing of the financing agreement, with an option to extend the term of the loan by one more year subject to the terms and conditions set forth in the financing agreement. The financing agreement includes financial covenants regarding the project's LTV – less than 50%, ICR – reflecting the ratio between the monthly income from the Customer net of operating expenses, and the interest payments for the loan – no less than 1.5, a ratio between the monthly income from the Customer net of operating expenses and the loan amount in the measurement period – no less than 15%. Against the loan, a pledge was imposed on all rights in the project and all rights arising from the agreement and other agreements related to the project, as well as a pledge on all the share capital of a wholly-owned subsidiary of GM. In the financing agreement, the Company and a foreign subsidiary thereof undertook to make capital injections for certain liabilities of GM as determined in the financing agreement. The effective interest rate for the loan is 7.7% per annum. As of the report date, GM meets the financial covenants.
- D.** On 19 February 2025, the Company reported that it had learned that it had won a tender of the Israel Land Authority (ILA) for the purchase of leasehold rights in a lot in Tel Aviv, for the construction of a senior housing project and retail areas, in consideration for approx. NIS 550 million, plus VAT. The rights are contingent on the taking effect of the zoning plan that applies to the lot. The land is designated for the construction of a senior housing project comprising ~350 apartments and retail areas. According to the terms and conditions of the tender, the Company shall pay, in addition to the cost of the land, approx. NIS 46 million for development expenses. On 19 March 2025, final confirmation of the win was received from the ILA, the zoning plan that applies to the lot took effect, and in June 2025 the balance of the consideration was paid.
- E.** On 19 February 2025, further to the negotiations conducted by GM, with a leading international technology company for engagement in an agreement for the provision of ~120MW of data center services on a campus to be built by GM in Norway, the Company reported that due to a decision not to grant a regulatory permit required for the land on which GM planned to build the campus, GM is reviewing other alternative land for the construction of the campus. On 25 March 2025 the Company reported that until and insofar as an appropriate alternative is found for the Customer, the negotiations for the transaction in the current format are suspended.

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Note 3 – Material Events during the Report Period (Cont.)

- F. On 19 March 2025, the Company's Board approved the granting of 500,294 unlisted options to officers and some of the Company's employees (125,081 of which were granted to the then CEO of the Company after receipt of the general meeting's approval), exercisable for up to 500,294 ordinary shares of the Company, at a price of NIS 285.16 per share, reflecting the average closing price on TASE of the Company's stock in the 30 trading days preceding the date of the Board's resolution that approved the granting of the options. The exercise price shall be adjusted by reducing the exercise price by the amount of the dividend distributed per share. The fair value of an option unit is approx. NIS 76.75 calculated based on the Black-Scholes model. The options are exercisable according to a cashless exercise mechanism only. The options will vest and become exercisable in four equal annual tranches, such that all of the options will vest 48 months after the date of allocation thereof.

The exercise period shall be according to the Company's option plan. First tranche options that vest and are not exercised within three years from their vesting date, shall expire. Second, third and fourth tranche options that vest and are not exercised within two years from their vesting date, shall expire. The options were granted to the Company's officers and employees on 27 and 29 April 2025, after fulfillment of all the conditions required for the grant.

On 21 September 2025, upon separation from office of the Company's former CEO, Mr. Ron Avidan, all of the options granted to him expired.

- G. On 20 March 2025 the Company reported that it had engaged with SolarEdge in an agreement whereby the estimated date for commencement of the term of the lease will be postponed, such that it will begin at the start of 2027, and SolarEdge is remaining in the existing leased premises of the Company at "Azrieli Herzliya Business Park" until commencement of the lease. In addition, it was agreed that payment would be made to the Company for each month of delay until SolarEdge enters the campus. Subsequent to the report date, the parties engaged in an amendment to the agreement. See Note 6A to the financial statements for further details.
- H. Further to Note 26B(4) to the Annual Financial Statements, on 19 June 2025, the parties entered into a binding merger agreement, and the Company engaged with the controlling shareholders of ZMH Hammerman (the "**Managers Group**") in a shareholders' agreement with respect to the parties' holdings in ZMH Hammerman and for management after the closing of the transaction. According to the merger agreement, based on a ZMH Hammerman valuation in the transaction of NIS 855 million, subject to adjustments as shall be determined in the final agreement and subject to completion of the due diligence on ZMH Hammerman by the Company, the Company shall acquire and hold ordinary shares of ZMH Hammerman in a quantity that shall constitute ~66.67% of its issued share capital, out of which shares constituting ~10% of ZMH Hammerman's share capital shall be sold by the Managers Group. The remaining shares, constituting ~33.33% of the issued share capital of ZMH Hammerman, shall continue to be held by the Managers Group.

AZRIELI GROUP LTD.
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(Unaudited)

Note 3 – Material Events during the Report Period (Cont.)

H. (Cont.)

An amendment to the merger agreement and to an amendment thereto was signed on 6 August 2025, such that the value of ZMH Hammerman in the transaction was linked to the CPI from 31 March 2025 until the transaction closing date, plus NIS 5 million, and according to the known index as of the date of the amendment to the agreement totaled approx. NIS 873 million. Deductions and adjustments in the sum total of approx. NIS 7.7 million will be deducted from the said updated value, in lieu of a deduction of approx. NIS 15.9 million, as determined in the original transaction.

On 9 September 2025, and after fulfillment of the closing conditions thereof, the merger transaction with ZMH Hammerman was closed, and the consideration for the merger in sum total of NIS 579 million was paid to the entitled shareholders.

In the transaction, the sellers were granted a put option to sell the remaining ZMH Hammerman's shares in accordance with the terms of the agreement. Put options granted to non-controlling interest holders in a subsidiary of the Group, where such interest holders can obligate the Group to purchase their shares, are accounted for and presented in the Group's consolidated financial statements as if they were exercised by the interest holders.

Accordingly, the Group recognizes a liability in the statement of financial position in the amount of the present value of the expected payment upon exercise of the options. In addition, the Group does not recognize the non-controlling interests underlying the option, and therefore recognizes the portion of the subsidiary's profit attributable to those shares as profit attributable to the parent company's shareholders.

Dividends paid in respect of those shares to the non-controlling interest holders, as well as changes in the liability amount, are recognized in profit or loss.

On 29 September 2025, ZMH Hammerman repaid all of its Series G and H bonds, and has no remaining securities listed on TASE.

I. On 1 April 2025, Mr. Henkin stepped down as CEO of the Company.

Mr. Henkin assumed his full-time position as CEO of Green Mountain Global Ltd., a special purpose holding company incorporated in England and fully controlled by the Company ("GMG") on 1 April 2025. On 17 and 19 March 2025, the Company's audit committee and Board, respectively, approved GMG's engagement with Mr. Henkin with respect to his terms of office and employment as GMG's CEO, in which context Mr. Henkin is entitled to an annual salary of £725 thousand, to be updated every year by 5% above the local CPI rate. Mr. Henkin will also be entitled to target-based bonuses in amounts to be determined by the competent organs at GMG in the sum of up to 150% of the annual salary, while for the first year of office, and subject to compliance with the annual target to be determined, Mr. Henkin will be entitled to an annual bonus of up to £1,088 thousand.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
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(Unaudited)

Note 3 – Material Events during the Report Period (Cont.)

I. (Cont.)

Mr. Henkin is also entitled to equity compensation by virtue of the equity incentive plan adopted by GMG (the "EIP"). The equity compensation granted to Mr. Henkin is cashless, except in specific circumstances determined in the EIP (such as IPO), granting Mr. Henkin a right to monetary compensation deriving from the increase in GMG's value (the "Equity Compensation").

Subject to the provisions of the EIP, the Equity Compensation will vest in four equal tranches over (at least) five years from the date of granting thereof, and will be exercisable, *inter alia*, upon the occurrence of an exit as set forth in the EIP (such as the sale of all or the vast majority of GMG's shares or assets, an IPO, etc.), or 5 years after the date of granting of the Equity Compensation, subject to the approval of GMG's board of directors. Exercise of the Equity Compensation is subject to a minimum aggregate annual rate of increase in the value of GMG compared with GMG's initial equity value, as determined in the EIP.

The agreement also includes fringe benefits that are standard in agreements of this type, such as: company car, mobile telephone, reimbursement of expenses, coverage of relocation expenses, insurance, exemption and indemnity according to GMG's policy.

In addition, as approved at the meeting of the Company's shareholders held in May 2024, 234,350 options (not listed for trade) were granted to Mr. Henkin, according to the stock option plan adopted by the Company in March 2024 (the "Options"). See Note 32C(3) to the Annual Financial Statements for further details on the Options.

- J.** On 27 April 2025, the general meeting of the Company's shareholders approved, after receipt of the approval of the compensation committee and Board, the terms of office and employment of the Company's (former) CEO, Mr. Ron Avidan, who took office on 1 April 2025 and stepped down as CEO of the Company on 21 September 2025, after informing the Company's Board on 17 August 2025 that on the same date he had notified the Chairwoman of the Board, Ms. Danna Azrieli, of his desire to step down as CEO of the Company.

Mr. Avidan was employed as the Company's CEO on a full-time basis (100%), in return for a gross monthly salary of NIS 200,000 (linked to the CPI for April 2025. In case of a decline in the CPI in a given month, the decrease will be deducted from future CPI increases). Mr. Avidan was entitled to fringe benefits, including the provision of a car (Grade 7) and gross-up of the tax value by the Company; mobile phone; reimbursement of expenses; an adaptation grant in an amount equal to up to 9 gross monthly salaries; a 13th salary; a study fund; health insurance; pension contributions; etc. Each one of the parties may terminate the agreement, for whatever reason, subject to a three-month advance written notice.

Mr. Avidan was also entitled to an equity grant equal to 12 gross monthly salaries for each vesting year over a 4-year period. Accordingly, in the meeting, a grant to Mr. Avidan of 125,081 (unlisted) options was approved. See Note 3F to the financial statements for further details.

Upon his stepping down as CEO of the Company on 21 September 2025, all the options granted to Mr. Avidan expired.

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Note 3 – Material Events during the Report Period (Cont.)

- K.** On 18 May 2025, the Company received a motion for class certification against the Company and officers therein, which was filed with the District Court in Lod, according to the Israeli Class Actions Law, 5776-2006 (the "**Motion**").

The Motion raises claims with respect to the disclosure in the Company's reports regarding negotiations held by a subsidiary of the Company for the construction of a data center campus in Norway for the provision of ~120MW of data center services. The Motion states that the amount of the class action is estimated at approx. NIS 256 million. The Company is studying the claims in the Motion with the assistance of its legal counsel and preparing to file a response to the Motion.

- L.** On 26 May 2025, the Company reported that it had signed an MOU with Shikun & Binui Energy Ltd., for a combined transaction, for the acquisition of 50% of the rights in a project for the construction of a solar facility with an expected (not final) capacity of ~126 MW (DC), which includes an energy storage capacity of ~350 MWh, in the Ramat Beka region over an area of ~847 thousand sqm, which is currently under development and whose commercial operation is expected during 2028-2029. The MOU determined that a detailed agreement would be signed between the parties (if signed) within 120 days from the date of signing of the MOU. On 18 September 2025, the parties agreed to extend the timeframe for the signing of a detailed agreement by an additional 60 days. Subsequent to the report date, the Company reported an additional extension of the deadline for signing of the detailed agreement. See Note 6B to the financial statements for further details.

- M.** On 6 July 2025, the Company made a public offering of an additional approx. NIS 1,816.5 million par value of registered Series I bonds for a price of 110.1 agorot per NIS 1 par value (a premium of ~6.9% relative to their adjusted value), at an effective interest rate of ~3.21%, by way of expansion of a listed bond series, based on the Company's shelf prospectus. The gross issue proceeds totaled approx. NIS 2,000 million, and the net proceeds after attribution of the issue expenses totaled approx. NIS 1,971.7 million.

On 3 July 2025, Midroog affirmed a rating of Aa1.il for the expansion of the Company's Series I bond series.

For a description of the Series I bonds, see Note 16B(5) to the Annual Financial Statements.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
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(Unaudited)

Note 3 – Material Events during the Report Period (Cont.)

- N.** On 20 July 2025, the Company made a public offering of approx. NIS 500 million par value of registered Series J bonds, based on the Company's shelf prospectus. The bonds are linked (principal and interest) to the CPI and bear a fixed annual interest rate of 2.91%.

The Series J bonds will be payable (principal) in a single instalment, to be paid on 15 July 2033, which will constitute 100% of the par value of the principal.

The interest is paid in semi-annual instalments on 15 January of each of the years 2026 to 2033 and 15 July of each of the years 2026 to 2033, with the first instalment to be paid on 15 January 2026, and the last instalment on 15 July 2033. The bonds were issued without discount.

The proceeds from the issuance of the Series J bonds totaled approx. NIS 500 million, and the net proceeds net of issue expenses, totaled approx. NIS 496 million. The effective interest rate for the Series J bonds is 3.02% per annum.

On 2 July 2025, Midroog affirmed a rating of Aa1.il for the issuance of the new Series J series.

The bonds are not secured by any collateral and shall rank *pari passu*, inter se, in respect of the sums due therefor, and without any preference or priority of one over another.

At the time of the issuance of the Series J bonds, the Company undertook to comply with financial covenants similar to the financial covenants undertaken thereby in respect of the Series B bonds (for a description of the terms and conditions, see Note 16B(1) to the Annual Financial Statements), as well as with provisions regarding testing of the covenants in the event of a change in standards, similarly to the provisions set forth in the Series E-I bonds applicable to the Company – see Note 16B(3) to the Annual Financial Statements.

It was further determined that if the rating of the Company's Series J bonds falls below Midroog's Aa3 rating or an equivalent rating that is determined by another agency which rates the bonds, the annual interest rate to be borne by the outstanding principal of the bonds will increase, in which case, the interest rate that shall be added to the annual interest for the bonds will be 0.5%-1%, depending on the bonds' rating.

In addition, the Series J bonds will be accelerated in certain conditions that are essentially similar to the conditions determined in connection with the Series B and Series D-I bonds (for a description of the terms and conditions, see Note 16 to the Annual Financial Statements).

- O.** On 7 August 2025, the special annual general meeting of the Company's shareholders approved, *inter alia*, extension of the management agreement of Ms. Danna Azrieli, one of the Company's controlling shareholders, as (Active) Chairwoman of the Board for an additional three-year term, from 11 August 2025.

For the agreement's details, see Note 32C(1) to the Annual Financial Statements.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 September 2025
(Unaudited)

Note 3 – Material Events during the Report Period (Cont.)

- P. On 21 September 2025, the special annual general meeting of the Company's shareholders approved the appointment of the (Active) Chairwoman of the Board, Ms. Danna Azrieli, in addition to her current office, as Acting CEO of the Company, for a period of up to six months from the date of the meeting's approval. Ms. Azrieli is not entitled to any additional compensation for her office as Acting CEO of the Company.

Note 4 – Fair Value of Financial Instruments

A. Fair value of financial instruments vs. book value:

Other than as specified in the following table, the Group believes that the book value of the financial assets and liabilities that are presented in depreciated cost in the financial statements is almost identical to their fair value.

	As of		As of		As of	
	30 September 2025		30 September 2024		31 Dec. 2024	
	(Unaudited)		(Unaudited)		(Audited)	
	Book	Fair	Book	Fair	Book	Fair
	Value	Value	Value	Value	Value	Value
	NIS in millions		NIS in millions		NIS in millions	
Non-current liabilities:						
Loans from financial corporations (1)	5,797	5,709	3,702	3,574	3,561	3,429
Bonds (1)(2)	23,480	22,923	19,331	18,599	21,769	20,719
	<u>29,277</u>	<u>28,632</u>	<u>23,033</u>	<u>22,173</u>	<u>25,330</u>	<u>24,148</u>

(1) Book value includes current maturities and accrued interest.

(2) The calculation of the fair value of the bonds is according to fair value level 1.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
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(Unaudited)

Note 4 – Fair Value of Financial Instruments (Cont.)

B. Hierarchy of fair value:

The following is an analysis of the financial instruments measured at fair value using valuation techniques:

Level 1 – Quoted (unadjusted) prices in active markets for identical instruments.

	As of 30 September		As of 31 Dec.
	2025	2024	2024
	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Audited)
Financial assets at fair value through other comprehensive income:			
Marketable shares – Level 1	2,283	1,274	1,516

Level 3 – Unobservable inputs for the asset or liability.

	As of 30 September		As of 31 Dec.
	2025	2024	2024
	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Audited)
Financial liabilities at fair value:			
Liability for an option to holders of non-controlling interests – Level 3	260	-	-

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
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Note 5 – Segment Reporting

A. General:

For a description of the Company's operating segments, see Note 33 to the Annual Financial Statements. Further to the aforesaid, in the report period the Company acquired ZMH Hammerman (for further details, see Note 3H). Consequently, commencing from this report, the Company's operations in the residential sales segment is described as a reportable operating segment.

B. Operating segments:

	For the nine-month period ended 30 September 2025 (Unaudited)								
	Retail centers and malls in Israel	Leasable office and other space in Israel	Income-producing property in the U.S.	Senior housing	Data Centers	Residential rentals in Israel	Residential sales	Other	Consolidated
	NIS in millions								
Revenues:									
Total external income	981	837	164	218	633	27	-	-	2,860
Total segment expenses	219	157	93	144	291	5	-	-	909
Segment profit (NOI)	762	680	71	74	342	22	-	-	1,951
Profit (loss) from fair value adjustment of investment property and investment property under construction, net									
	210	376	1	(33)	245	6	-	-	805
Unallocated costs									(317)
Financing expenses, net									(990)
Other income, net									9
The Company's share in results of an associate accounted for using the equity method, net of tax									(2)
Income before income taxes									1,456
Additional information:									
Segment assets	16,824	18,239	1,686	4,333	10,620	2,122	1,631	626	56,081
Unallocated assets (*)									7,166
Total consolidated assets									63,247

(*) Mainly financial assets in the sum of approx. NIS 2.3 billion and cash and short-term deposits in the sum of approx. NIS 3.2 billion.

AZRIELI GROUP LTD.
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(Unaudited)

Note 5 – Segment Reporting (Cont.)

B. Operating segments: (Cont.)

	For the nine-month period ended 30 September 2024 (Unaudited)							
	Retail centers and malls in Israel	Leasable office and other space in Israel	Income- producing property in the U.S.	Senior housing	Data Centers	Residential rentals in Israel	Other	Consoli- dated
	NIS in millions							
Revenues:								
Total external income	962	786	172	199	232	18	-	2,369
Total segment expenses	212	148	97	134	101	5	-	697
Segment profit (NOI)	750	638	75	65	131	13	-	1,672
Profit (loss) from fair value adjustment of investment property and investment property under construction, net	266	45	4	-	322	(1)	-	636
Unallocated costs								(227)
Financing expenses, net								(847)
Other expenses, net								(2)
Income before income taxes								1,231
Additional information:								
Segment assets	16,031	17,056	1,876	3,396	9,470	1,954	554	50,337
Unallocated assets (*)								5,021
Total consolidated assets								55,358

(*) Mainly financial assets in the sum of approx. NIS 1.3 billion and cash and short-term deposits in the sum of approx. NIS 2.5 billion.

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Note 5 – Segment Reporting (Cont.)

B. Operating segments: (Cont.)

	For the three-month period ended 30 September 2025 (Unaudited)								
	Retail centers and malls in Israel	Leasable office and other space in Israel	Income- producing property in the U.S.	Senior housing	Data Centers	Residential rentals in Israel	Resid- ential sales	Other	Consoli- dated
	NIS in millions								
Revenues:									
Total external income	350	274	54	75	210	10	-	-	973
Total segment expenses	79	57	29	50	99	2	-	-	316
Segment profit (NOI)	271	217	25	25	111	8	-	-	657
Profit (loss) from fair value adjustment of investment property and investment property under construction, net	168	176	-	-	17	(1)	-	-	360
Unallocated costs									(99)
Financing expenses, net									(460)
Other income, net									17
Income before income taxes									475

AZRIELI GROUP LTD.
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Note 5 – Segment Reporting (Cont.)

B. Operating segments: (Cont.)

	For the three-month period ended 30 September 2024 (Unaudited)						
	Retail centers and malls in Israel	Leasable office and other space in Israel	Income- producing property in the U.S.	Senior housing	Data Centers	Residential rentals in Israel	Consoli- dated
	NIS in millions						
Revenues:							
Total external income	341	271	59	68	93	7	839
Total segment expenses	80	55	33	46	37	2	253
Segment profit (NOI)	261	216	26	22	56	5	586
Profit from fair value adjustment of investment property and investment property under construction, net	188	2	2	-	126	-	318
Unallocated costs							(77)
Financing expenses, net							(380)
Other income, net							11
Income before income taxes							457

AZRIELI GROUP LTD.
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Note 5 – Segment Reporting (Cont.)

B. Operating segments: (Cont.)

	For the year ended 31 December 2024 (Audited)							
	Retail centers and malls in Israel	Leasable office and other space in Israel	Income- producing property in the U.S.	Senior housing	Data Centers	Residential rentals in Israel	Other	Consoli- dated
	NIS in millions							
Revenues:								
Total external income	1,285	1,064	222	267	417	26	-	3,281
Total segment expenses	276	199	130	180	187	7	-	979
Segment profit (NOI)	1,009	865	92	87	230	19	-	2,302
Profit from fair value adjustment of investment property and investment property under construction, net	267	142	7	127	310	60	-	913
Unallocated costs								(338)
Financing expenses, net								(945)
Other expenses, net								(3)
The Company's share in results of an associate accounted for using the equity method, net of tax								(5)
Income before income taxes								1,924
Additional information as of 31 December 2024:								
Segment assets	16,145	17,282	1,858	3,571	8,966	2,056	571	50,449
Unallocated assets (*)								7,484
Total consolidated assets								57,933
Capital investments	336	518	25	167	1,966	109		

(*) Mainly financial assets in the sum of approx. NIS 1.5 billion and cash and short-term deposits in the sum of approx. NIS 4.6 billion.

AZRIELI GROUP LTD.
Notes to the Condensed Consolidated Financial Statements
as of 30 September 2025
(Unaudited)

Note 6 – Subsequent Events

- A.** Subsequent to the date of the statement of financial position, on 20 November 2025, the Company reported that it had engaged with SolarEdge in an amendment to the agreement therewith, whereby, per SolarEdge's request, and subject to an agreed payment thereby to the Company (in addition to payment for postponement of the date of commencement of the term of the lease), the area of the above-ground leased premises shall be reduced by ~40%, and 600 parking spaces shall be leased to the tenant (in lieu of 950 parking spaces).

In addition, in view of the fact that the project is expected to be used by several different tenants (in lieu of lease of all areas of the project to SolarEdge and its management thereby), the project will be managed by the Company or by a management company to be appointed thereby, which shall engage in management and maintenance of the project, against payment of management fees.

- B.** Subsequent to the statement of financial position, on 23 November 2025, the Company agreed with Shikun & Binui Energy Ltd. on another extension of the timeframe for the signing of a detailed agreement until 31 December 2025. See Note 3L to the financial statements for further details on the agreement.

Azrieli Group Ltd.

Annex to Consolidated Financial Statement

**Separate Interim Financial Statement
as of 30 September 2025**

(Unaudited)

Azrieli Group Ltd.

**Separate Interim Financial Statement
as of 30 September 2025**

**Prepared according to the provisions of Regulation 38D
of the Securities Regulations (Periodic and Immediate Reports), 5730-1970**

(Unaudited)

Azrieli Group Ltd.

**Separate Interim Financial Statement
as of 30 September 2025**

(Unaudited)

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To
The Shareholders of
Azrieli Group Ltd.
Azrieli Center 1
Tel Aviv

Dear Sir/Madam,

Re: **Special report for review of the separate interim financial statement pursuant to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970**

General:

We have reviewed the separate interim financial statement, which is presented according to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970, of **Azrieli Group Ltd.** (the "**Company**") as of 30 September 2025 and for the nine- and three-month periods then ended. The board of directors and management are responsible for the preparation and presentation of this separate interim financial statement in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970. Our responsibility is to express a conclusion on the separate interim financial statement for these interim periods, based on our review.

We did not review the separate interim financial statement which is part of the financial statements of an investee company, the total investment in which amounted to approx. NIS 579 million as of 30 September 2025. The financial statements of such company was reviewed by other auditors whose review report was provided to us, and our conclusion, insofar as it relates to the financial statements of such company, is based on the review report of the other auditors.

Scope of Review:

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel – "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of separate interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Generally Accepted Auditing Standards in Israel, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion:

Based on our review and on the review report of other auditors, nothing had come to our attention that causes us to believe that the aforementioned separate interim financial statement has not been prepared, in all material respects, in accordance with the provisions of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Brightman, Almagor, Zohar & Co.
Certified Public Accountants
A firm in the Deloitte Global Network

Tel Aviv, 25 November 2025

Azrieli Group Ltd.
Statement of Financial Position

	As of 30 September		As of 31 Dec.
	2025	2024	2024
	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Audited)
Assets			
Current assets			
Cash and cash equivalents	2,713	1,869	4,146
Trade accounts receivable	32	22	26
Other receivables	254	305	276
Current tax assets	28	24	25
Total current assets	3,027	2,220	4,473
Non-current assets			
Financial assets	2,290	1,280	1,523
Investment property and investment property under construction	19,662	18,593	18,849
Investments in investee companies	21,221	22,091	21,605
Loans to investee companies	4,040	2,134	2,478
Property, plant and equipment	648	577	594
Other receivables	39	39	38
Total non-current assets	48,900	44,714	45,087
Total assets	51,972	46,934	49,560
Liabilities and capital			
Current liabilities			
Credit and current maturities from financial corporations and bonds	1,791	2,165	2,269
Trade payables	248	213	274
Payables and other current liabilities	311	346	365
Total current liabilities	2,350	2,724	2,908
Non-current liabilities			
Loans from financial corporations	535	597	581
Bonds	21,703	17,868	20,159
Other liabilities	31	36	36
Deferred tax liabilities	2,278	1,923	2,069
Liabilities for an option granted to non-controlling interest holders	260	-	-
Total non-current liabilities	24,807	20,424	22,845
Capital			
Ordinary share capital	18	18	18
Premium on shares	2,478	2,478	2,478
Capital reserves	837	699	246
Retained earnings	21,437	20,591	21,065
Total capital attributable to shareholders of the Company	24,770	23,786	23,807
Total liabilities and capital	51,927	46,934	49,560

25 November 2025

Date of Approval of
Financial Statements

Danna Azrieli
Chairwoman of the Board
and Acting CEO

Irit Sekler-Pilosof
Director*

Ariel Goldstein
CFO

*According to authorization by the Company's Board of 25 November 2025 for the signing of the financial statements, in view of the fact that the Chairwoman of the Board also holds office as Acting CEO.

Azrieli Group Ltd.
Statement of Profit or Loss and Other Comprehensive Income

	For the nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December
	2025	2024	2025	2024	2024
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
Revenues:					
Revenues from rent and management and maintenance fees, net	938	897	316	309	1,202
Cost of revenues from rent and management and maintenance fees	35	32	12	11	42
Gross profit	903	865	304	298	1,160
Sales and marketing	31	29	11	11	47
G&A	128	107	39	35	165
Operating profit before other revenues and expenses	744	729	254	252	948
Net profit from fair value adjustment of investment property and investment property under construction	303	48	160	107	140
Share in results of investee companies, net of tax	943	937	337	351	1,227
Other revenues, net	39	30	21	16	41
Operating profit after other revenues and expenses	2,029	1,744	772	726	2,356
Financing income	155	109	38	36	142
Financing expenses	950	888	412	391	964
Income before income taxes	1,234	965	398	371	1,534
Income from (expenses for) income on taxes	(62)	38	(3)	12	(57)
Net income for the period	1,172	1,003	395	383	1,477
Other comprehensive income (loss):					
Amounts that will not be carried in the future to the profit or loss, net of tax:					
Change in the fair value of financial assets, net of tax	594	191	73	146	377
Amounts that were carried or will be carried in the future to the profit or loss, net of tax:					
Translation differences from foreign operations	(13)	41	(107)	5	(598)
Share in the other comprehensive income (loss) of investee companies, net of tax	-	2	-	(10)	-
Loss due to cash flow hedging, net of tax	(3)	-	-	-	-
Total	(16)	43	(107)	(5)	(598)
Other comprehensive income (loss) for the period, net of tax	578	234	(34)	141	(221)
Total comprehensive income for the period	1,750	1,237	361	524	1,256

The data attached to the Separate Condensed Financial Statements form an integral part thereof.

Azrieli Group Ltd.
Statement of Cash Flows

	For the nine- month period ended 30 September		For the three- month period ended 30 September		For the year ended 31 December
	2 0 2 5	2 0 2 4	2 0 2 5	2 0 2 4	2 0 2 4
	NIS in millions	NIS in millions	NIS in millions	NIS in millions	NIS in millions
	(Unaudited)		(Unaudited)		(Audited)
<u>Cash flows – operating activities</u>					
Net income for the period	1,172	1,003	395	383	1,477
Depreciation and amortization	4	4	1	1	5
Profit from fair value adjustment of investment property and investment property under construction, net	(303)	(48)	(160)	(107)	(140)
Financing and other expenses, net	737	722	348	335	752
Share in income of investee companies, net of tax	(943)	(937)	(337)	(351)	(1,227)
Expenses due to share-based payment	11	6	2	3	8
Tax income (expenses) recognized in the income statement	62	(38)	3	(12)	57
Income tax received (paid), net	(6)	9	-	-	8
Change in trade and other receivables	22	178	84	77	214
Change in trade and other payables	(186)	154	(152)	18	264
Change in employee benefits and provisions	(13)	(5)	(5)	(2)	(8)
Net cash – operating activities	557	1,048	179	345	1,410
<u>Cash flows – investment activities</u>					
Purchase of and investment in investment property and investment property under construction	(294)	(291)	(40)	(119)	(519)
Purchase of and investment in property, plant and equipment	(60)	(33)	(21)	(15)	(53)
Recovery (grant) of investments in investee companies	231	(398)	(743)	(100)	(517)
Return (grant) of long-term loans from investee companies, net	(1,219)	41	(288)	(188)	(39)
Interest and dividend received	186	101	60	34	141
Net cash – investment activities	(1,156)	(580)	(1,032)	(388)	(987)

The data attached to the Separate Condensed Financial Statements form an integral part thereof.

Azrieli Group Ltd.
Statement of Cash Flows
(Cont.)

	For the nine-month period ended 30 September		For the three-month period ended 30 September		For the year ended 31 December
	2025	2024	2025	2024	2024
	NIS in millions (Unaudited)	NIS in millions (Unaudited)	NIS in millions (Unaudited)	NIS in millions (Unaudited)	NIS in millions (Audited)
Cash flows – financing activities					
Bond offering net of offering expenses	2,467	1,189	2,467	1,189	3,626
Dividend distribution to shareholders	(800)	(1,000)	-	-	(1,000)
Repayment of bonds	(1,405)	(1,355)	(327)	(312)	(1,355)
Receipt of long-term loans from financial corporations	-	425	-	-	425
Repayment of long-term loans from financial corporations	(62)	(362)	(23)	(22)	(378)
Short-term credit from financial corporations, net	(658)	(91)	(658)	637	(91)
Deposits from customers, net	(1)	(1)	-	1	-
Interest paid	(377)	(250)	(155)	(87)	(330)
Net cash – financing activities	(836)	(1,445)	1,304	1,406	897
Increase (decrease) in cash and cash equivalents	(1,435)	(977)	451	1,363	1,320
Cash and cash equivalents at beginning of period	4,146	2,824	2,266	494	2,824
Effect of exchange rate changes on cash balances held in foreign currency	2	22	(4)	12	2
Cash and cash equivalents at end of period	2,713	1,869	2,713	1,869	4,146

The data attached to the Separate Condensed Financial Statements form an integral part thereof.

Azrieli Group Ltd.
Information Supplementing the Separate Interim Financial Statement
as of 30 September 2025

A. General:

The Company's separate financial statement is prepared in accordance with the provisions of Regulation 38D of the Securities Regulations (Immediate and Periodic Reports), 5730-1970.

This separate financial statement is to be inspected with respect to the Company's separate financial statement as of 31 December 2024, and for the year then ended, and the supplementing information that was attached thereto.

B. Definitions:

- The Company** - Azrieli Group Ltd.
- Investee Company** - Consolidated company or a joint venture or an associate.

C. Accounting Policy:

The separate financial statement is prepared in accordance with the accounting policy specified in Note B to the Company's Separate Financial Statement as of 31 December 2024 and the year then ended.

D. Material Events during the Reporting Period:

See Note 3 to the Condensed Consolidated Financial Statements published with this Separate Financial Statement.

E. Subsequent Events:

See Note 6 to the Condensed Consolidated Financial Statements published with this Separate Financial Statement.



Date: 25 November 2025

To:
The Board of Directors of
Azrieli Group Ltd.
Azrieli Center 1,
Tel Aviv

Dear Sir/Madam,

Re: Consent given in connection with the shelf prospectus of Azrieli Group Ltd. of May 2025

We hereby notify you that we agree to the inclusion (including by way of reference) of our reports which are specified below in connection with the shelf prospectus of May 2025:

- (1) Review report of 25 November 2025 on condensed consolidated financial information of the Company as of 30 September 2025 and for the nine and three-month periods then ended.
- (2) Special auditors' report of 25 November 2025 on condensed separate financial information of the Company as of 30 September 2025 and for the nine- and three- month periods then ended according to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Sincerely,

Brightman, Almagor, Zohar & Co.
Certified Public Accountants
A firm in the Deloitte Global Network



PART D

Effectiveness of Internal Control over the Financial Reporting and Disclosure

ATTACHED HERETO IS A QUARTERLY REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE PURSUANT TO REGULATION 38C(A):

The management, under the supervision of the Board of Directors of Azrieli Group Ltd. (the "**Corporation**"), is responsible for setting and maintaining proper internal control over financial reporting and disclosure at the Corporation.

For this purpose, the members of management are:

1 | Danna Azrieli, Chairwoman of the Board and Acting CEO

2 | Ariel Goldstein, CFO

3 | Nirit Zeevi, VP, General Counsel and Corporate Secretary

4 | Yaacov Danino, Chief Comptroller for Accounting and Financial Statements

Internal control over financial reporting and disclosure consists of controls and procedures existing at the Corporation, designed by, or under the supervision of, the CEO and the most senior financial officer, or by anyone actually performing such functions, under supervision of the Board of Directors of the Corporation, and which are designed to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the reports according to the provisions of the law, and to ensure that information which the Corporation is required to disclose in reports released thereby according to the law is gathered, processed, summarized and reported within the time frames and in the format set forth by the law.

Internal control includes, *inter alia*, controls and procedures designed to ensure that information which the Corporation is thus required to disclose, is gathered and transferred to the management of the Corporation, including the CEO and the most senior financial officer, or anyone actually performing such functions, in order to enable the timely decision making in reference to the disclosure requirements.

Due to its inherent limitations, internal control over financial reporting and disclosure is not designed to provide absolute assurance that misrepresentation or omission of information in the reports is avoided or discovered.

The quarterly report regarding the effectiveness of the internal control over financial reporting and disclosure, which was attached to the quarterly report for the period ended 30 September 2025 (the "**Most Recent Quarterly Report on Internal Control**"), found the internal control to be effective.

Until the report date, no occurrence or issue were brought to the attention of the Board of Directors and the management, which may change the evaluation of the effectiveness of the internal control as found in the Most Recent Quarterly Report on Internal Control.

As of the report date, based on the evaluation of the effectiveness of the internal control in the Most Recent Quarterly Report on Internal Control, and based on information which was brought to the attention of the management and the Board of Directors as aforesaid: the internal control is effective.

STATEMENT OF MANAGERS:

STATEMENT OF CEO PURSUANT TO REGULATION 38C(D)(1):

I, Danna Azrieli, represent that:

1. I have reviewed the quarterly report of Azrieli Group Ltd. (the "Corporation") for Q3/2025 (the "Reports").
2. To my knowledge, the Reports do not contain any misrepresentation nor omission of a material fact required for the representations included therein, given the circumstances under which such representations were included, not to be misleading with regard to the period of the Reports.
3. To my knowledge, the Financial Statements and other financial information included in the Reports adequately reflect, in all material respects, the financial position, operating results and cash flows of the Corporation for the periods and as of the dates covered by the Reports.
4. I have disclosed to the Corporation's auditor and to the Corporation's Board of Directors and the Audit Committee and Financial Statement Committee, based on my most current evaluation of internal control over financial reporting and disclosure:
 - a. Any and all significant flaws and material weaknesses in the setting or maintaining internal control over financial reporting and disclosure which may reasonably adversely affect the Corporation's ability to gather, process, summarize or report financial information in a manner which casts doubt on the reliability of the financial reporting and preparation of the Financial Statements in conformity with the provisions of the law; and –
 - b. Any fraud, either material or immaterial, which involves the CEO or anyone reporting to him directly or which involves other employees who play a significant role in internal control over financial reporting and disclosure;
5. I, myself or jointly with others at the Corporation:
 - a. Have set controls and procedures, or confirmed, under my supervision, the setting and maintaining of controls and procedures which are designed to ensure that material information in reference to the Corporation, including consolidated companies thereof as defined in the Securities Regulations (Annual Financial Statements), 5770-2010, is brought to my knowledge by others at the Corporation and the consolidated companies, particularly during the preparation of the Reports; and –
 - b. Have set controls and procedures, or confirmed, under my supervision, the setting and maintaining of controls and procedures which are designed to reasonably ensure reliability of financial reporting and preparation of the Financial Statements in conformity with the provisions of the law, including in conformity with GAAP.
 - c. No occurrence or issue have been brought to my attention, that occurred during the period between the date of the most recent periodic report and the date of this report date, which may change the conclusion of the Board of Directors and management with regard to the effectiveness of internal control over the Corporation's financial reporting and disclosure.

The aforesaid does not derogate from my responsibility or from the responsibility of any other person, pursuant to any law.

Date: 25 November 2025

Danna Azrieli
Chairwoman of the Board
and Acting CEO

STATEMENT OF MANAGERS:

STATEMENT OF THE MOST SENIOR FINANCIAL OFFICER PURSUANT TO REGULATION 38C(D)(2):

I, Ariel Goldstein, represent that:

1. I have reviewed the Interim Financial Statements and other financial information included in the interim reports of Azrieli Group Ltd. (the "Corporation") for Q3/2025 (the "Reports" or the "Interim Reports");
2. To my knowledge, the Interim Financial Statements and the other financial information included in the Interim Reports do not contain any misrepresentation nor omission of a material fact required for the representations included therein, given the circumstances under which such representations were included, not to be misleading with regard to the period of the Reports.
3. To my knowledge, the Interim Financial Statements and other financial information included in the Interim Reports adequately reflect, in all material respects, the financial position, operating results and cash flows of the Corporation for the periods and as of the dates covered by the Reports;
4. I have disclosed to the Corporation's auditor and to the Corporation's Board of Directors and the Audit Committee and Financial Statement Committee, based on my most current evaluation of internal control over financial reporting and disclosure:
 - a. Any and all significant flaws and material weaknesses in the setting or maintaining internal control over financial reporting and disclosure, insofar as it relates to the Interim Financial Statements and the other information included in the Interim Reports, which may reasonably adversely affect the Corporation's ability to gather, process, summarize or report financial information in a manner which casts doubt on the reliability of financial reporting and preparation of the Financial Statements in conformity with the provisions of the law; and -
 - b. Any fraud, either material or immaterial, which involves the CEO or anyone reporting to him directly or which involves other employees who play a significant role in internal control over financial reporting and disclosure.
5. I, myself or jointly with others at the Corporation-
 - a. Have set controls and procedures, or confirmed, under my supervision, the setting and maintaining of controls and procedures which are designed to ensure that material information in reference to the Corporation, including consolidated companies thereof as defined in the Securities Regulations (Annual Financial Statements), 5770-2010, is brought to my knowledge by others at the Corporation and the consolidated companies, particularly during the preparation of the Reports; and -
 - b. Have set controls and procedures, or confirmed, under my supervision, the setting and maintaining of controls and procedures which are designed to reasonably ensure reliability of financial reporting and preparation of the Financial Statements in conformity with the provisions of the law, including in conformity with GAAP;
 - c. No occurrence or issue have been brought to my attention, that occurred during the period between the date of the most recent periodic report and the date of this report date, pertaining to the Interim Financial Statements and any other information included in the Interim Reports, which could, in my opinion, change the conclusion of the Board of Directors and management with regard to the effectiveness of internal control over the Corporation's financial reporting and disclosure.

The aforesaid does not derogate from my responsibility or from the responsibility of any other person, pursuant to any law.

Date: 25 November 2025

Ariel Goldstein | CFO